

**ASSESSMENT OF RISKS IN HOUSING INVESTMENT PERFORMANCE OF  
THE POLITICAL PARTIES IN TANZANIA: CASE OF CHAMA CHA  
MAPINDUZI**

**LOTH NESELE**

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS IN  
MONITORING AND EVALUATION OF THE OPEN UNIVERSITY OF  
TANZANIA**

**2019**

**CERTIFICATION**

The undersigned certifies that he has read and here by recommends for acceptance by the Open University of Tanzania a research dissertation titled “An assessment of risk in housing investment Performance of the political parties in Tanzania” Case of CHAMA CHA MAPINDUZI (CCM). In partial fulfillment of the requirement for the award of degree of master of art in monitoring and evaluation (M.A. M&E)

.....  
Dr. Timothy Lyanga  
(Supervisor)

.....  
Date

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## **DECLARATION**

I Nessele Loth, do here declare that this dissertation is my own original work and that it has not been and will not be presented to any other University for similar or any other degree award.

.....

Signature

.....

Date

### **DEDICATION**

I dedicated this proposal to my family especially my lovely wife Spora N. Mbise for their crucial support, encouragement, helpful throughout the research period. I extend dedication to my loving children Lembris, Loserian, Naserian, Godlisen and Ester for encouragement, for the more important Lembris for then encouragement helpful throughout period of study.

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## **ABSTRACT**

The general objective of the study was to assess impacts of the risks in housing investment performance of the political parties in Tanzania specifically at Chama Cha Mapinduzi. The specific objectives of the study were to assess the risks affecting the housing investment, to assess the factors associated risks on housing investment of Chama Cha Mapinduzi (CCM) and to analyze the relationship between risks and housing investment performance in Tanzania. A descriptive research design was employed, using a purposeful sampling and stratified random sampling whereby quantitative and qualitative methods of data analysis were used. Descriptive statistics were used to facilitate as of the assessment relationship between the variables of interest by using questionnaires. In total, 165 respondents were participated from Chama Cha Mapinduzi offices in five regions. The study results indicate that (50%) housing and Real estate investment in CCM projects are compose high-ranking experience employee in design, the financial risks to the project manager to skilled employee and careful for their job description in finance by (45%), direction, monitoring and controlling along with housing construction and facilities. The cause of delay in construction projects is ineffective or lack of competence consultant by slowness in giving instructions and "lack of consultant's experience. The relationship between type risks and housing investment performance indicate responsibilities of the construction stakeholders (client, contractors, and consultant). The study recommends that Management must consider quality of the designing to satisfy the requirements for the housing projects which meet good fundamental, feasible efficient, stable or clients standards

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**LIST OF ABBREVIATIONS**

ASP	Afro Shiraz Party
CCM	Chama Cha Mapinduzi
FGD	Focus Group Discussion
GDP	Gross Domestic Product
HDI	Human Development Index
NHC	National Housing Cooperation
NSSF	National Social Security Fund
M&E	Monitoring And Evaluation
PSSSF	Public Services Social Security Fund
SPSS	Statistical Package of Social Science
TANU	Tanganyika Africa National Union
TRA	Tanzania Revenue Authority

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Overview**

This chapter was focuses on the background of the research sites, global process of real estate, properties in political parties context in Tanzania context and role of properties. Moreover, this chapter was includes the statement of the problems, objectives of the research, delimitations of research, scope, assumptions of the key terms, significance of the study.

#### **1.2 Background to the Problem**

Risk management is widely recognized as one of the most important procedures and capability areas in the field of project management (Tadayon et al., 2012). Due to the fact that each construction project is unique and dynamic, the construction operation involves numerous uncertainties, multiple intricacies, various techniques and divergent environments. Therefore, identifying and managing the potential risk factors, which can significantly vary from project to project depending on several conditions, plays a crucial role in enhancing the performance and accomplishing the successful delivery of the enterprise.

Risks in housing and real estate in construction projects are the chances of occurrences of events which affect the objectives and hence it was be lost the productivity within the project life cycle. According to (Vaughan, E, 2017), risk is as a condition of the real work in which there is an exposure to adversity. More specifically, risk is a condition in which there is a possibility of an adverse deviation from a desired outcome that is expected or hoped for. In the same way, Al-Bahar, J.

(1988). He also tried to define risks as the exposure to the “chance of occurrences of events adversely or favorably affecting project objective as a consequence of uncertainty” Therefore Risk is a potential event that, if it occurred would have a negative impact on the project time, cost or quality.

Management involve planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal. Resourcing begins the deployment and manipulation of human resources, financial resources, technological resources, and natural resources, Tadayon et al., 2012. During management organization is another important pre-requisite entity which can be viewed as system, and to manage the human action also called management and it includes design, to facilitate the production of a useful output from the system. It is also known as the opportunity to 'manage' oneself, to attempting to manage others.

Risk Management is defined as a formal orderly process for systematically identifying, analyzing and responding to risk events throughout the life of a project to obtain optimum degree of risk elimination or control (Vaughan, E , 2017) . Risk management is a scientific approach of identifying, anticipating and minimizing the possible adverse impacts on the projects. Risk Management is a set of processes concerned with conducting risk management planning, risk identification, risk analysis, response planning, and monitoring and control on a project.

Chama Cha Mapinduzi after born 5 February 1977 from the Union of TANU (Tanganyika Africa National Union) and ASP (Afro Shiraz Party) if was establish



real estate for the purpose help to activities of development of party such as gain funds used operations activities during the election period of time the party was established different types of projects and investment in the different levels of leadership from branch level to national level (Richard Eugene 1996). After many years now Chama Cha Mapinduzi was established different housing for building itself and entered partnership or reassign and rental between land owner and developers in the different levels of Chama Cha Mapinduzi such as branch level to national level (Madhar Prasal Koirala August(2014).

Success in construction project is indicated by its performance in the achievement of project time, cost, quality, safety and environmental sustainability objectives (Zhou, Zhang, & Wang, 2007). Despite the efforts by all players in the construction industry, many construction projects in Tanzania and generally in the region and the world run a high risk poor performance by being well over budget and significantly late. The construction industry generally has poor cost and schedule performance. The industry has a reputation for time and cost overruns. One of the reasons of the bad performance is that the construction industry is one of riskiest of all business types (Clough, Sears, & Sears, 2005). While some degree of poor cost and time schedule performance is inevitable in construction projects, it is possible to improve risk management strategies to minimize their negative impact and thus improve the project performance.

The performance of project real estate of Chama Cha Mapinduzi remains not satisfactory a not good enough as many lands, building communal in the Dodoma, Singida, Manyara, Arusha and Kilimanjaro regions without first assessment the

needs of its target market Charles P, et al (2005). The prices of the real estate land and building which it's constructing not be elastic to enable Chama Cha Mapinduzi to earn the expected profits programs for failings to providing quality, affordable and adequate land building units.

Chama Cha Mapinduzi in the different levels of leaders must uses efforts addressing the problems to providing adequate affordable and sustainability of the real estate to improving and increase funds of the all project real estate for the all project real estate for the benefits of the all leaders and members of party in the previous studies that they have not reached on the assessment of the risk managements of the real estate projects performances in the all levels of Chama Cha Mapinduzi (Charles P, et al (2005). According to Goreck (2018), without consider cost of building and marketing price also there are some complaints from some members of Chama Cha Mapinduzi that some leader received rents which small from the Chama Cha Mapinduzi real estate and used without follow financial regulation and Chama Cha Mapinduzi constitutions and used for the benefits of few leaders only instead of benefits of beneficiaries leaders.

While members the misuses of funds from the real estate which causes of the conflicts amongst the leader which lead to failure forums and meeting for fears allegedly reports of income and expenditures from the real estate which causes of the Chama Cha Mapinduzi loss hope for the failure of the forums and meetings according to the Chama Cha Mapinduzi constitutions which dangerous for the health of Chama Cha Mapinduzi as a ruling party (Goreck Jaroslaw (2018).

### **1.3 Statement of the Problem**

In Tanzania housing and real estate is rapidly growing but suffering from various risks. It is also observed that the crisis was observed in financial institutions of the country is the consequence of the investment on this sector Mpogole (2012). A number of studies have been conducted on house and housing in Tanzania. For example, Mwakyusa (2006) conducted a study on how to improve the tradition house in rural areas and Mattson, (2009), Komu (2011), on building technique in rural areas as well as decay and maintenance of public house. As per Kongela (2013) and Knight Frank (2011), Tanzania is among the countries with high rental rates in Africa,

Also the study by Kusiluka and Lucian (2008) with forecasting models projecting likeliness of decrease in rent, the situation has moved to worse given the unregulated rapid urbanization in Tanzania. The Authorities and pertinent stakeholders need to intervene particularly at this time when studies by CAHF (2011) and UNESCO (2011) indicated that by then Tanzania had a deficit of 3million housing units, growing at a rate of 200,000 units annually as Dar es Salaam moves swiftly to being a mega city as per criterion of population. However, none of those studies focused on assessment of risks in housing investment performance of the political parties in Tanzania.

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

The general objective of this research is assessing impacts of the risks in housing investment performance of the political parties in Tanzania specifically in Chama

Cha Mapinduzi.

### **1.3.2 Specific Objectives**

In the light of this wide aim, the specific objectives of this study were being therefore to;

- i. To assess the risks affecting the housing investment of Chama Cha Mapinduzi (CCM)
- ii. To assess the factors associated risks on housing investment of Chama Cha Mapinduzi (CCM)
- iii. To analyze the relationship between risks and housing investment performance in Tanzania

### **1.4 Research Questions**

The study was guided by the following research questions.

- i. How can be the risks affecting the housing investment of Chama Cha Mapinduzi CCM) assessed?
- ii. How the factors associated risks on housing investment of Chama Cha Mapinduzi (CCM) assessed?
- iii. How to analyze the relationship between risks and housing investment performance in Tanzania?

### **1.5 Justification of Study**

The findings of this research are expected to created new knowledge to the leaders and members who involved the real estate business including land owners and land developers so that new knowledge is expected to enables Chama Cha Mapinduzi

(CCM) leaders to make contracts that was be beneficial to real estate implementers, it's also assumed that the knowledge enable Chama Cha Mapinduzi (CCM) leaders such as project supervisors leaders rentals to decide on what project to invest according to the place and market price so that the leaders of Chama Cha Mapinduzi (CCM) was be able to make strong decisions regarding risk management in real estate of Chama Cha Mapinduzi (CCM) to solve problems facing real estate management (Jennifer Bridges 2014).

### **1.6 Limitations of the Study**

This study was on assessing the effects of the key risk factors of construction real estate projects in Tanzania. Some of challenges were face researchers, the possible major limitations in this study were being resources; these include financial constraints and time which may not allow cooperate enough research assistants and to cover all region centre's over the country.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This Chapter theoretical Literature review was done to review supporting theories developed in the similar studies on the project risks the projects risks management of the real estate projects. Analysis of Empirical studies on the impacts results of the risk management on the real estate project is done as well as the conceptual frame work of the dependent variables and the independent variable was developed (Stephen Fear 2019).

Risk management has become an important part of the management process for any project. Various theories and models have been advanced on the subject of risk and decision making under uncertainty. Risk in construction has been the object of attention because of time and cost overruns associated with construction projects. This chapter reviews the literature concerning theories of decision making under uncertainty, some of the risks faced in the construction industry, some risk analysis techniques and risk response practices. The chapter further reviews literature related to the independent and dependent variables in the research.

#### **2.2 Theories and Definition of Key Terms**

##### **2.2.1 Risk**

Is an uncertain event a condition that if it occur has an effect achievement of one project or more projects objectives risk a state of uncertainty were some of the possibilities involving a loss, catastrophe or other undesirable outcome a risk is a project fall to meet its objectives (Bernardus Ale 2009).

### **2.2.2 Project Risk Management**

Project risk management is a process of used by the managers to identifying, Analyzing assessing and responding to any risk that arises over life cycle of a project to help project remain on track and meet its goals and objectives, Its minimize any potential problems that may negative impacts a project objectives (Lavanya N 2008).

### **2.2.3 Real Estate**

Real estate is property consisting of land and the building on it along its natural resources such as crops, minerals or water, immovable property of this nature of real property is building also the business real estate are rental to tenants which paid rent by renting land, building or housing by using legal system or contracts (real estate Oxford English Dictionary online retrieved September 18 2011)

### **2.2.4 Monitoring**

Monitoring is the systematic and routine collection of information from projects and program for four purposes of learning from experiences to improve practices and activities in the future, to have internal and external accountability of the resources used the results obtained, to take informed decision on the future of initiative, and to promote empowerment of beneficiaries of the initiative. Monitoring is a periodically requiring task already beginning in the planning stages of project or program, Monitoring allows results processes and experiences to be documented and used as a basis to steer decision-making and learning processes, monitoring is checking progress against plans the data acquired through monitoring is used for evaluation (Richard Valliant 2000).

### **2.2.5 Evaluation**

Evaluation is assessing as systematically and objectively as possible a completed project or program or a phase of an ongoing project or program that has been completed. Evaluation appraise data and information that inform strategic decision this improving the project or program in the future evaluation should help to draw conclusion about five main aspects of the intervention; Relevant, Effectiveness, Efficiency, Impact and Sustainability. Information gathered in relation to these aspects during the monitoring process provides the basis for the evaluation analysis; evaluation is done periodically, mid-term and at the end of a project (Peter Landau, 2018).

### **2.3 Macro Economics Factors on Real Estate**

Macro economics factors are the factors or concepts that affect the economic positively or negatively and are key indicators of Economic performance (Purwant 2018). The factors that influence real estate are: - Demographics are the data that describes the composition of a population such as age, races, genders, income, migration patterns and population growth. Those statistics are overlooked but significant factor that affects how real estate is priced and what types of properties are in demand. Major shifts in the demographics of a nation can have large impact on real estate trends for several decades. The economy are key factor that affects the value of real estate is overall health of economy this is generally measured by economic indicators such as the GDP Employment data, manufacturing activity, the prices of goods such as broadly speaking when the economic is sluggish, so is real estate (Joseph Nguyen 2017).



### **2.3.1 Inflation Rate**

Is a major concern to global economists and affects people from all walks of life it's the measures of rate by which the cost of goods and services rises and purchasing power declines, a prices increase, monetary value decrease prompting consumer to spend less on goods and services (Purwant 2018).

### **2.3.2 Interest Rate**

Interest rate is the amount of interest due per period, as a proposition of account rent, deposited or borrowed the total interest on the principal sum the interest rate, the compounding frequency and the length of time over which its rent, deposited or borrowed. It's defined as the proposition of an amount loaned which a lender charges as interest of the borrowers normally exposed as an annual percentages. Its rate a bank or other lenders charges to borrow its money or rate a bank pays its savers for keeping money in account (Richard 1996).

### **2.3.3 Prices**

The real estate market involve the major concepts which is including, buying, renting land and building or housing as in microeconomics and macroeconomics conception. Buying and moving into a home costs much more than most types of transactions. The costs includes search costs real estate sees, moving costs legal fees, land transfer taxes, and deed registration fees transaction costs for the sellers typically range between 1.5% and 6% of the purchase price (De Leeuw Frank 1971).

## **2.4 Theoretical Foundation**

A risky situation must involve a chance of loss. Risk is usually considered as an unwanted event that can be identified and quantified through its impact and

probability of occurrence. Therefore, in this context, risk may be defined as the chances of loss or gain during housing, apartment and real estate construction phases due to best mitigated various unexpected events that project face (Arizaga, 2007).

#### **2.4.1 Real Estate Theory**

According to (Krainer, 2001), based on real estate in modern economic and finance theory with the help of statistical method academicians have developed the literature in recent period and what is called as real estate theories. The model used here is a search-theoretic model where prices and liquidity are derived from the maximizing behavior of both buyers and sellers. Agents who live in houses consume housing services. Trade in houses takes place because individuals are vulnerable to idiosyncratic shocks that sever the match with their house. This might happen because of a change in household size or a job transfer.

When an agent loses his match, he moves out immediately and puts the old house up for sale. As a seller, the agent prices the house so as to maximize the expected value of having the house on the market. At the same time, the agent is temporarily homeless and must search for a new house. As a potential buyer, the agent searches until he finds a house that offers him enough utility net of price to warrant leaving the market. Since both buyers and sellers are optimizing, price and liquidity are determined endogenously. When the per period housing service flow is allowed to vary, liquidity also varies so as to match the observed correlations between prices, liquidity, and sales volume.

#### **2.4.2 Theory of Project Management**

Project management is an art of creating magic that any effect is the result of a

sequence of preset reflect acts when in reality, it was dumb coincidence. According to Harold Kerzner (2006), project management is the planning, organizing, directing, and controlling of company resources for a relatively short-term objective that has been established to complete specific goals and objectives. Furthermore, project management utilizes the systems approach to management by having functional personnel (the vertical hierarchy) assigned to a specific project (the horizontal hierarchy).

#### **2.4.3 Real Estate Market Theory**

According to (Krainer, 2001), the model used here is a search-theoretic model where prices and liquidity are derived from the maximizing behavior of both buyers and sellers. Agents who live in houses consume housing services. Trade in houses takes place because individuals are vulnerable to idiosyncratic shocks that sever the match with their house. This might happen because of a change in household size or a job transfer. When an agent loses his match, he moves out immediately and puts the old house up for sale.

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## **2.5 Theoretical Literature**

Decisions should ideally be made under conditions in which all factors of influence, and, the decision-making methods result in predictable outcomes. However, decision-making often happens under conditions of risk and uncertainty. Construction projects never run under the ideal conditions of certainty. A decision is made under conditions of risk if the decision maker is able to assess rationally or intuitively, with a degree of certainty, the probability that a particular event will take place, using as a basis his information about similar past events or his personal experience (Ceric, 2003, p. 11). Expected Value was one of the first theories of decision-making under risk. The expected value model did not consider the fact that the value that a particular payoff held for one person was not directly related to its precise monetary worth (Wallace & Blumkin, 2007).

Project risk is uncertain event or condition can occur and have an effect on the project outcome that effect can be positively or negatively Jennifer Bridges 2014) explain that the risk is inherent in everything we do, project managers more than most known how to mitigate risks, and use it as core strategy in project management the key challenges faces Chama cha Mapinduzi (CCM) project is contracts which take a long time without consider market price and cost values, low rent and illegal contract between CCM and tenants, the CCM leaders constructed buildings and houses for expensive cost and tenant paid low rent or marketing prices which sometimes takes long time to pay rent.

### **2.5.1 Overview of the Construction Project Risk Management**

Project risk management is the process of identifying, analyzing and then responding

to any risk that arises over the life cycle of a project to keep the project remain on track and meet its goals, so that risk management then is the process of identifying, categorizing, prioritizing and planning for risk before they becomes issues on the large scale projects risks management strategies might include exclusive detailed planning for each risk to ensure mitigation strategies are in place if issues arise for smaller projects, rise management might mean a simple, prioritized list of high medium and low priority risks.

Dr. Suite 2019 explain the five stages in the management process that includes risk identification, risk mitigation and risk monitoring and reporting such as;

- i. Risk identification this is about listing potential project risks and then characteristics and the results of risks identification are register which includes a list of identifies risks along with their sources, political risks responses and risk categories, this information is used for risk analysis which turn was support creating risk response.
- ii. Risk assessment this involves identifying and analyzing potential (future) events that may negatively impact individuals, assets, and or the environment (such as risk analysis) and making judgments on the tolerability of the risks on the basis of a risk analysis while considering influencing factors such as risk evaluation in the risk assessment is an inherent part of an overall risk management strategy which attempt to control measures to eliminate or reduce any potential risk in the real estate projects (Rausand M. 2013).
- iii. Risk treatment this involves strategies which used to reduce, remove, avoid, transfer or otherwise alter the risk specific treatment strategies can be created

to treat specific risks which have been identified.

- iv. Risk mitigation this involves putting in place control a measure or set of measures taken by a project manages to reduce or eliminate the risks which associated with a project to enable the project met goals and objects.
- v. Risk monitoring and reporting this involves the structure and systems of monitoring the risks and provides reports in the regular basis for treatment actions Chama cha Mapinduzi prepares monitoring of reporting about the risk in their real estate project and discuss according to rules represents recommendation to the management (Secretarial and central committee for the further action).

### **2.5.2 The Overview of the Real Estate Industry**

The real estate industry including many properties such as land, residential, commercial building industry this industrial can fluctuate depending national and local economic the real estate industry can e divided into several different areas such as development, sales and marketing, brokerage, property management, leading and professional services ( Law, accounting). The Chama Cha Mapinduzi have many real estate in the each region district, cities, municipal, town, ward and some village all the its time to improving that real estate all over the country of the billions of values it's time to improving that real estate all over the country and some must changing consumption by creates industrialization according to fifteen phase of the government of Tanzania leading by how John Pombe Magufuli under ruling party for the purpose of improving and increasing party revenues and also introducing new employment to the people (JSTOR January 2016).

### **2.5.3 Real Estate Management Project in Political Parties**

This involves construction development of the projects can vary from one project to another the consistent responsibility of the CCM leaders is to ensure on time and on budget and results before construction development begins the CCM leader of project may be responsible for site selection and due diligence, securing coming and entitlements, selecting project team members and creating a schedule and budget Chama Cha Mapinduzi has the different project at various stages with the risks may possible occur throughout implementation stages of activities so that it need management to manages the real estate successful to completion of the project on time and within budget (Stephen Fean 2019).

### **2.5.4 Importance of Risk Management Assessment**

Risk management assessment involves identifies, analyses and report on a organization material risk exposures it provides a multidimensional view of risk, taking into account and specific insurance related exposure, so that important of risk management assessment is to monitoring the risk affecting (CCM) real estate project performance to evaluation of the extent which risks responses planning has affect the performance of the CCM real estate projects to assessment the impact associated risk on design and implementation of the Chama Cha Mapinduzi real estate project by using Monitoring and Evaluation (M&E) system to analysis affects of revenue from real estate of CCM.

## **2.6 Empirical Literature Review**

Perry et al 2014, conduct a study about topic title new medical office building completion of construction the project team they do not analysis of the impact of the

delay to addresses the risk study show how the risk management system is used to improve and development of the real estate to revenue, improving performance of the real estate project (Charles, *et al.* (2005).

### **2.6.1 Global Studies**

This involves a worldwide period of economic met difficulty experiences by the market and consumer the world is experiencing a severe economic recession with a rising unemployment and lower industry output due to business, failure and low consumer spending this makes government financial institutions and other to fail to provides goods and services to the public and banks to failure provides loans the customers key factor influencing the global financial crisis (Ramadhani Mohamed 2008);. Government lost monetary policy, this involves government lost its ability to create and force policies on the citizens in order to establish economic stability policies that deal with demands and supply through financial institutions.

Financial land or building market, this involves households used land or building to borrow money from bank or financial crisis institutions due to financial crisis they fail to borrow from the crisis. According to (Walewski & Edward, 2003), in china identifying, allocating, and managing risks at the front end of the project planning process can improve project performance. International project risk assessment planning is a process that assists all project participants to handle risks before they become significant problems. It is instructing to identify, allocating and managing at the beginning of the project planning which is most in housing, apartment projects also, but it is salient in pre-planning and implementation when it is important for mitigating the risks.



According to Walewski & Edward, (2003), the transition from plan to market has become a dominant theme in Chinese housing policy in the last two decades. A growing body of literature on the process of this transition has been produced. However, the issue of uncertainty in the Chinese housing market has been neglected. The uncertainty and risks are emerging at a number of levels and areas. According to Mahamid (2013), on the other hand, surveyed the risk factors affecting road construction projects in Palestine and reported the following as most critical: financial status of contractor, payment delay by owner, and poor communication among the construction parties, low equipment efficiency, high competitions in bids; and the political situation.

It can, therefore, be concluded that, although the relative importance and the underlying causes of risks within construction projects, depending on the social, cultural, economical, political and environmental conditions, may be different in different countries and across geographical regions, and apart from the special circumstances, such as the case in Palestine, where some of the risks identified are related to the chronic political instability, which has been persisting for the past 60 years, an overall reasonable consensus exists on the major factors highlighted in the literature. Consequently, it may be concluded that, to effectively manage such risks, a simultaneous assessment of a large number of inter-related different factors, which are further classified under different taxonomies, is required.

### **2.6.2 Studies in Africa**

Households borrowing beyond their means, the household fail to borrow from bank and another financial institution through mitigate contract so that the uses only one

way of uses their salaries. (Abayomi Azikiwe 2018) explain the global economic crisis and its impact in East Africa with the current economic crisis worsening in the united states and Europe, conditions in the former colonial nations have reached critical proportions. In eastern Africa mounting food debilities a sharp defined in living standards and rising energy costs have intensifies ongoing political and labor unrest.

In Somalia, whereas backed invasion in Dec 2006 has met with continuing resistance the humanitarian situation insides the thorns of Africa nation has been described by humanitarian organizations as the worst crisis on the continent. Mark Bowden who is the united nations resident and humanitarian coordination for Somalia, has pointed out that although the situation inside the country is guide similar to what exists throughout the region, the overall condition are for worse. The food and livelihood crisis in Somalia is already critical after very poor rains in the southern and central parts of the country this year combined with violence and limited or no access to the affected population.

### **2.6.3 Studies in Tanzania**

In Tanzania, studied on poor housing has particularly harmful impact on poverty for women and women headed households, due to the combination (a) discrimination against women in housing right and access and (b) high number of women living in extremely poverty. The rising cost for housing result in less household money being available for other basic needs. Families must choose between losing their housing or cutting back food, healthcare, clothing and education for their children (World Bank, 2005). Reduction in housing costs would result in reduction in poverty

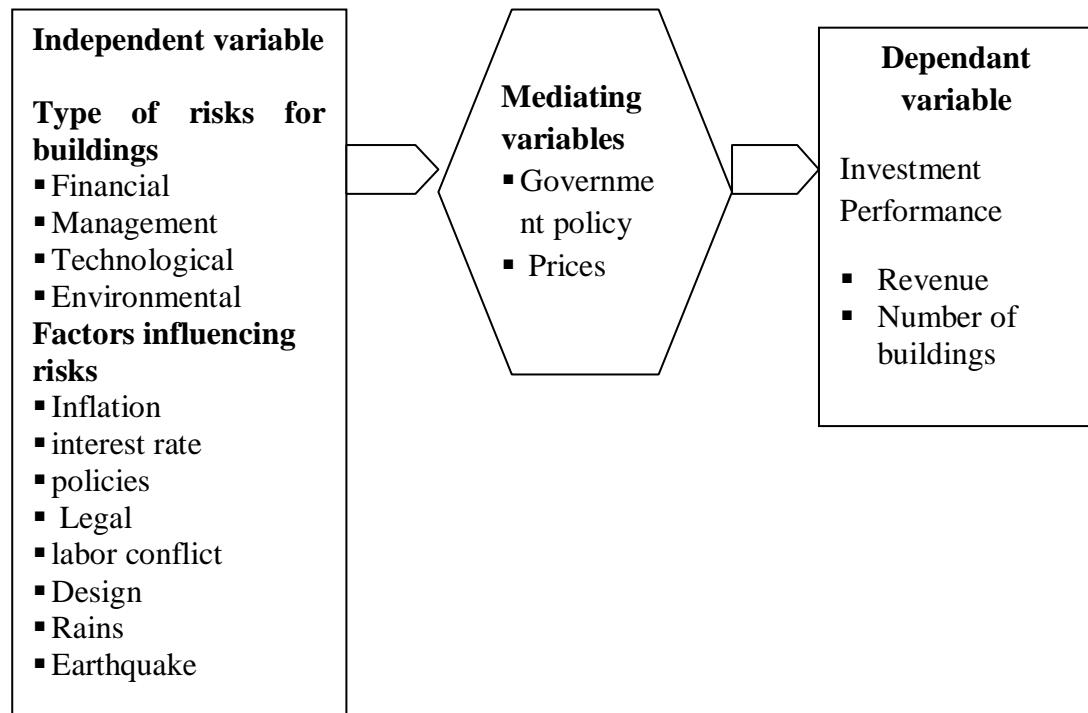
(Baharoglu, 2005). When households must decide whether to pay rent or to pay for their children's expenses they usually choose the former. UN habitat recently reported that a majority of parents settling in slums postpone sending their children to schools especially girls until they manage other expenses such as food, rent, and transport (UN Habitat, 2006).

## **2.7 Research Gap**

A survey literature covered important findings on aspects concerned a research gap defined as topic or areas which missing or insufficient information limits the ability of decision making from making decision on the real estate project and investment in Tanzania leave a gap in the information the most risk factors were mentioned it's not what measure do they deal with the risks and how do the assessment the risks before project implementation to identified knowledge gap to focus the study was tries to attempt to gather experience knowledge to keeps fill these gaps.

## **2.8 Conceptual Framework**

Conceptual frame work explains the both of a research and ground it's firmly, in conceptual constructs the overall research findings more meaningful acceptable to the conceptual constructs in the research field and ensure generalize that assist in stimulating research. Furthermore, ensuring the exclusion of the knowledge by providing both direction and force to the research questions they also increase the using empirical methods and careful of research. This study was guided by real estate theory whereby the agent prices of the house can maximize the expected value of having the house on the market.



**Figure 2.1: Conceptual Framework**

**Sources:** Research Data 2019

This it's not to make large more implement to say that both theoretical and conceptual frame give life to a research, many post graduate students and faculty staff at universities are confused of two terms and apply them wrongly in the their research papers as results their research findings become weak because of the in appropriate application of the suitable theoretical frame work, this blurs the understanding or leaders of the research paper who are lost.

Not knowing the purpose of the study the importance of the study and the scholarly the researcher or dialogue with either disagreement in disagreement the research without the theoretical or conceptual for leaders in ascertaining the academic position and the underlying factors to the researchers assertions and a hypothesis this leaders the research careless and not appreciable as contributing significance to the

advancement of the border of knowledge this articles explains with clear understanding the two frameworks and how they utilized efficiently in the research journey (Charles P, et al (2005).

## **2.9.1 Descriptions of Variables**

### **2.9.1.1 Dependent Variable**

Variable can simply mean anything that has a quantity or quality that varies. In other words, a variable refers to a characteristics number or quantity that increases or decreases over time, or takes different value in different situation. Variables can be categorized into two, dependent variable, which is the variable the researcher is interested in, and the latter is independent variable which affects the dependent variable. Dependent variable refers to a factor that is changed by the effect of associated factors called the independent variable. These dependent variables are of two types, which are revenue and number of buildings. The dependent variable is construction performance whereby there are changes in total revenue and number of buildings, the two highly influences the investment performance in housing project.

This refers to the return on an investment portfolio which concerns a single asset or multiple assets. The investment performances is measure over a specific period of time and specific currency so that investment performance in the housing projects. It was help to increase of the revenue and number of building. Revenue is an income generated from the make investment of housing projects depends on towards before any cost or expenses are deducted. Increases of the number of building this refer to is situation of the increases of the number of building after make investment of the housing projects which also help to increase to revenue and new investment.

The dependent variable is supported by the UMIST report on risk management in Engineering Construction (Hayes et al, 1986) the greatest uncertainties and risks appear in the earliest phases of the project lifecycle. The UMIST report recommends that project management should be a continuous activity throughout the project life cycle. The planning stage provides the greatest opportunity in the project life cycle to govern and control scope, costs and schedule through sound risk management practices (Wallace & Blumkin, 2007).

#### **2.9.1.2 Mediating Variables**

The mediating variables are government policy and price fluctuation of the rental building and construction building materials. Government policy this refers to situation of the government issues such as housing investment projects. A good policy its make interest to the investors to make investment in the housing projects. The prices to make investment in the housing projects in the low and reasonable costs its enable to rental housing in the low rent which help to obtain rental in the both primary and secondary markets. Ghana Housing Policy, 2015), housing rental policy has been used to denote a multi-dimensional commodity that encompasses the physical Shelter (buildings), the related services and infrastructure, and other inputs such as land and finance required to produce and its maintenances.

#### **2.9.1.3 Independent Variables**

This refers to factor that causes or influence dependent variables to change. There are types of risk for building construction of housing projects are very complex and can pore variances internal and external risks. A strictly set of codes, laws and regulations must be followed during the construction process to best avoid these

risks, Unfortunately these are no way to completely avoid risks as these are bound to be unknown factors that arise over the course of the arise over the course of the project, one of the best ways to manage risks is to know the various types and how can managed them. To identify and categorize risks before start a housing project can optimize risks management and avoid any possible losses.

There are some types of risks for building was considered such as financial risks Inflation, local taxes and availability and fluctuation in foreign exchange are a few of the possible financials risks might occur during the construction of housing projects. If are working on a project internationality it's important that understand how the foreign was be exchanged. Another variable is management risks The most common management related risks in uncertainly productivity of resource's before begin a housing project need to be sure that have sufficiently skilled staff and that have adequately defined their roles and responsible falling to do this can lead to disastrous losses.

Environmental risks include natural disaster, weather and seasonal implications these risks are commonly overlooked when people are unfamiliar with local conditions if are going to be working on a project in a new city. Need to become familiar with that regions weather patterns if prepare for possible weather risks are much more likely to avoid potential delays and losses. There are factors that influence risks. Inflation also called purchasing power risks is the chance that the cash flows from an investment of housing won't be worth as much in the future because of changes in purchasing power due to inflation. Interest rate risks or market risk refers to the chance that investment in housing was suffer as the result of unexpected interest rate

changes Political risks is the risk an investments returns could suffer as a result of political change or instability in country.

Instability affecting investment of housing return could stem from a change in government legislative bodies other foreign policy makers or military control. Legal risks is that a counter party to a transaction was not be reliable to meet its obligations under law such difficulties may arise from a number of causes, one of the most common being that the transaction was not sufficiently well- documented to be legally enforceable. Labor conflict is a disputes between an employer and its employees regarding the terms ( such as conditions, of employment fringe benefits, hours of work, tenures, wages) to be negotiated during collective bargaining or implementation of already agreed upon terms. Design risks are potential for a design to fail to satisfy the requirements for housing projects.

A poor design may manifest itself as functional defects or hurdles to development that impede housing projects progress. Rains this refer to heavy rainfall can lead to numerous Hazard for example:- flooding, including risks to buildings and infrastructure and loss of cross and livestock. Landslides which can threaten human life, disrupt transport and communications and cause damage to building and infrastructure. Earthquake risks is the probability building damage and number of people that are expected to be hurt or killed if a likely earthquake on particular fault occurs. Earth quake is hazard (danger) is effect of ground shaking buildings can be damaged by the shaking itself or by ground beneath them setting. Construction work being risky and complex by nature, there are chance for disputes. Adhikari, R. P., (2008). Developers are facing the risk due to unclear policy of government. It is



observing that some projects are selling even before taking final approval from the authority. Political, social, environmental, technical and dispute risk are being as usual.

## **CHAPTER THREE**

### **RESEAERCH METHODOLOGY**

#### **3.1 Introduction**

Research methodology is an approach the researcher uses in the study to investigate a problem. Methodology refers to the philosophical basis on which the researcher is founded (White, 2000). According to Kothari (2008), research methodology is an approach researcher use to investigate the problem based on the philosophical basis on which the research is found. The study was conducted through qualitative approach. Qualitative approach helps research to know how the respondents view and understand the world and construct meaning out of the experience (Silverman, 2004). Bryman (2008) provided that qualitative research is much more accountable to provide a great deal of descriptive details when reporting the result of the research.

This section presents the methodology that was used to conduct the study. The research design, Research area, population of the study (unit of enquiry), sampling procedure and sample size, type of data to be collected and data collection methods, measurement of variables, data analysis and parameters of interest used. This section was being about the method and techniques where by the researcher in data collection and analysis on the study of specific project in order to reduce risks of the housing construction at the CCM.

#### **3.2 Area of the Study**

The study was conducted at the CCM in Tanzania – head quarter in the following regions Dodoma, Singida, Manyara, Arusha and Kilimanjaro through electronic

and in hand questionnaire. The reason for selecting this area is a working region of researcher, source of planning activities also majority of staff are found, other reasons for selecting the area is time and budget constrain. The method to be used to obtain the area was being purpose and random sampling.

### **3.3 Research Design**

Research design is the overall pattern in which the study was conducted. It describes what and how the data were analyzed and interpreted in order to provide good answer to the basic research questions. White (2000) also defines research design as a general term that covers a number of separate but related issues associated with the research. It is the arrangement of conditions for collection and analysis of data in manner that aims to combine relevance to the research purpose with economy procedure (Kothari, 2004).

A cross-sectional research design was applied in this study, this design allows the collection of data on more than one case and at a single point in time in order to gather a body of quantitative data in connection with two or more variables, which are then examined to detect patterns of association of the study consisted of assessing the effects of the key risk factors of construction real estate projects. Research design is the conceptual structure within which the research is to be conducted. The function of research design is to provide for the collection of relevant information with minimal expenditure of effort, time and money (Ranjit, 2005). Research design is one of the most important tasks in carrying out the survey. Explanatory research design was adopted in this study to assessing the effects of the key risk factors of construction real estate projects in CCM.

### **3.4 Research Approach**

According to Bryman & Bell (2007) the research strategies can be either qualitative or quantitative. Quantitative research strategy normal involves statistical data or numerical data which demonstrates deductive relationship between theory and research. Its normal gives preference to natural science approach especially positivism while conducting research (Bryman & Bell 2007, p.28, 348). Qualitative research strategy is more concerned with words rather than statistical figure or numerical data.

However, this demonstrates inductive view to the relationship between theory and research. It finds the acceptable knowledge in a particular field of study and applies it to interpret the findings. Its normal used in social science research which gives emphasis on understanding social world by examining the interpretation of the world (Bryman & Bell 2007, p.28, 29, & 402). This study was a qualitative research, as it given more detailed information on the topic in comparison to the quantitative method. Furthermore, risk management performance is highly subjective that depend on building construction on country, culture and organization.

According to Bryman & Bell (2007, p.404) there are various ways to conduct qualitative research such as through participant observations, qualitative interviewing, the collection and qualitative analysis of text and documents and Focus groups. This study, researcher used participant observations, interviewing various respondents, and analyzing various text and documents concerning the effects of the key risk factors of construction real estate projects in Tanzania.

### 3.5 Population of the Study

Population refers to the larger group from which sample is taken (Kombo and Tromp, 2006). The largest population for this particular study has 282 of staffs of the Chama Cha Mapinduzi in head quarter at Dodoma, Singida, Manyara, Arusha and Kilimanjaro region. This study was base on expected data in terms of their experience and views on matters regarding real estate developers on housing growth in Tanzania.

### 3.6 Sample and Sampling Techniques

#### 3.6.1 Sample Size

Sample can be defined as a set of respondents (if a study deals with people as for the case of this study) selected from a larger population for the purpose of a survey (Kombo and Tromp, 2006). This study conducted within Dodoma, Singida, Manyara, Arusha and Kilimanjaro region and sample size is 165 respondents. A simple random and purposeful sampling was be used to obtain a sample size of 147 staffs of Chama Cha Mapinduzi in the head quarter at Dodoma, Singida, Manyara, Arush and Kilimanjaro region to represent the total population at confidence level of 95% and level of precision of 5%, as derived from Yamane (1967) formula.

$$n = N$$

$$\left( \frac{N}{1 + N(e^2)} \right) \dots \dots \dots \text{(Equation 1)}$$

Where;

n is the sample size

N is the population size

e is the level of precision (Sampling error) = 5% or 0.05

$$\frac{282}{1 + 282 (0.05^2)} = 282$$

**Table 3.1: Sample Distribution n=165**

Type of respondent	Number of respondent Distribution	Questionnaire Returned (%)	Percentage Returned (%)	Sampling techniques
Chief Executive Makatibu wa CCM Mkoa	5	5	3.0	purposeful sampling
Directors Makatibu wa CCM Wilaya	33	30	20.0	purposeful sampling
Estate Manager Meneja wa viwanja vya CCM	4	4	3.0	purposeful sampling
Human resource officers Maakatibu wasaidizi na wahasibu Wilaya	33	33	23.0	Random sampling
head of departments Makatibu wa Jumuiya za Chama ngazi ya Mikoa.	15	15	10.0	Random sampling
other staff makatibu wa Jumuiya ngazi ya wilaya	75	60	41.0	Random sampling
<b>Total</b>	<b>165</b>	<b>147</b>	<b>100.0</b>	

**Source:** Researcher Data, 2019

### 3.6.2 Sampling Techniques

The sample for this study was drawn from the population through purposive and simple random sampling technique. The study was use simple random sampling to include households from the study area regarding their economic activities such as agricultural and off farm activities. Thus, each element in the population has an equal chance of being selected in the study. The method is preferred mainly for quantitative data from households. A selection criterion of Simple Random Sampling

has considered the following factors; time frame of the study, financial resources, coverage of households, reliability and accuracy of information.

### **3.7 Data Collection Techniques**

Data collection techniques/methods are tools for data collection including interviews, Focus Group Discussion (FGD), documentary review and questionnaire (Patton, 2001 and Creswell, 2005). The researcher employed triangulation method for the present study.

#### **3.7.1 Documentary Reviews**

Documents are one of the secondary sources of data from which a researcher can get information about the phenomena.

#### **3.7.2 Questionnaires**

A questionnaire consists of a number of questions were been written in a definite order on a form filled by respondents of their own (Creswell, 2005). As an instrument of data collection, questionnaire has several merits including being free from the bias of the interviewer because answers are in respondents' own word; respondents have adequate time to give well thought out answers, more over it cost low even if the universe is large so that large sample can be made and the result can be made more dependable and reliable. This study therefore, employs questionnaires with both open-ended and closed questions. The researcher was administered the questionnaires to the respondents, for objectives about challenges and strategies and ways to overcome the impact of real estate developers on housing growth in Tanzania

### **3.7.3 Interview**

Interviews are questions asked orally with a purpose of providing in-depth information and are flexible-freedom for participants to express their views (Kombo and Tromp, 2006). The merits of this method are that it is considerably flexible; it enables the researcher to probe a deeper understanding of the interviewee's experiences, feelings and perspectives (Paton, 2001). Also, sample has been controlled more effectively as well as supplementary information was been obtained. However, interview method is limited in that it is expensive especially when large and widely spread geographical sample is taken; the method is relatively more time consuming not only that but certain respondents such as important officials may not be easily approached under this method (Kombo and Tromp, 2006). Semi-structured interview schedules thus were administered to the respondents. The limitation might face by researcher were staffs of Ministry who might hesitated to give answers.

### **3.7.4 Observations**

Observational technique was involving direct observation of phenomena in their natural settings. The strength of observation is that it provides true information since the researcher comes in contact with his/her respondents in the real situation (Kombo and Tromp, 2006). The limitation of this technique is that it can be applied with only limited behavioral variables and the fact that such data might not be generalizable we can observe a respondent's behavior at a given moment and situation, but we cannot assume all further respondents acted the same (Kombo and Tromp, 2006). Observation therefore was being used in this study as another technique/instrument for gathering information about the impact of real estate developers on housing



growth in Tanzania. In order to simplify the observation process, the researcher was developed an observation checklist.

### **3.8 Validation of Research Instruments**

Validity is the extent to which an instrument measures what it is supposed to measure and performs as it is designed to perform (Pallant, 2010). Validity is measured in degrees. As a process, validation of data involves collecting and analyzing data to assess the accuracy of an instrument used. Since this study is quantitative, a pilot study was being carried out in order to perform statistical tests before going to the field. But prior to the main survey, a pilot study of 165 respondents was be done for the questions was be modified. Validity test usually determines whether the research truly measures what it was intended to measure in the study population (Saunders *et al*, 2007). The closer the Cronbach's alpha coefficient is to 1.0 (equal or greater than 0.7) of the items in the scale (Grayson, 2004).

### **3.9 Data Reliability**

Reliability defined as the extent to which results are consistent overtime ((Saunders, Lewis & Thornhill, 2012). Reliability was to do with accuracy and precision of measurement procedures. Validity implies applicability and usefulness of the data obtained through such reliable design and all the way to conclusive findings (Kothari, 2007). Pilot study was done to test whether the tools are truly measuring what they intended to measure (Kothari 2007). Reliability of the tool was being made by piloting the questionnaires before a comprehensive exercise of data collection to see if the tool can give consistent response from different respondents.

### 3.10 Data Analysis Procedures

The collected data was being analysed both qualitatively. Qualitative data from interviews with staff was subjected to content analysis in order to extract information. Content analysis was used to organize the collected data into categories and coded before being analysed with Statistical Package for the Social Sciences (SPSS) version 20 to determine the frequency of occurrence. They were organized under relevant sub-headings to present the information from respondents for easy comprehension. The Quantitative data from respondents' questionnaires and documentary review was also analysed, coded and presented in tables with frequencies and percentages and in graphs for conclusion.

### 3.11 Ethical Issues and Considerations

In this particular study, ethical principles which were well forethought out choice of study subject, research permits, informed consent of the respondents, confidentiality and anonymity and sensitivity to cultural norms and values of the area of the study.

**Choice of the Study Subject:** The researcher's choice of study subject was thought upon confidence that there is no similar study which has been done before.

**Research Permits:** Permit for the study was processed officially from the office of the Vice Chancellor of the Open University of Tanzania (OUT), whereby clearance letter was obtained.

**Informed Consent:** In the respect of participants' consent, the researcher made all participants aware of the intention and facts of the study (by convening short meetings). Participants were requested to participate in the study willingly, without

using any elements of coercion.

**Confidentiality and Anonymity:** The researcher was ensured confidentiality and anonymity of participants by receiving all information from them with dual respect and that the information they provided was to be used in accordance with the objectives of this study. All identities of research participants therefore remained anonymous.

**Sensitivity to the Cultural Norms and Values:** A sense of caring and fairness was to be as part of respondent's thinking, action and personal morality when doing this research. The researcher was observing the authority, cultural norms and values of participants. The researcher was doing this by ensuring neither physical nor psychological harm to informants occurred. Value and culture of each individual which include faith, gender and color differences were highly esteemed.

## CHAPTER FOUR

### FINDINGS, ANALYSIS AND DISCUSSION

#### 4.1. Demographic Characteristic

Table 4.1 shows respondents distribution by year worked indicate that the most of the employee at Chama Cha Mapinduzi are not experienced it should be reason why most projects are not completed in time also the staff of the Chama Cha Mapinduzi have lack of competent staff, which another factors that only 3.33% holds a master degree according to the research.

**Table 4.1: Demographic Characteristics**

SN	Variable	Variable category		Percentage %
1.	Sex	Male		62.0
		Female		38.0
2.	Educational level	Form four		51.7
		Certificate		16.7
		Diploma		11.7
		Advance Diploma		10.0
		Bachelor Degree		6.7
		Masters degree		3.3
3.	Working experience	Less than 4 years		35.0
		Between 4-6 years		20.0
		between 7-11 years		15.0
		above 12yrs		30.0
4.	Occupation and Elected leaders	CCM region and district secretaries Chairman		66.7
		Publicity secretaries		20.0
				13.3

**Sources:** Researcher Field Data (2019)

##### 4.1.1 Gender of Respondents

Respondents were asked about their gender with their organization, results are presented in Table 4.2 which shows that most respondents (62%) were male compared to the female respondents (38%). This implies that there are more male staff members at the Chama cha Mapinduzi (CCM) who are employed in regional

offices and in decision making position compared to the female staff members. Furthermore, as shown in Table 4.2, the gender differential is also more evident in the working different department areas and parliament members representing CCM position. Also the employment rate for females is low percentage while the corresponding rate for males is high percent in central government presidential appointment qualification. The survey revealed that more than half of the male employees are in decision making at head quarter and to the regional offices, followed by female with the lowest of percentage distribution.

#### **4.1.2 Level of Education of Respondents**

Results in Figure 4.1 shows that a large proportion of respondents (51.7%) had a form four level of education compared to the respondents with a certificate level of education respectively (16.7%), Diploma education (11.7%) and with a advanced diploma (10.0%) compare with Bachelor degree (6.7) and Master degree (3.3), respectively. This implies that there is large proportion of staff members for form four level of education in CCM offices who are involved in building construction estates process of monitoring and evaluation to increase efficiency and effectiveness of working and services in the projects scattered all over the country.

#### **4.1.3 Distribution of the Respondents by Working Experience**

The length of working experience served in Chama Cha Mapinduzi has determines the extent to participants level of experience in strategic planning in different projects as well as political position, the participants whether they were at any point involved in strategic planning, what their thoughts were on the involvement of staff members in strategic planning and what they thought ought to be done to ensure that

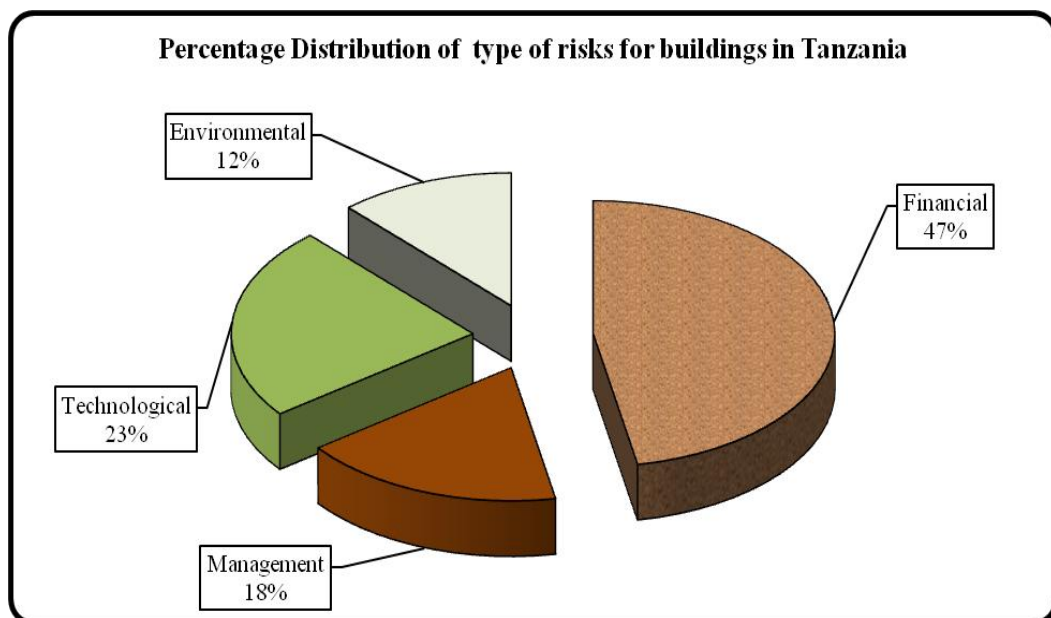
staff members are motivated to take ownership of the strategic planning process. In the strategic planning of technological advancements and globalization, there are likely to be many changes in institutional and operating environment that the respondents should know about when responding to the issues sought by the study.

According to the results, as shown in figure 4.1, 35.0% of the respondents indicated that they had an experience of less than four (4) years, another 20.0% of the respondents had an experience of 4 - 6 years, as well as 15.0% of those who indicated that they had an experience of 7 - 11 years and 30.0% of the respondents who indicated that they had an experience of over ten (11) years. This shows that 70.0% of the respondents had working experience between 0-10 years. The implication to these results is that there is a great discipline, responsibility to maintained monitoring of the housing construction within CCM projects. Experience of the staff minimize risks such problems create uncertainty or unfavorable condition in rental prices. This results reveal that housing and Real estate in CCM projects are compose high-ranking experience employee, the project manger to skilled employee and careful for their job description, direction, monitoring and controlling along with housing construction and facilities.

## **4.2 The Risks Affecting the Housing Investment**

Real Estate investors have long been aware of the challenges of translating the returns of property investment into reliable time- series data (Fisher & Goetzmann, 2005). This has been overcome by developing statistical risk and return inputs to allocation models through the construction of indices that reflect broad trends in diversified portfolio of investable properties. These include:- Time weighted rate of

return, Internal rate of return and Simulation procedure. Hammes & Chen, (2005) measure real estate performance by analyzing return on asset, Fisher, (2005), using the internal rate of return (IRR) to stimulated portfolios comprised of commercial properties, U.S .stocks AND U.S. bonds and Ooi & Liow, (2004) using systematic risk incorporated in the traditional Capital Asset Pricing Model (CAPM) to explain real estate returns.



**Figure 4.1: Distribution of Type of risks for Buildings in Tanzania**

**Sources:** Researcher Field Data (2019)

The first research question is aimed to assessing assess the risks affecting the housing investment of Chama Cha Mapinduzi (CCM). The respondents were presented with a number of items which related to the different specific aspects of the real estate project and also required to shows their awareness in each features. According to figure 4.1 of the type of risks for building in Tanzania, shown four types were identified. Respondents' results for each of these types are presented in preference order to have a risk in the building construction as the real estate.

The results shown that, (47.0%) for financial risk, (23%) for technological with an overall order presented by total respondent. In addition, (18.0%) of respondents for management risk and (12%) for environmental were agreed that have assessing assess the risks affecting the housing investment of CCM. Results reveal that Banks play a crucial role in the financing of real estate through mortgage financing. They lend for the purchase of land for development and existing buildings; they finance construction projects; they lend to non-bank and they finance companies that they may finance real estate.

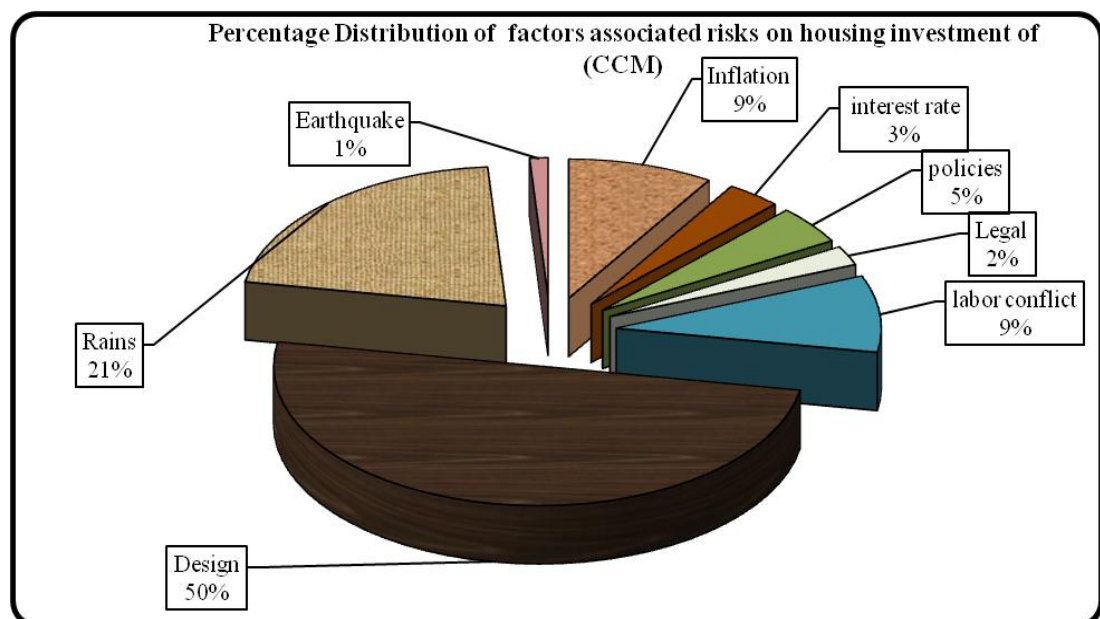
The finding results is supported by ( Herzog & Earley 1970), In America residential construction is peculiarly dependent on mortgage loans for example almost all one to four-family housing are being bought with the aid of mortgage loans and this has led to a tremendous growth in the real estate sector in this USA. According to Tirtiroglo, 1997, private investors seek mortgage financing (debt financing) for real estate assets because of tax benefits and or lack of sufficient equity funds. With improved mortgage facilities, the performance of the real estate in a particular country will rise in terms of less risk, higher returns and more rental income. These two variables are positively correlated. An improvement in one of them will automatically lead to the improvement in the other. With a poorly developed real estate finance market, it makes it difficult for firms or households to mobilize the capital tied up in real estate .This denies firms the opportunity to use real estate as collateral for raising investment finance.

#### **4.4 Factors Associated Risks on Housing Investment of CCM**

Housing and real estate construction projects mobilized with the huge investment for



large sectors of human beings and the society. Most of the projects are characterized by the incidence of cost and time overruns with unsatisfactory quality performance, poor project management practices drive to the inability of the constructions to meet the expectation of customers and investors. This has been important that the need to carry out on this research to explore the reasons for these failures so as to evaluate practices that can guarantee improvement to construction projects. As improving, the performance measures of construction projects would have major effect on competitiveness.



**Figure 4.2: Distribution of Factors Associated Risks on Housing INVESTMENT of (CCM)**

**Sources:** Researcher Field Data (2019).

Chama Cha Mapinduzi party conducted several land pooling projects in such areas where more development can be ensured through the pooling projects. It can allow acquiring a large piece of land and developing it as a perfect residential and commercial buildings or a business zone. The Housings, apartment units, and real estate developers are constructing or producing same range and categories of product

targeting upper middle and higher economic group of income level. Chama Cha Mapinduzi party as developers are constructing the housing units targeting middle, lower and even marginalized economic group of income level.

According to the Figure 4.3 of the assessment of the factors associate risks on housing investment of the Chama Cha Mapinduzi, about eight factors were considered such as inflation, interest rate, policies, legal, labor conflict, design, rains and earthquake. The finding results indicate that (50.0%) respondent from design, (21.0%) for rains during the site activities executions, (9.0%) inflation causing the raising of the prices of building materials, (9.0%) labor conflict between management and laborers occurs during the construction, (5.0%) policies established by permission authorities such as Engineers registration board, Contractors registration Board and Quantity Surveyor, (3.0%) interest rate imposed during construction works delay, (2.0%) permission obtained during establishment or agreement of the works and (1.0%) of the foreseen earthquake.

The finding results reveal that main factor on the associate risks on housing investment of the Chama Cha Mapinduzi in construction projects is design problems. The raining during the project execution is the second important factor causing delay in construction projects. From the consultant's side, the first component that seems to be the cause of delay in construction projects is ineffective or lack of competence consultant by slowness in giving instructions and "lack of consultant's experience". Weakness in consultant management is the next most important factor that causes delay in construction projects. Finally, the most important external factor causing delay in construction projects is lack of delivery materials and equipment and tools

in time at site. The next most important factor is poor site foreseen conditions (rain, inflation, etc.).

This results is in line to (Walewski& Edward, 2003) who emphasis that, although a project can be divided into a number of separate phases and the risks factors assessed and managed as such, there is a need to manage risks as a continuum over the project life cycle. Maximizing the process of assessing and managing project risks requires initial recognition combined with a systemic method of monitoring changes and impacts over time. It is good explanation in numbers of phases on entire project life cycle including try to assess the critical factors, which create the critical risks, the identifying, allocating and managing the risks.

#### **4.5 Relationship between Risks and Housing Investment Performance**

Most of risk factors affecting risks and housing investment performance in executing construction projects, also affect other parameters of construction projects. Zou et al., (2007) determined that most of risks affect both cost and time aspects in executing the project. Risk quantification indicates what proportion of the cost is acted upon by that risk in relation to the total cost of that work part (Hobbs, 2010). Some tools for use in risk analysis include risk scales, quantity impact analysis, estimating relationships, and probability analysis, total risk cost analysis, decision analysis, logic analysis, network analysis, Monte Carlo simulation and comparisons with similar systems (Kerzner, 2003).

Table 4.3 presents the spearman correlation coefficient for type risks "financial risks" among housing construction investment of the CCM, management risks

involved in supervision at site and office of CCM, technological risk and environmental risks relationship to housing investment performance in Tanzania. For this types of risks, the correlation coefficient between financial risks and housing investment performance is equals to 0.021 with P-value (Sig.) = 0.014. The P-value is less than the level of significance,  $\alpha = 0.05$ , so there is a significant relationship between financial risks and housing investment performance in Tanzania.

**Table 4.2: Correlation Test of Housing Investment Performance among RISKS**

Type of Risks	Financial Risk	P-Value	Management Risk	P-Value	Technological Risk	P-Value	Environmental Risk	P-Value
	Spearman rank correlation coefficient		Spearman rank correlation coefficient		Spearman rank correlation coefficient		Spearman rank correlation coefficient	
Housing investment performance	0.021	0.014	-0.189	0.415	0.340	0.094	-0.362	0.061

\* Correlation is significant at 0.05 significance level

The correlation coefficient between supervision management risk and housing investment performance is equals to -0.189, the relationship is negatively with P-value (Sig.) = 0.415. The P-value is greater than the level of significance,  $\alpha = 0.05$ , so there is insignificant relationship between management risk and housing investment performance. In addition, the correlation coefficient between technological risk used at site for various projects and housing investment

performance is equals to 0.430 with P-value (Sig.) = 0.094. The P-value is greater than the level of significance,  $\alpha = 0.05$ , so there is insignificant relationship between technological risk used at site for various projects and housing investment performance. Lastly, the correlation coefficient between environmental risk foreseen (rain, earthquake) and housing investment performance is equals to -0.362, the relationship indicate negatively with P-value (Sig.) = 0.061. The P-value is greater than the level of significance,  $\alpha = 0.05$ , so there is insignificant relationship between environmental risk and housing investment performance.

The finding results of the spearman correlation coefficient for relationship between type risks and housing investment performance indicate responsibilities of the construction stakeholders (client, contractors, and consultant). The contractors considered as the first factor to complete the project on time, as any delay of freeing contractor payments. It will affect contractor's financial responsibilities, such as wages, the purchase of materials. The results is supported by Al- Khalil et al (1999), Chan et al (2002), Odeh and Battaineh (2002), Enshassi et al (2003), Abudul-Rahman et al (2006), Fong et al (2006), Sambasivan and Soon (2007), and Alaghbari et al (2007) agreed with this result, that owner delay in freeing the contractor financial payment is one of important causes of delay. Owners should perform their duties without delay. Payments are considered as backbone of contractor to complete the project on time. So the owner should be aware of the importance of contractor's payments.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 Summary**

Chama Cha Mapinduzi was born on 5<sup>th</sup> February, 1977 after the union of Tanzania Africa National Union (TANU) and Afro Shiraz Party (ASP). Chama Cha Mapinduzi inherited properties which were established by the two historical parties and made strategies of establishing new housing project for the purpose of improving their economies. Chama Cha Mapinduzi managed to establish economical projects from all levels such as branches, wards, districts, regions and national at large. After conducting the research of the project in the studying area such as Dodoma, Singida, Manyara, Arusha and Kilimanjaro regions, it was discovered that the projects experienced many risk.

#### **5.2 Conclusion**

There are some factors which were put into consideration by the Chama Cha Mapinduzi before starting the construction of the houses for the intended housing projects in the different levels of leadership. Inflation factor, the housing project was not completed at the right time because of there was not enough fund to buy materials used to complete the project. In other words there was a decrease of the purchasing power of important materials for the project.

Interest rate shows results that the interest rate of the loans from financial institution taken for the purpose of enabling the intended housing project were more expensive and took long time to finish paying back the loans plus their interest. Political risks shows that political risk is one amongst the risks associated in the housing project.

This is due to the fact that the country makes election of leaders within five years which make political change or instability in the country's policies and put at stake the peace of the country which in turn make different activities and projects lag behind.

Legal risks show that some leaders in the different levels of leadership make illegal contract to counterparty in the housing transaction. This will not be reliable to meet project's obligations under the law, such as difficulties may arise from a number one of the most common being that the transaction was not sufficient well-documented to be legally enforceable. Lack of professional, knowledgeable and skilled employees who have capacity of implementation of the projects, specifically housing project and application of monitoring and evaluation profession to the housing project in the different level of leadership which make the project not completed at the right time or they completed but under quality as compared to the value of money.

Technological risk appears to be one of the crucial and potential risks to consider when designing the housing project, depending on the intended technology to be used and according to the type of the project. Design risks show that when designing housing project, quality design must be considered prior to the commencement of the project. This will in turn make sure that the design falls and satisfy the requirement of the projects. Without doing proper designing consideration, the project is likely to face problems such as fundamental flawed, infeasible, inefficient, unstable or below client standards. Environmental risks show some housing project contracted in the rainfalls areas which cause damage during bad weather condition and rainfall

seasons.

### **5.3 Recommendation**

After conducting the research and get results, the researcher came out with different recommendations to enable the management of the Chama Cha Mapinduzi solve the problems or difficulties which were obtained during the research in order to meet the objectives and goals of the established housing project in the different levels of the leadership. Before created the commencement of the projects, the management of Chama Cha Mapinduzi must initially consider the financial crisis in the world or within the country in order to understand or be aware of the inflation, exchanges of foreign currencies compared to the local currency which can greatly affect the investment of the intended housing project.

Interest rate, the management must consider interest rate during the borrowing of loans from the financial institution(s). This will enable the management to choose the financial institution(s) which have loans with low interest rate, easy payable and friendly to the investment of housing project. Politically, management must make sure that the election of the new government leaders and imposition of new policies does not; by any means destroy the stability and peace of the country. This will make the already started projects to prolong peacefully. However, the project will be profitable and bring out effective results if the government introduces policies which support all types of investments and projects within the country.

Legally, management has to employ reliable personnel who are professional, knowledgeable and have legal skills which will help the Chama Cha Mapinduzi meet



law obligations in the different projects to make the intended projects to be sustainable and productive. In order to make any project highly effective and productive the monitoring and evaluation skills concerning the project must be implemented. Therefore, during the implementation of the housing project, management must make sure that there are sufficient and reliable professionals to implement such skills in order to meet the intended goals and objectives of the said project.

Also it's very important for the management of CCM to consider different technologies before implementation of the housing project. Not all houses will have the same type of technology therefore the construction of houses will have to apply technology according to the intended use of the house. Some will demand IT Technology, Cyber security and alike. Management must consider quality of the designing to satisfy the requirements for the housing projects which meet good fundamental, feasible efficient, stable or clients standards. Prior to the construction of houses for the housing project, the CCM must first consider the environment risks. The management must consider suitable place for the projects to the place, places where trams does not cross and not highly effected by rain during rainy season. The earthquake risks must also be put into consideration because it the hazard will in turn damage the buildings in the housing project by the shaking itself or by ground beneath them setting.

#### **5.4 Policy Implications**

In reality, everyone believes the truth that housing is a basic need of all people weather it is affordable or not. If not affordable then rent the small room and fulfill

our basic need, which is dependent on the accessible of resources. Our population is growing and migration is taking place from rural to urban and urban to developed countries. Housing and apartment units provide for shelter to people, employment to unemployed and contribution in national GDP. Naturally, Housing, apartment and real estate business are more risky compared with other business. Risk management need to carry out properly during the pre-planning and planning phases.

Government is the responsible body to provide shelter to its entire people. In developed countries, shelter is people's human right. In our country, the government need to responsible to provide the houses and apartment unit for each family. Government need to make the policy framework to provide the housing by means of providing employment or cooperative model. Economically high level of income group and medium level of income group they can afford themselves. For the low level of income group and marginalized level of income group, government can subsidize tax and land could be provided freely. Local materials, cost effective and purpose for fitness might make up these types of houses. Political consumes is needed for this work. Some of the representatives who gave the approval were taking hidden (covert) money from the developers for such work who violets the rule of law, need to be punished.

### **5.5 Areas of Further Study**

- i. It would be good if further research that involves free house mortgage terms within financial institutions in the whole country is carried out.
- ii. Further research on housing insurance and how it affects the investment rate should be carried out.

- iii. The other area for further study would be to find out the effect of attitude on housing investment financing in Tanzania and how it affects the performance of real estate.
- iv. Another study can be carried out on other factors that affect real estate performance in Tanzania parallel to mortgage financing and social capital.
- v. Involvement of political parties into construction projects real estate.

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## APPENDICES

### Appendices 1: Questionnaires

**Research on:** - Assessment of risks management housing investment to performance of the political parties in Tanzania case Chama Cha Mapinduzi.

Questionnaires number .....

Date .....

#### Section A: Identification

1. Gender male ☐ female ☐

Telephone

1. Address ..... Email .....

2. What is your title in this organization (CCM) .....

3. What is the highest level of education that you have attained? Tick the correct answer.

Form four	
Certificate	
Diploma	
Advance diploma	
Bachelor degree	
Masters degree	

4. How long have you worked in this organization of (Chama Cha Mapinduzi) Tick the correct answer.

1.	Less than 4 years	
2.	Between 4 – 6 years	
3.	Between 7 – 11 years	
4.	Between 12 – 16 years	
5.	More than 16 years	

6. In how many projects are you involved in Chama Cha Mapinduzi?.....

.....

7. What role do you plan in housing projects? .....

.....

.....

.....

8. What role do you play in a particular project at CCM?.....

.....

.....

## SECTION B: RISKS AFFECTING THE HOUSING INVESTMENT

Please rank in numerical priority order of the risks (1 – 4), Tick

TYPE OF RISK	1	2	3	4
Financial				
Management				
Technological				
Environmental				

9. How do these risks affect the completion time of your projects write the letter of appropriate answer on the box after the choices.

(a) So much highly

(b) Moderate

☐

(c) A little bit

10. How do these risks affect the budget of the projects?

Write the letter of the appropriate answer on the box after the choice

a) So much/highly

Moderate

How do these risks affect the completion time of your projects write the letter of appropriate answer on the box after the choices.



(d) So much highly

(e) Moderate

(f) A little bit

☐

11. How do these risks affect the budget of the projects?

Write the letter of the appropriate answer on the box after the choice

b) So much/highly

c) Moderate

d) A little bit

e) A little bit

☐

### **SECTION: FACTORS INFLUENCING THE HOUSING INVESTMENT PERFORMANCE**

Please indicate the most important factor can influence the housing investment performance

SN	FACTORS	TICK
1	Earthquake	
2	Inflation	
3	Interest rate	
4	Design	
5	Rains	
6	Labour Conflict	
7	Legal	
8	Policies	