

INFLUENCE OF ORGANISATIONAL CHARACTERISTICS
ON FINANCIAL PERFORMANCE OF SMALL SCALE
ROAD WORK CONSTRUCTION COMPANIES IN
BOMET COUNTY, KENYA

MOSES NDAMBIRI

A Thesis Submitted to the School of Business Management
and Economics in Partial Fulfillment of the Requirements for
the Award of Degree of Master of Business Administration
(Finance Option) of Dedan Kimathi University of Technology

MARCH, 2018

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MARCH, 2018

DECLARATION

This thesis is my original work and has not been presented in any other University.

Sign.....

Date..... 28/3/2018

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APPROVAL

This thesis has been submitted with our approval as University Supervisors.

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ABSTRACT

The main aim of this study was to find out the organizational characteristics that affect the financial performance of small scale roadwork construction companies in Kenya. This study was guided by the following study objectives; to establish the influence of management capability on the financial performance of small scale road work construction companies in Kenya; to find out the effect of finance availability on the financial performance of small scale road construction companies in Kenya; to determine the relationship between technology adaptation and the financial performance of small scale roadwork construction companies in Kenya and to establish how human capital growth affects the financial performance of small scale roadwork construction companies in Kenya. The design used in the research was descriptive survey. The study targeted the small scale roads construction companies in Bomet County. These are the companies that work under the road construction agencies in Kenya namely Kenya National Highways Authority, Kenya Urban Roads Authority and Kenya Rural Roads Authority in the county. The target population was the 102 small scale roadwork construction companies in Bomet County. The sample was selected using proportionate stratified sampling method. The sample had 81 respondents. A questionnaire with both closed ended and open ended questions was used as the tool for the collection of primary data. Descriptive statistics such as frequencies were used to analyse quantitative data. Qualitative data was analysed through content analysis. Regression analysis was conducted with the help of SPSS. Linear regression model was used to help indicate if the selected organizational characteristics affect financial performance of construction firms and to indicate the relative strength of different independent variables' effects on firm's financial performance. The results were presented in tables, bar graphs, and pie charts and narrative text. The findings showed that the four variables affected the financial performance of construction firms. This is because management's capability was tainted by incompetence, poor management skills, ineffective communication, and reluctance to make decisions and inadequate planning and budgetary provisions. On finance availability, most firms suffered from inadequacy of funds, delays in disbursement of funds, cost overruns and difficulty to access credit facilities. Regarding technology adaptation, the technology adopted lacked in terms of being ineffective, not helping firms stay ahead of competition, inadequacy of knowhow among employees on how to handle technology and failure to update technology as per clients' needs and insufficiency of information regarding technology. Human capital growth was lacking because management did not always hire qualified staff, the firms suffered from availability of qualified and experienced staff which affected project performance negatively and management barely mentored their employees. The study recommended that the management should attend seminars and workshops in order to improve their management skills and capabilities, the project owners, contractors, and consultants should hold their responsibilities to avoid any delay or cost, project finance and other monetary benefits can be used to improve project completion by timely release of funds, project owners also ought to pay interim payment to the contractors on time to avoid the impairing of the contractor's ability to finance the work and the management should promote human capital growth and mentor their employees to help them improve their productivity and grow in their careers. It was suggested that a further study should be carried out to find out the other external factors which could be affecting the financial performance of construction firms in Bomet County, Kenya.