

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

MASTERS PROGRAM IN PROJECT MANAGEMENT

THE INFLUENCE OF PROJECT RISK MANAGEMENT PRACTICES ON THE SUCCESS OF DEVELOPMENT PROJECTS IMPLEMENTED BY SELECTED ETHIOPIAN NGOs

BY

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STATEMENT OF DECLARATION

I declare that the research thesis entitled **"The Influence of Project Risk Management Practices on the Success of Development Projects Implemented by Selected Ethiopian NGOs"** is my original work and it hasn't been published or submitted for any kind of qualification elsewhere. All sources of material used for the work have been duly acknowledged.

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STATEMENT OF CERTIFICATION

This is to certify that, this project work **"The Influence of Project Risk Management Practices on the Success of Development Projects Implemented by Selected Ethiopian NGOs"**, undertaken by **Kalkidan Tesfaye Kumsa** in partial fulfilment of the requirements for Master of Arts in Project Management at Addis Ababa University School of Commerce, is an original work and not submitted earlier for any Degree either at this university or any other university.

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ACRONYMS/ABBREVIATIONS

Acronym	Definition
ACSO	Authority for Civil Society Organizations
CBE	Commercial Bank of Ethiopia
CSO	Civil Society Organization
DAC	Development Assistance Committee
DV	Dependent Variable
IDP	Internally Displaced Person
INGO	International Non-Governmental Organization
ISO	International Organization for Standardization
IV	Independent Variable
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
PMBOK	Project Management Body of Knowledge
PRM	Project Risk Management
RMF	Risk Management Framework
SDGs	Sustainable Development Goal
SPSS	Statistical Package for the Social Sciences
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UNDP	United Nations Development Programme
VTC	Value Triple Constraint
WVE	World Vision Ethiopia

ABSTRACT

Non-Governmental Organizations (NGOs) run development projects in Ethiopia and development projects are the key to the country's economic change. The environment they operate in includes instability, financial fluctuations and logistical constraints. Development projects often face delays, cost overruns and scope failures. This study investigates how the Project Risk Management (PRM) practices shape the success of development projects, in NGOs, specifically risk identification, risk analysis, risk response planning and risk monitoring and control, while examining how Top Management Support changes the way the Project Risk Management (PRM) practices affect project success.

The research used a quantitative approach with a descriptive and explanatory design. The research collected data with questionnaires. The questionnaires were conducted by a chosen sample of 200 project professionals. The project professionals include project managers, directors and M&E officers. The research used stratified sampling to reflect different organizations and further used purposive sampling to target knowledgeable professionals. The research analyzed the data with the Statistical Package, for the Social Sciences (SPSS). The research run statistics, Pearson correlation and moderated regression to test the research hypotheses.

Related literature and theories show that PRM awareness is present but implementation is still ad-hoc and reactive due to the level of leadership commitment. This study measured how organized PRM practices affect project success. The study also examined how Top Management Support strengthens PRM practices and leads to outcomes that stay on schedule, stay within budget and meet quality standards.

Keywords: *Project Risk Management, Development Projects, Ethiopia, NGOs, Project Success, Triple Constraint, Risk Identification*

CHAPTER 1 - INTRODUCTION

Development projects done by NGOs are very important for changing the lives of people in countries like Ethiopia. These projects help to reduce poverty and achieve the Sustainable Development Goals. The thing is, every development project has some level of risk especially in areas where people are in crisis. Lots of things are uncertain like the social economic and political situations which makes it unpredictable. The places where these projects are done are often remote and very difficult to work in and this makes them more susceptible to risks which might hinder them from being completed successfully. Development projects need to be managed carefully when dealing with the risks they face. Effective Project Risk Management (PRM) enables organizations to anticipate potential threats, minimize disruptions, and increase the likelihood of achieving project goals, including scope, schedule, budget, and quality. This research aims to investigate how PRM practices influence the success of development projects implemented by Selected Ethiopian NGOs.

1.1 Background of the Study

First, we need to define Project Management to set a clear definition of it. Atkinson (1999) is one of the early attempts there are to define Project Management. Project Management is the application of a collection of tools and techniques to direct the use of diverse resources toward the accomplishment of a unique, complex, one-time task within time, cost and quality constraints (Atkinson, 1999). Project Management could be described as the art and science of converting vision into reality (Turner, 1996). Wirth and Tryloff (1995) didn't provide a single definition of Project Management, but their article helped to define Project Management by providing a comprehensive overview of the different aspects of Project Management. "The act or art of directing" was Tayntor (2010) definition of management. She defines a project as a unique, finite set of multiple activities intended to accomplish a specific goal. Wysocki (2014) offers two definitions; the first one, he defined a project as a sequence of unique, complex, and connected activities that have one goal or purpose and that must be completed by a specific time,

within budget, and according to specification. The second one is a project is a sequence of finite dependent activities whose successful completion results in the delivery of the expected business value that validated doing the project. PMBOK Guide defines a project as a temporary endeavor undertaken to create a unique product, service, or result. The PRINCE methodology defines project management as an application of a structured approach to the management of a project to ensure that it meets its objectives in terms of time, cost, quality, and benefits to the business.

By highlighting. on the two of the most popular and widely used project management definitions, the PMBOK® Guide and the PRINCE2, we try to find a suitable definition of project management. We can say Project Management is a structured approach to planning, executing, controlling, and closing projects in order to achieve specific goals and objectives within defined constraints such as time, budget, scope and quality.

Ethiopia has a lot of organizations that are engaged in helping people in many areas like health and education. They also work on water aid, agriculture and providing aid when in crisis. These projects usually happen in places where things are uncertain and resources are scarce, the situation is constantly changing because of socio political conditions. Because of these, projects are at risk. Global standards like PMBOK say PRM is a systematic process involving the identification, analysis, mitigation, and continuous monitoring of potential threats and uncertainties throughout the project lifecycle (PMI, 2021). WHile these frameworks focus on proactive risk management, many NGOs still rely on reactive and ad hoc approaches.

Development projects implemented by NGOs face lots of problems such as political, financial and operational risks that can impact their success. For NGOs implementing development projects, the risk of political instability or unrest affecting project delivery is real. Uncertainty around budgets and subsequent cost escalations arising from inflation are also recurring challenges. Ethiopian NGOs face particular challenges in ensuring successful project implementation primarily due to a host of operational impediments.

Procurement and planning processes are often delayed stakeholders with varying capacities lacking the necessary skills to implement projects effectively. Additionally, geographical and logistical constraints of operation in remote areas or in difficult to access locations further compound the difficulties already faced. Constraints also arise due to weak stakeholder engagement, lack of trust from local communities, low participation and indeed open conflict. Less commonly highlighted, but no less real are the security and safety risks. In areas of on going armed conflict or general political instability, project implementers face real challenges in ensuring safe project delivery. For those projects which are able to commence, movement restrictions, risk to staff safety and damage to project equipment can all constrain the implementation process in unforeseen ways. Such risks have the potential to create significant, operational constraints, further exacerbating the problems already faced.

Although many Ethiopian NGOs that implement food security and livelihoods (FS) and emergency response programs are aware of the potential risks, they face challenges in ensuring that PRM norms are fully integrated in a consistent and meaningful way, according to previous empirical studies conducted on PRM integration in Africa and in Ethiopia specifically (Million Abera, 2018). NGOs are aware of the risks but their risk management processes are not systematic, standardized, or consistently applied across all projects (Abby Stoddard, Adele Harmer, and Monica Czwarno, 2016).

In Ethiopia, the development landscape is heavily driven by Non-Governmental Organizations (NGOs) that bridge critical gaps in public service delivery and infrastructure. These entities operate under the strict regulatory framework of ACSO. The NGO sector in Addis Ababa is dynamic and structurally diverse, comprising both International NGOs and Local LNGOs. While International NGOs typically possess broader global networks and larger funding pools, local NGOs often command localized contextual expertise. Despite differences in resource allocation and operating scales, both institutional tiers must navigate identical project life cycles.

Most organizations do not have up-to-date risk registers, do not carry out enough risk assessment, or do not have adequate staffing to manage risks. This results in a multitude of problems such as delays to start or scale up programs, increased costs and overall failure to meet expected outcomes and beneficiary needs.

While the PMBOK and ISO 31000 provide structure on what to do, implementation in Ethiopia has a significant gap (Ayalew et al., 2024). Many NGOs perform risk management by filling out a donor-required template at the start of a project and then filing it away. Ad-hoc approach is a leading cause of the 70% project failure rate reported in some regional studies (World Bank, 2022; Abbas, 2023). This topic piqued the interest of the researcher, particularly as a person in the field of external audit. This study aims to prove that Risk Identification, Analysis, Response Planning, and Monitoring are not separate tasks, but an integrated part working to power project success. By exploring this relationship specifically within Ethiopian NGOs, this research aims to fill this gap by exploring the influence of PRM practices on the success of development projects implemented by selected Ethiopian NGOs, providing insights that can support more resilient and sustainable project outcomes.

1.2 Statement of the Problem

Even though lots of resources are invested by NGOs, many projects suffer from issues like project delay, cost overrun, scope change and poor beneficiary satisfaction (Abadir, 2021). Previous studies suggest that many NGOs lack the integration of PRM into their system of project life cycle. Some organizations do not maintain risk registers, do not systematically analyze risks, or implement response plans only after issues occur. Proactive risk identification serves as an early-warning system that prevents late-stage execution errors, directly mitigating unexpected schedule slips and cost overruns before they compound. Furthermore, systematic risk analysis and structured response mechanisms allow project teams to allocate contingency resources dynamically. By actively transforming uncertainty into manageable operational tasks, formal PRM practices directly cause an increase in project success rates by safeguarding the project's scope, budget, timeline, and stakeholder expectations against volatile external shifts.

One of the main problems is the lack of deep understanding of how much the integration of PRM practices can benefit a project, specifically how the level of Top Management Support acts as a catalyst or a barrier in letting these risk practices turn into actual project success (PMI, 2021, Zwikael, 2008). Without a clear image of this concept, NGOs will keep struggling to utilize resources risk mitigation activities. This research is explicitly attempting to fill that gap by going beyond correlation and empirically investigating the actual causality and degree of influence between the key variables.

1.3 Research Questions

The study aimed to answer the following primary and specific questions:

1.3.1 Primary Question

- What is the influence of Project Risk Management (PRM) practices on the success of development projects implemented by selected Ethiopian NGOs and how is this relationship moderated by Top Management Support?

1.3.2 Specific Research Questions

1. How do risk identification practices (e.g., use of checklists, brainstorming) influence the successful completion of development projects in Ethiopian NGOs?
2. What is the influence of risk analysis practices (eg., qualitative and quantitative techniques) on reducing cost and time overruns in these projects?
3. How do risk response planning practices (e.g., mitigation, avoidance, transfer, and acceptance) impact the achievement of project scope and quality objectives?
4. How does monitoring practices impact project success?

1.4 Research Objectives - General and Specific

1.4.1 General Objective

- To determine the influence of Project Risk Management practices on the success of development projects implemented by selected Ethiopian NGOs and evaluate the moderating effect of Top Management Support on this relationship.

1.4.2 Specific Objectives

1. To examine the influence of risk identification practices on the successful completion of development projects in Ethiopian NGOs.
2. To assess the influence of risk analysis practices on reducing cost and time overruns in development projects implemented by selected Ethiopian NGOs.
3. To investigate the impact of risk response planning practices on the achievement of project scope and quality objectives.
4. To identify the impact of monitoring practices on project success.

1.5 Significance of the Study

This study is expected to contribute to theory, policy, and practice in the following way

1.5.1 Academic Contribution

This research contributes to the limited body of knowledge on PRM practeces specifically within the unique context of development projects in Ethiopia, particularly Addis Ababa. The findings validate existing project management theories, particularly the relationship between PRM and project success within the non-profit/NGO sector.

1.5.2 Practical Contribution

The research provides evidence-based recommendations for NGO projct managers, directors, and governing boards on which PRM practices have the highest positive correlation with project success. This enables better resource allocation for risk-related training and tools. It offers insights to donors and government bodies

regarding the need to incentivize the adoption of standardized PRM frameworks as part of funding compliance and regulatory oversight. Ultimately, by improving the on time, on budget, and on scope delivery of projects, the study's recommendations indirectly leads to more effective and sustainable development outcomes for the intended beneficiaries in Ethiopia.

1.6 Scope of the Study

1.6.1 Conceptual Scope

This study focuses on the relationship between Project Risk Management (PRM) practices and Project Success, while analyzing the moderating role of Top Management Support (TMS). Contextually, the scope encompasses development projects implemented by both registered International NGOs and Local NGOs operating within Addis Ababa. The study includes both organizational tiers to ensure comprehensive representation across the sector, acknowledging that while core risk principles apply universally, resource variances between local and international entities are controlled through the analysis of management support frameworks.

- Independent Variable: Project Risk Management Practices, operationalized through its key processes: Risk Identification, Risk Analysis, Risk Response Planning, and Risk Monitoring and Control.
- Dependent Variable: Project Success, operationalized using the Triangle criteria (Time, Cost/Budget, and Scope/Quality) and Stakeholder Satisfaction.
- Moderating Variable: Top Management Support, operationalized through resource allocation, authority delegation, and active participation.

1.6.2 Geographical Scope

The study focuses on NGOs operating in developments project concentrated areas of Addis Ababa, Ethiopia. Due to the higher numbers of NGOs and diverse projects, it helps with data collection. The geographical boundary of this study is limited to Addis Ababa, Ethiopia. This location was chosen because Addis Ababa serves as the primary administrative hub for the country, housing the headquarters and major programmatic

coordination offices of the majority of active development organizations. Collecting data from this centralized location ensures an accurate, high-density evaluation of strategic project management practices.

1.6.3 Sectoral Scope

The research targeted development projects done in key sectors like health, education and livelihood) by different NGOs.

1.7 Limitations of the Study

The researcher faced a number of limitation during the execution of the study. NGOs were hesitant to share project failure data like sensitive financial reports) due to confidentiality concerns. The mitigation strategy the researcher used was to guarantee anonymity and strict confidentiality and promised to only report findings in aggregate form.

Subjectivity was the second limitations. Project Success and Risk Management can be subjective, which led to respondent bias, overstating the effectiveness of their PRM practices and such. The mitigation strategy used here was to ensure anonymity and used standardized and structured questionnaires.

1.8 Organization of the Study

The research report is organised into 5 chapters.

Chapter One: Introduction - It presents the background, problem statement, research questions, objectives, significance, scope, and limitations of the study.

Chapter Two: Literature Review - It provides a detailed review of relevant theoretical and empirical literature, establishing the conceptual framework, defining key variables, and identifying the empirical gap.

Chapter Three: Research Design and Methodology - It describes the research design, target population, sample size and sampling techniques, data collection methods, validity and reliability, and data analysis techniques.

Chapter Four: Data Presentation, Analysis, and Interpretation - It presents the data collected using descriptive statistics, correlation, and regression analysis.

Chapter Five: Summary, Conclusion, and Recommendations - It summarizes the key findings, draws conclusions based on the research objectives, and provides specific recommendations.

1.9 Definition of Key Terms

Project Risk Management (PRM) Practices: The systematic processes of planning, identifying, analyzing, planning responses, and monitoring risks of a development project (PMI, 2021).

Project Success: The degree to which a development project meets its predefined objectives, measured by achieving targets for time, cost, and scope/quality (Aga, 2016).

Development Projects: Non-commercial initiatives implemented by NGOs with the aim of long-term social, economic, or environmental change (Lewis, D., 2014).

Ethiopian NGOs: Non-Governmental Organizations officially registered and operating under the laws of the Federal Democratic Republic of Ethiopia (FDRE, 2019).

Risk Identification: The process of determining which risks might affect the project and documenting their characteristics (PMI, 2017).

Risk Response Planning: The process of developing options and determining actions to strengthen opportunities and reduce threats (PMI, 2017).

CHAPTER 2: REVIEW OF RELATED LITERATURE

Given the potential for volatility and uncertainty, pursuing sustainable development, a shift from ad-hoc management styles to structured, systematic frameworks of risk management is a must. In this chapter, both theoretical and empirical literature is reviewed about PRM and its role in determining project success. By looking at global principles like MBOK and ISO 31000 with local and international empirical findings, this review builds a strong foundation for understanding how risk management affects success in the development sector.

Conceptual Review

The conceptualization of risk in the modern project management has changed from technical failure to a broader understanding of uncertainty in a project lifecycle. In the specific context of NGOs operating in Ethiopia, PRM refers to the systematic process of identifying analyzing responding to and monitoring project risks, all with the goal of increasing the likelihood and impact of positive outcomes while reducing the probability and consequences of negative ones on project objectives. Given how volatile and unpredictable the Ethiopian development context is, organizations really cannot afford to treat risk management as a occasional ad-hoc exercise anymore. It needs to become a genuine and embedded organizational capability.

2.1 Nature of Project Risk Management

Project management is delivering something, product, service, results, by organizing relevant knowledge, skills and tools to meet an agreed scope of work. As per PMBOK definition, risk is uncertainty. An unknown event which may or may not happen that could be positive or negative impacting project scope, time, cost and quality. Many practitioners tend to miss the fact that risk can be both positive and negative. Project management is all about giving structure to something which is fluid. It is critical for

translating organizational plans into reality. The Iron Triangle is still relevant but today there is so much more at play. Dealing with stakeholders, managing against limited resources and handling the complexities of organizational politics.

Most NGO professionals in Ethiopia would rather not think about risk until they absolutely have to. But by starting to think about risk, they can actually find their way. In addition, there is another important nuance that most NGO professionals in Ethiopia need to understand, the difference between an issue and a risk. An issue is a problem that needs to be tackled now, a risk is a possible future event. Understanding this difference is one of the key elements that need to be understood in order to develop management frameworks that aims more towards prevention rather than reaction.

In Development Projects risks can take many shapes and forms. They can be contextual, programmatic and institutional. Many of the contextual risks are also outside the purview of the development project team. These are the very things for which development project teams require the highest capacity for adaptation and response. But there are also Programmatic risks, probably the most dangerous of all, because if not properly addressed, these are the very reasons for a Development Project in the first place. If a project is unable to generate the social change it promises to deliver in exchange for funds, it can have even deeper and longer lasting negative impacts than comparable non investment alternatives. Institutional risks are fiduciary losses, weaknesses in internal governance and management, difficulties the project faces in maintaining skilled staff over time.

PRM is an iterative process where as a project progresses, a risk initially considered to have a low impact and probability may change because of developments in the operating environment. A systematic but flexible method of handling and responding to change is needed.

2.2 Importance of Project Risk Management

Effective PRM is recognized as a key factor in successful project outcomes. Kwak and Dewan (2001) shows that integrating risk management strategies during project planning increases success in international development projects. In practice, more than

one study conducted in developing countries identified a relationship among effective risk management strategies and project achievement. On the other hand, neglecting the PRM is often associated with project overruns and scope failures. A summary of one practitioner says, "many projects fail because organizations assume that all the projects would succeed and they, therefore, do not identify, analyse, and provide mitigation or contingencies for the risk elements" (A. Mobey and D. Parker, 2002). Especially for NGOs with scarce resources and considerable risks, the PRM is even more important.
PRM minimizes the impact of events, as well as their likelihood to happen, by using planning and monitoring to guarantee projects are completed on time and on budget. Finally, PRM strengthens the prospects for performance related to project objectives, thus RM is an essential practice for development projects thereby reinforcing it to reach developmental objectives, as highlighted by the literature.

Project risk management affects project performance and success by keeping costs under control and ensuring strict budget adherence, and avoiding unnecessary costs. On the other hand, inability to put such practices in place results in huge financial loss and serious cost overruns. Risk management in this case of schedule adherence means chances of meeting a deadline is increased by implementing realistic contingency plans.

In its absence, projects struggle with delays, hasty tasks that inevitably lead to technical errors. Systematic risk identification for project quality ensures managers can prevent barriers to technical specifications and standards. On the contrary, ineffective risk management, which often leads to poor quality delivered products and services, also considerably lowers the level of satisfaction of beneficiaries.

The integration of risk management into project planning facilitates more informed decision-making and efficient resource allocation. In the context of international development, where market rewards and profitability incentives aren't there, the primary incentive for PRM is the mandate for public accountability and the delivery of high-quality services to specific populations. Strong risk management practices are critical to reputation and trust. Improper management of these risks can tarnish an organisation's good reputation and place many obstacles in the way of obtaining future development funds.

2.3 Scope and Stages of Project Risk Management

Risk management is not limited to a single phase in the life cycle of a project. The PRM requires a risk consideration in all phases of the decision making process. There are standard approaches to tackle this task, like the framework provided by ISO 31000 or the PMBOK Guide. In this study, Risk management practices, i.e. identification, analysis, response planning and monitoring, are operationalized not as an abstract theoretical construct, but as a formalized organizational practice scale. It represents a distinct procedural dimension of project management maturity that can be empirically measured through standardized institutional behaviors.

The first step of a risk process is to establish the context. The context includes the internal and external environment, goals for a certain project, and tolerance for overall risk. The context of the risk process needs to be in line with the organization's overall strategy. For example, an NGO in Ethiopia first needs to consider the political and legal context, including the rules and regulations of the Authority for Civil Society Organizations (ACSO). Also, considering the NGO's mission and that of its donors in determining the risks that the organization is able to take. The result of this step is a Risk Management Plan.

Risk identification is the process of recognising and listing all possible risks and opportunities that might affect desired project objectives. Risk identification uses a variety of information sources, including the stakeholder register, the core project documentation and the general environmental and organisational constraints on the project. It is normally a brainstorming process relying on the experience of others and the collection and analysis of historical incident data.

Once a risk has been identified, the next step is to assess the level of potential damage it could cause. Qualitative Analysis involves prioritising individual risks based on their probability of occurrence, and their impact on critical project constraints such as cost, time and quality. A probability and impact matrix or hierarchical charts can be used to create a visual risk prioritisation. For complex projects, a more detailed numerical analysis is required to assess the impact of all risks to the project's overall objectives.

Techniques such as sensitivity analysis and decision tree analysis are used to quantify probability and potential impact.

Response planning involves developing strategies to reduce threats and increase opportunities. Most standard response opportunities are called proactive solutions. There are four standard responses to threats, namely avoidance, mitigation, transfer, and acceptance. Avoidance means changing the scope of a project to eliminate threats. Mitigation means to reduce the chance that a threat will occur in order to reduce losses. Transfer means to shift the impacts of threats to other parties. Acceptance means to establish a contingency for potential threat impacts.

2.4 Theoretical Foundations of Project Risk Management

The connection between risk management and project success doesnt just rest on practical intuition. It is explained and made plausible by a number of organizational management theories.

2.4.1 Agency Theory

Many have noted the relationship between donor organizations funding a project in a foreign country and the local NGO implementing the work is one described by Agency Theory, the principal (donor) and the agent (NGO carrying out the work). One of the key issues that Agency Theory tries to address is information unevenness. The NGO carrying out the work simply knows more about the local context in which the work will be implemented than the donor in the capital knows. This can create two key problems in the relationship, adverse selection where donor selects an NGO that is not able to actually implement the project and moral hazard where NGO knows that once a contract is signed, it does not fully complete agreed work.

How an organization manages risk during program implementation says a lot about the way it governs itself and how it communicates its worthiness to donors and stakeholders. By demonstrating a strong commitment to identifying and analyzing risks, an NGO can signal to stakeholders that it is responsible towards donors' resources and it maintains the transparency and contractual completeness. In the Ethiopian context, there

is also a secondary principal; the local government body, in this case ACSO who has expectations of NGOs and exerts oversight. Risk management therefore is not just a technical process to mitigate potential problems; it is also a process for organizations to ensure that they are building and protecting credibility.

2.4.2 Contingency Theory

Unlike many management theories, the contingency theory posits that organisational effectiveness is obtained by matching internal organisational characteristics with situational contingencies created by the external environment in order to be productive. In very uncertain and dynamic environment such as that of Ethiopia, the theory predicted that successful organisations shall adopt organic organisational structure in order to be responsive for the changing circumstances and to make timely decisions.

Transferring best practice risk management methods to an organisation requires careful adaptation to the organization's context and the complexity of the projects it manages. In Project Risk Management (PRM) in the Ethiopian NGO sector, many project failures are caused by what might be called a "legitimacy gap". This arises where an organisation attempts to implement risk management practices that are demanded by donors, but are not appropriate to the local context. When a real risk occurs the plan that didn’t consider that risk feels and you enter into ad hoc response mode.

2.4.3 The Triple Constraint

The Triple Constraint (commonly referred to as the Iron Triangle or the Project Management Triangle) defines the boundaries of every project with three key elements scope, time and cost. The scope of a project is the work that needs to be done, the deliverables and the key features which need to be implemented to meet the original goals of the project. Time refers to the project timeline including all the key milestones and deadlines needed to complete the project on time. The cost of a project refers to the total budget and the financial resources that have been committed to the project. The beauty of this simple model is that success hangs in the balance of all three elements. In reality it's far from easy to keep them all in balance and the model highlights just how interconnected they are. You can't really touch one of the sides of the triangle without

having the others change as well. You pull on one thread and the whole garment can shift in unintended ways.

The Iron Triangle (Scope, Time, and Cost) has long been a staple of Project Management. Yet, that model may not be sufficient to explain and manage modern, complex projects. Another model is emerging, described by some as the "Project Management Star" which has six constraints, all of which affect the quality of the end product. The quality of the final product is affected by the three points where the Star intersects the circle. The other three constraints (Resources, Time, Cost) are represented by the points on the Star opposite the center (Quality) and describe all of the resources that is needed to complete the project and the constraints imposed by time and cost. Resources and risk, therefore, provide a protective function, safeguarding the project against uncertainty.

The usual constraints operating in the NGO sector are present in Ethiopian context, but with unique nuances and challenges. Firstly, the scope creep is a major problem due to evolving community needs that are often not captured in the initial donor agreement. Furthermore, the already tight timelines for achieving results come under increased pressure as a result of annual funding cycles or other humanitarian needs that cannot wait.

Working within fixed budget contracts makes it particularly challenging to manage the effects of inflation currently running at over 50% and other logistical bottlenecks that gradually creep up. Finally, there is a clear problem of resources; whilst it is possible to hire technical experts, finding those with the right skills who are willing to undertake challenging work in insecure rural environments is a much harder task and is often underestimated.

The way that we measure success in development work is slowly evolving. Achievement of the Iron Triangle targets (on time, on budget, to quality) is still important, indeed essential, but success is increasingly being measured in terms of

broader stakeholder satisfaction and indeed in terms of whether the intervention has created lasting social value.

2.4.4 Resource-Based View (RBV)

The Resource-Based View (RBV) says that sustainable competitive advantage exists when a company is able to develop and exploit internal resources, which are unique, rare, difficult to imitate, and not substitutable by other means (VRIN) to achieve objectives. Such organizational VRIN resources are comprised of knowledge-based organizational assets that enable a firm to achieve its objectives and generate competitive advantage. The perception of project management as more than just a collection of routine tasks is important, particularly in less developed countries such as Ethiopia. In the NGO sector, strategic organizational assets are more likely to be intangible and related to knowledge or expertise rather than physical or financial in nature. Therefore, the most important strategic assets in many Ethiopian NGOs are related to local knowledge of ethnic and cultural characteristics as well as specialized knowledge, skills and management competencies related to security and conflict situations.

This research seeks to increase our understanding of how NGOs manage to respond to challenges within the PRM by drawing on the RBV. This framework views capabilities as the company's basic routines that enable it to sense, seize, and reconfigure its resources. NGOs that successfully address challenges within the PRM practices possess PRM as a dynamic capability. By treating PRM as a genuine dynamic capability, NGO project managers continuously assess, modify, and coordinate their physical and human resources in real time to address their working environment. In sum, NGOs that have established such dynamic capabilities are more resilient than their less-adaptable counterparts. When an environmental shock hits, those NGOs with dynamic capabilities can respond rapidly by modifying procedures or changing their approach to better address the resulting problems.

2.5 Challenges in Implementing PRM & Success Factors

2.5.1 Challenges in Implementing PRM

Even though there are lots of advantages to using PRM, it is hard to make it work in an NGO or developing country. Numerous NGOs do not operate a structured, formal risk management framework. As one review observes, "many NGOs either lack the integration of a PRM, a formal, systematic PRM framework, making their existing practices often ad-hoc, shallow, or poorly integrated into the project lifecycle." In practice, this means that organizations often do not keep a current risk register, do not practice structured analysis regularly and create response plans after they are done, and reactive in nature when problems take place. For one, the capacity and expertise can often limit; not enough trained staff and project management skills. This could result in minimal risk understanding or irregular use of the PRM tools. The limited resources of NGOs also render dedicated resources for a comprehensive risk assessment. The operating environment can be strongly unpredictable, like security threats and political instability in high-conflict zones may pose challenges that are difficult to prepare for. Finally, organizational culture and lack of top management commitment could be an obstacle; if leadership is not attuned to risk management, teams might be more resistant to reporting risk.

2.5.2 Success Factors in Development Projects

The success of a project in the context of development work depends on more than one factor. Many critical success factors beyond risk management are identified in the literature. Powerful project leadership and capable project management teams are often mentioned as necessary. As an illustration, Kwak and Dewan underscore how project managers should be able to comprehend the socio-political context and use ad-hoc strategies to succeed. Sufficient stakeholder engagement and communication is a critical element, projects succeed when the needs and wants of beneficiaries, donors and government are well understood and coordinated. Also another key factor is adequate resources and realistic project planning. Many authors specifically state that risk

management in and of itself is a success factor. To clarify, good PRM helps to keep the projects on schedule. Essentially project success is seen as a result of optimal technical execution and strong managerial processes, PRM included, coupled with effective organizational and environmental context. Research shows time and again that projects with specific goals, good governance, involved stakeholders and disciplined risk management are more likely to be delivered on schedule and under budget and to specification.

2.5.3 Relationship between Risk Management Practices and Project Success

This paper explores the four core practices of project risk management (PRM), identification, analysis, response and monitoring, and their relationship to successful projects. Project Risk Management (PRM) is about identifying, analyzing and managing project risk with a view to increasing the likelihood of achieving project objectives.

PRM is fundamentally about transforming an organisation's management from a reactive to a proactive approach. The practices of Project Management (PRM) affect the success of projects. Project success can be affected through several aspects like objective realism in planning.

When project managers are realistic in establishing targets during the planning stage ie. they identify and manage potential risks during the initiation phase, it enables them to set realistic targets for stakeholders i.e. realistic deadlines and budgets that donor/senior leadership are comfortable to support. When measuring success, a huge amount of difference is made by baselining potential risks. So it is easier to achieve a baseline that has accounted for potential risks as opposed to one that has not.

Many PMOs tend to apply a generic 10% buffer to a budget to allow for some headroom, but a mature PMO would strive to create a contingency reserve based on the probability and likely impact of specific risks to the project scope. This means that the funding is allocated where it is needed most, rather than just sitting idle. By identifying technical risks early-such as integration difficulties or hardware limitations-PMOs can prevent what we call "fail-late", where problems or errors are discovered too late in the process to be easily or affordably corrected. By addressing these issues in the design

phase, cost of correction increases exponentially the further you proceed in the process. Early mitigation of risks can, therefore, help safeguard overall project cost.

PRM really has an impact on your perception of what constitutes "success" - honestly more so than you might expect. One of the more tangible benefits of PRM is that it helps catch scope creep early by surfacing that inherent risk to imperfectly meet requirements. Planning with risks in mind, such as potential supply chain delays or regulatory issues that might impact your project timeline, can help you avoid schedule slippage by identifying and planning for these potential pitfalls before they negatively impact your delivery of milestones.

Furthermore, recognizing the potential negative impact to your budget early on allows you to implement cost-effective mitigations vs. exponentially costlier repairs after significant harm has occurred.

The ultimate aim is to deliver value that lasts to satisfy stakeholders through creation of value. PRM supports NGO projects and organisations by significantly increasing transparency. By informing stakeholders of potential risks and describing actions that the project might take in the event that those risks materialise, confidence is built over time. Projects that have hit known risks and managed them successfully are perceived as more competent and credible than those that have not anticipated the risk at all. PRM also provides project teams with a structured approach and the use of evidence to make the key go/no go project decisions. Sometimes the best risk management decision is to stop a bad project early to release resources for something that is more aligned to organisational strategy. This saves pointless expenditure in the long term.

2.6 Review of Empirical Studies

We find that there’s a positive relationship between PRM practices and project success but the depth with these practices can vary remarkably.

2.6.1 Regional Evidence from Developing Nations

Research from neighboring countries provide a good background for Ethiopian study findings. A multiple regression analysis of multiple vitamin B rich bean

intensification project in Rwanda showed that successful outcomes were positively associated with risk identification and risk monitoring and control. However, the most critical step in all this is identifying the threat early. A study on project management practices in Brazil conducted in 2013 found that out of 415 projects studied, successful projects were associated with presence of risk manager and PRM practice on a daily basis

2.6.2 Ethiopian Empirical Context: Banking and NGO Sector

Empirical research in Ethiopia shows an increasing awareness of risk management but shows significant gaps in technical application.

- **Commercial Bank of Ethiopia (CBE) Studies:** A study of projects at CBE in Ethiopia reported by Million Abera (2018) found that risk management is positively related to success. Specifically, risk planning, identification, analysis, and control significantly affected completion within schedule and budget. But the study noted that PRM was only moderately applied, and its effect on technical quality specifications was less known than its effect on financial and schedule targets.
- **World Vision Ethiopia (WVE):** Misgana Assefa's research on health projects in Jimma found that effective risk management, along with clearly defined communication plans, increased the chances of respecting cost estimations and project sustainability. Binary logistic regression revealed that 68.7% of project success was attributable to six variables, including risk management.
- **Pact Ethiopia:** Metalign Ayehu (2017) assessed 36 international NGO projects and found that work plan comprehensiveness, procurement processes, and monitoring systems were the most statistically significant determinants of success. Despite risk management being identified as a factor, its impact was often conciliated by the capability of the project team.

These studies show that despite the theoretical recognition of PRM's value, Ethiopian projects still face over 70% failure rates in terms of schedule and budget adherence. The reason is related to the moderate use of tools, inexperienced staff and absence of risk management function (Ayalew et al., 2024).

2.7 Conceptual Framework of the Study

The conceptual framework of this study is designed to see specific project risk management practices influence project success.

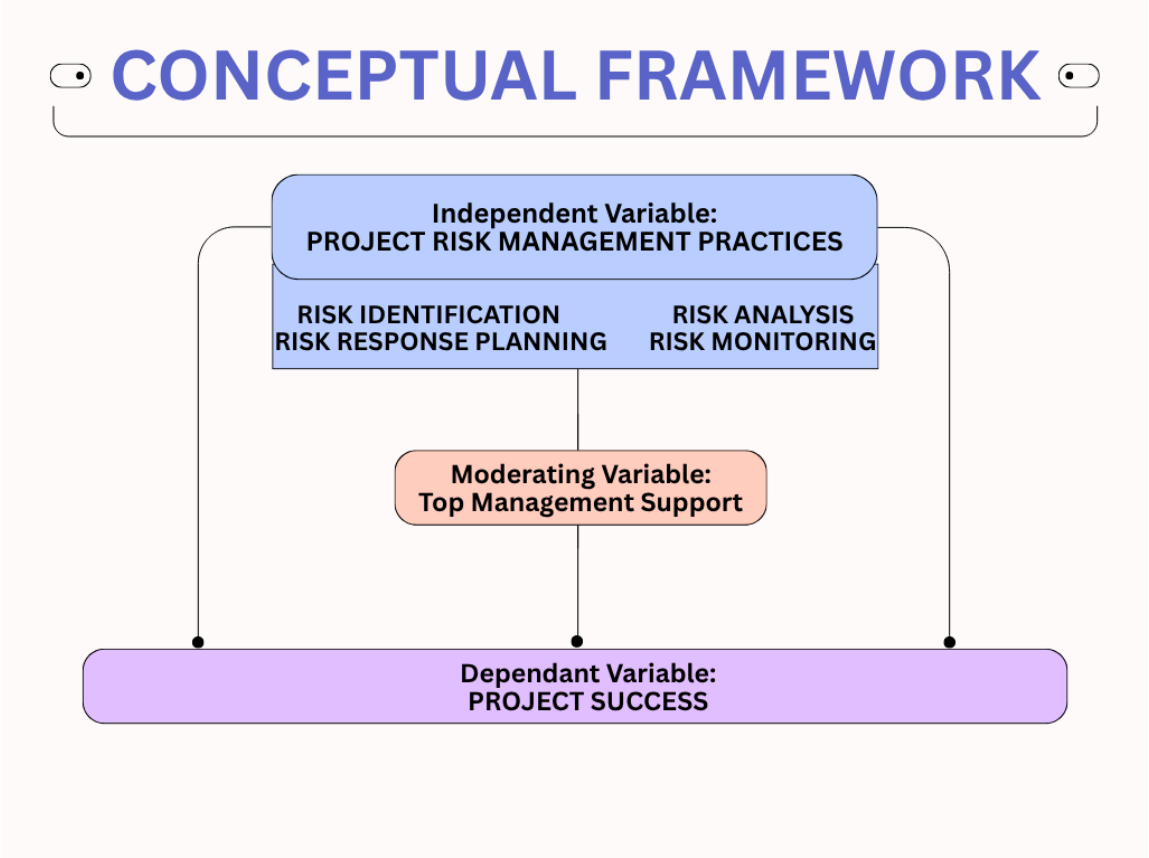


Figure 1.1 Conceptual Framework

2.7.1 Independent Variables: PRM Practices

The independent variables are the four core processes of risk management:

- **Risk Identification:** The process of recognizing potential threats and opportunities.
- **Risk Analysis:** The qualitative and quantitative assessment of risk.
- **Risk Response Planning:** The development of strategies to manage prioritized risks.
- **Risk Monitoring and Control:** The tracking and evaluation of risk management.

2.7.2 Dependent Variable: Project Success

Project success is viewed as a concept consisting of:

- **Time:** Completion within scheduled time, budget, and scope.
- **Cost:** Achieving intended project outcomes and quality standards.
- **Stakeholder Satisfaction:** Meeting the expectations of stakeholders.
- **Quality:** The likelihood of project benefits persisting after the funding period.

2.7.3 Moderating Variable: Top Management Support

- Top Management Support: This variable measures the degree to which senior leadership facilitates risk management. Indicators include resource provision, existence of organizational mandates for risk management, and active involvement of leadership.

2.8 Research Hypotheses

The following hypotheses are developed for the study based on the synthesis of the reviewed literature and empirical findings:

- **H1**: Project risk identification practices have a significant positive influence on the success of development projects implemented by selected Ethiopian NGOs.
- **H2**: Project risk analysis and evaluation practices have a significant positive influence on the success of development projects implemented by selected Ethiopian NGOs.
- **H3**: Project risk response planning practices have a significant positive influence on the success of development projects implemented by selected Ethiopian NGOs.
- **H4**: Project risk monitoring and control practices have a significant positive influence on the success of development projects implemented by selected Ethiopian NGOs.
- **H5**: Top management support significantly moderates the relationship between PRM practices and project success, that the relationship is stronger when support is high.

CHAPTER 3: RESEARCH METHODOLOGIES

This chapter explains how the research for this study was conducted, including the research design, the study population, the sampling techniques used and the sample size determination.

This section continues by justification of the chosen quantitative approach, and presents the material data collection tools. The chapter ends with an evaluation of the research, focusing on internal validity, construct validity and overall trustworthiness of the empirical findings.

3.1 Research Design

Combining aspects of descriptive and explanatory research designs, this study attempted to provide a true glimpse into what PRM practices look like and the degree to which NGOs achieve project success. Descriptive research can paint a realistic portrait of what is going on at the level where decisions are made, and the explanatory aspect of this research went a step further than establishing the existence of a relationship between PRM practices and successful projects; rather, it attempted to determine the strength and/or direction of that relationship. This study focuses on a subset of Ethiopian NGOs that manage development projects both domestically and abroad.

By employing Moderate Multiple Regression in this study, the analysis is able to move beyond demonstrating a correlation between PRM practices and project outcomes and examine how TMS can either magnify or minimize the effects of PRM practices on project outcomes. This combination of analytical tools enables the study to move beyond description and yield results that are actionable by NGOs and their leadership while statistically sound.

This study took a cross-sectional approach where the data was collected from participants at one point in time to provide a contemporary picture of risk management practices within NGOs currently operating in Ethiopia.

3.2 Research Approach

This research uses primarily quantitative data. Quantitative is a research methodology wherein data is gathered in a structured format and is then analyzed using statistics to look for trends, relations and make generalizations regarding a population by analyzing a representative sample (Barroga & Matanguihan, 2022). A quantitative approach was utilized in this study to identify the differences between performing practices.

3.3 Description of Study Variables

The research model is set up by defining four independent variables, one dependent variable, and a moderating variable.

3.3.1 Independent Variables

These variables are the core project risk management practices being tested:

Risk Identification (X_1**)** **Risk Analysis (**X_2**)**

Risk Response Planning (X_3**)** **Risk Monitoring and Control (**X_4**)**

3.3.2 Dependent Variable

- **Project Success (Y):** This is conceptualized as a combination of four measuring domains: completion within scheduled time, adherence to budgeted cost, delivery of intended project quality/impact, and the level of stakeholder (donor and beneficiary) satisfaction.

3.3.3 Moderating Variable

- **Top Management Support (M):** This variable measures the degree to which senior leadership facilitates risk management. Indicators include resource provision, policy support, and active participation.

3.4 Description of Study Area and Target Population

The study location is Addis Ababa, Ethiopia. Addis Ababa is the capital city of Ethiopia and home to many international NGOs. The target population for this study includes active NGOs registered under ACSO that run development projects. To provide a comprehensive analysis of the sector, the population frame explicitly differentiates between two primary organizational tiers: International NGOs and Local NGOs. Based on the official registry obtained from ACSO, the total population frame consisted of about 2,500 active organizations working on developmental projects with headquarters in Addis Ababa, which breaks down into 300 registered as international and 2,200 registered local. The target units within these organizations were project professionals.

The study population consists of all lives project professionals including project managers and support staff at all levels (juniors and seniors), project directors, and monitoring and evaluation (M&E) officers. The study specifically includes NGOs like: Action for Development, Ethiopian Kalehiwot Church, Habitat for Humanity Ethiopia, Plan International Ethiopia and KOICA.

3.5 Sampling Technique and Sample Size Determination

To ensure that the results were representative of the sector as a whole while remaining realistic, a multi stage sampling methodology was used.

3.5.1 Sampling Technique

To select a representative sample from the target population, this study adopted a multi-stage sampling design combining Stratified Random Sampling and Purposive Sampling. This would ensure that they are knowledgeable to provide the required information. The total sample size of 200 respondents was divided using stratified sampling based on organization type (strata) to ensure representation between international and local NGOs. Out of the 200 total sampled respondents, 90 were selected from active international NGOs, and 110 were selected from active local NGOs. Within the stratified organizations, purposive sampling was applied to individual respondents rather than distributing questionnaires randomly.

3.5.2 Sample Size Determination

The sample size is determined using Yamane's (1967) formula for a finite population, which is a standard practice in social science and business research. The formula is expressed as:

$$n = \frac{N}{1+N(e)^2} \qquad n = \frac{400}{1+400(0.05)^2} = 200$$

Where: n = Required sample size

N = Total target population of project professionals estimate

e = Level of precision (margin of error), set at 0.05 for a 95% confidence level

A total sample of 200 respondents is targeted.

3.6 Data Collection

The study relied on primary data, expanded by secondary sources to provide a more complete analysis of the research problem.

3.6.1 Data Sources and Types

Primary data was collected directly from project professionals using structured questionnaires. This data got the actual management practices currently in use in NGOs.

The secondary data is sourced from official ACSO registration statistics, NGO annual reports, and previous empirical studies. This data provided institutional context regarding historical project success/failure rates. NGO project success in Ethiopia is commonly measured through indicators such as beneficiary reach, improvement in livelihoods, and sector-specific outcomes including WASH, education, and child protection (World Vision Ethiopia, 2023, SOS Children's Villages Ethiopia, 2024).

3.6.2 Data Collection Instrument

Primary data was collected through self-administered questionnaire surveys

adapted from similar research. The questionnaire was adapted from similar research, Success Factors and Criteria in the Management of International Developmental Projects: Evidence From Projects Funded by EU in Ethiopia By Yitbarek Takele Bayiley and Getachew Kahsay Teklu (2015) and Project Implementation, Risk Management Practices and Project Success by Joash Watema & John Tulirinya (2021) published on East African Journal of Business and Economics, volume 3. The moderating variable questionnaire was adopted from Development and Validation of an Instrument for Multidimensional Top Management Support by Riaz Ahmed and Noor Azmi bin Mohamad (2017).

The questions are to a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) to quantify opinions and attitudes. The instrument is organized as

Main Questionnaire: Section I: Demographic profile (age, gender, experience, role, organization type), Section II: Assessment of PRM practices (identification, analysis, response, monitoring), Section III: Assessment of project success (focusing on time, cost quality and stakeholder satisfaction)

Top Management Support Questionnaire: Provide Resources, Communication, Power, Structural Arrangements, and Expertise.

3.7 Data Analysis

Data analysis for the study was carried out using SPSS (Statistical Package for Social Sciences).

3.7.1 Descriptive and Correlation Analysis

The summary of survey results is presented using descriptive statistics like mean and standard deviation to show the extent how different PRM practices are being used. It was also used to present the demographic characteristics of the sample. Pearson correlations are presented to show the strength and direction of the linear relationship between each PRM practice and the listed indicator of success.

3.7.2 Moderated Multiple Regression (MMR)

To test the hypothesis, a modern Multiple Regression (MMR) analysis was used. It measured the degree to which PRM practices affect project success. The model is defined as:

$$Y = \beta_0 + \beta_1 PRM + \beta_2 TMS + \epsilon$$

Where:

- Y = Project Success (Dependent Variable)
- β_0 = The constant term (intercept)
- β_1, β_2 = The regression coefficients of the respective independent variables
- *PRM* = Composite score of Project Risk Management practices
- *TMS* = Top Management Support (Moderator)
- ϵ = The error term representing unexplained variance.

The statistical significance of each variable was assessed at the $p < 0.05$ level, and the Adjusted *R* is used to determine the proportion of variance in project success 2 explained by the risk management practices.

3.8 Reliability and Validity Analysis

3.8.1 Reliability Analysis

Reliability was assessed through internal consistency testing using the Cronbach's Alpha coefficient. A value of $\alpha \geq 0.70$ is the standard threshold for acceptance in research.

Variable Name	Number of Items	Cronbach's Alpha
Project Risk Management (PRM)	24	0.716
Project Success (PSC)	21	0.732

Top Management Support (TMS)	26	0.724
Overall Instrument	**71**	**0.716**

Table 3.1 - Reliability Test

As shown in the table above, the overall Cronbach's Alpha for the research instrument is 0.716. This value exceeds the standard threshold of 0.70, confirming that the questionnaire items used to measure project risk management practices, project success, and top management support are internally consistent.

3.8.2 Validity Analysis

Content validity was used to ensure the questionnaire items are to global standards (ISO 31000/PMBOK). It was assessed using a bivariate correlation analysis to determine how well the measured variables relate to one another.

Variable	**MEAN_PRM**	**MEAN_PSC**	**MEAN_TMS**
MEAN_PRM	1		
MEAN_PSC	0.884	1	
MEAN_TMS	0.897	0.927	1
N	159	159	159

Table 3.2 - Validity Test table

As shown in the table above, the correlation between the independent variable (Project Risk Management) and the dependent variable (Project Success) is r =-884, which is statistically significant at $p < 0.01$. Additionally, Top Management Support shows a high degree of association with Project Success (r = .927).

3.9 Ethical Considerations

The research strictly followed ethical standards. To keep the study environment easy, the purpose of the study was explained to the concerned bodies, including the study participants. Participation was entirely voluntary, and informed consent was obtained from all respondents prior to data collection.

CHAPTER 4: DATA ANALYSIS & INTERPRETATION

This chapter shows the descriptive and explanatory results of questionnaires taken. The descriptive method is used to show the existing PRM practices and the levels of project success while the explanatory component is used to show the links and the degree of influence between PRM practices and project success. NGO professionals with different status in life were asked to fill a questionnaire about what they observe from their daily work activities. The data collected from the questionnaire were analyzed using descriptive data analysis by SPSS, then statistical results are presented in a graph and pie chart, with interpretation and discussion to follow. The using of Moderated Multiple Regression (MMR) shows the explanatory design to determine if a relationship exists and how Top Management Support functions as a moderator strengthens or weakens this influence.

The questionnaire had 78 questions in total. 200 questionnaires were distributed out of which only 176 were filled. And out of the 176, 159 were returned completely answered and could be used for the purpose of this research making the overall questionnaire response rate 79.5%.

This section presents the general characteristics of the 159 respondents who participated in the study. The demographic profile includes organization type, gender, education level, work experience, project field, project duration, and project fund.

4.1 Demographic Information of Respondents

This study was conducted on non governmental organizations and all 159 participants were workers in NGOs. From the figure below, it can be observed that male participants are dominant with 61.6% leaving the female participant percentage to be 38.4%.

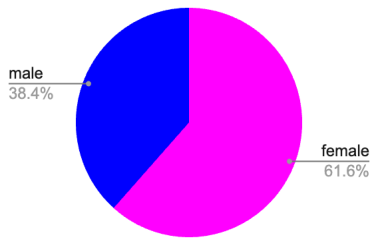
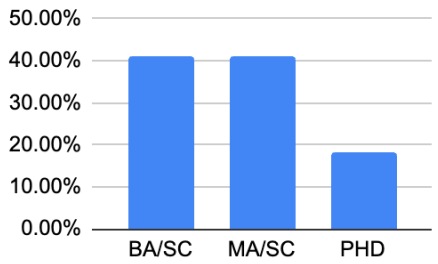
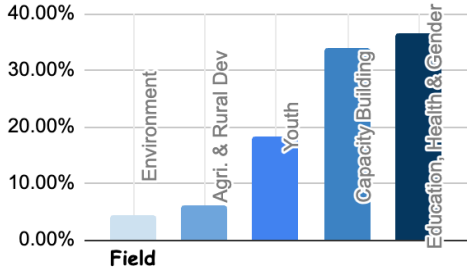


Figure 4.1 - Demography of respondents

The educational level of the participants is equal between people who have bachelor's and master's degrees with both having 40.9% (65 people each, 130 people in total), and 18.2% PHD holders (29 people). This shows that 59.1% of the respondents hold a postgraduate degree is highly significant. It indicates that the participants possess the advanced knowledge necessary to evaluate complex risk management frameworks. Furthermore, with 76.1% of the respondents having more than six years of experience, the data reflects "expert judgment" rather than entry-level observations.





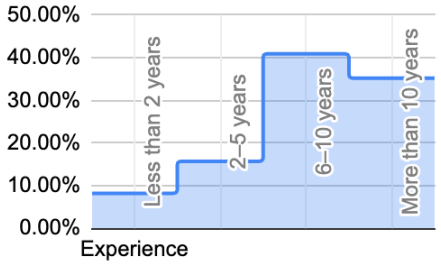


Figure 4.2 - Education Level **Figure 4.3 - Field of Operation** **Figure 4.4 - Work Experience**

4.2 Descriptive Statistics

This section presents summary statistics for the surveyed data on PRM practices and project success. For each survey item, we have calculated the mean score and standard deviation across the responding NGO professionals to provide baseline view of the current practice. FOr the purpose of this summary, mean scores 1.00-2.49 are classified as low, 2.50-3.49 as moderate and 3.50-5.00 as high.

Variable	Number of Items	Grand Mean	Standard Deviation
PRM Practices	24	3.38	1.31
Project Success	21	3.38	1.30
Top Management Support	26	3.34	1.33

Table 4.1 - Descriptive statistics

4.2.1 Project Risk Management Practices

The section on structured risk management evaluates how the various practices are embedded into the project lifecycle. The contingency theory tells us that there is no best practice that works in all situations, how well a practice performs is largely dependent on the environment of the organization and how well the practice matches up with the organization's situation. In other words, the question is whether these practipes are becoming an integral, organizational capability rather than a reactive and ad-hoc set of activities. The descriptive analysis of risk management outlines the process of identification, analysis, response and monitoring.

Overall mean for Risk Identification (IDN) is approximately 3.39. The highest practice is PRMIDN2 (Mean = 3.51), followed by PRMIDN1 (Mean = 3.45) and the lowest practice is PRMIDN4 (Mean = 3.21). While overall practices for risk identification are moderate and somewhat inconsistent on a systematic basis, they remain a key priority area for NGOs.

The Risk Analysis (ANA) questions were largely uniform and on average rated around a mean of 3.40. There was little fluctuation, indicating consistent assessment by participants. The highest rated was PRMANA4 (Mean = 3.45), indicating a focus on assessment of the risks identified.

Risk Response (RES) Mean Score = 3.35. Similar to Risk Mitigation, there is evidence of some "High" practices (PRMRES2 - Mean = 3.57) and some "Lowest" practices (PRMRES3 - Mean = 3.19). This indicates some response strategies are in place, but execution or specific types may differ.

Risk Monitoring (MON) averages 3.37 (very good) also. PRMMON1 (Monitoring process is properly initiated), averaging 3.55 (very good) shows a strong start to monitoring. While monitoring diminishes somewhat in the middle stages of the process, monitoring practices overall are at a moderate level of excellence.

PRM practices across the sector have an average score of 3.38, indicating overall that practices are at a low to moderate level of risk management maturity, but ready to escalate to the next level with appropriate resources and environment. Although processes of identification and analysis are generally existing but not institutionalized, Risk Identification (3.51) is far ahead of Risk Response (3.35) indicating a recognition execution gap. NGOs have gotten good at identifying risks, but responding them on a sustained basis in effective manner is what they are struggling with. This is similar to the findings of Million Abera (2018) about why development projects fail in Ethiopia. Although based on Project Management practices perspective, the study revealed that many development projects in Ethiopia suffer from 'process-only' approaches where risk registers are developed but not used. From a Contingency Theory perspective, these mid-range scores suggest NGO project managers are managing and copings with the volatile context of Ethiopian socioeconomic transformation mostly in an ad-hoc manner.

4.2.2 Project Success (PSC)

Project success in the development sector is a multifaceted concept. This sub-section therefore looks at project success through the four lenses of schedule, budget, satisfaction of stakeholders and quality. This perspective is consistent with the perspective of Agency Theory, where the success of an NGO as the agent lies in meeting the expectations of the donor and the beneficiaries, the two principals who have competing expectations. Project success was therefore operationalised along the four dimensions of time, satisfaction of stakeholders, cost and quality.

Time: On average, respondents rated themselves a 3.39 on this item. The most highly rated on this item was PSCTIM (meet deadlines), with an average rating of 3.60.

Stakeholder satisfaction: The mean score for stakeholder satisfaction was 3.41. The high score for PSCSHS5 (meeting the needs of their donors) indicates that NGOs are particularly good at meeting donor requirements, but the lower score for PSCSHS1 "NGOs good at adressing the often conflicting needs of local beneficiaries" indicates there is room for improvement in this area.

Cost & Quality: Both received a moderate rating. Quality items averaged 3.42,(PSCQUA). While quality items rated on the survey tended to be rated around the passing mark, efficiency did not. However]these underperforming cost and quality indicators did not receive same level of attention or management focus as they merit.

Despite some challenges, overall completion rates for NGOs meeting final project deadlines registered at a relatively high score of 3.60 out of 5. However, these numbers revealed a very steep drop-off when it came to Quality (3.42) and Financial Efficiency (3.34), suggesting NGOs are meeting project deadlines but not using all of their budget or meeting the deeper quality of project outcomes as desired. Agency Theory Implications: The moderate score for Stakeholder Satisfaction could indicate that there is an Agency Problem. Even though the stakeholder satisfaction score is satisfactory for NGOs in the report, there is a real concern that the actions of the agent (the NGO) are not fully aligned with the interests of the principal (the donor). While the NGO may fulfill the terms of the contractual agreement on paper, there is a danger that long-term impact and quality issues receive less consideration than they deserve. Tadesse (2022) also reported on the prevalence of donor-driven project monitoring and evaluation reporting processes in Ethiopia, where project managers focus on meeting specific indicators (meeting deadlines in this report) and external reporting requirements rather than internal project goals.

4.2.3 Top Management Support (TMS)

This section looks more closely at why Top Management Support is about so much more then simply having a senior leader sign off on things. Real leadership support means actively providing financial, technical and human resources and making sure that clear communication channels are in place so that risk information can actually flow where it needs to go. This finding fits squarely within the Resource Based View, which argues that an organizations performance is ultimately determined by its willingness and ability to actually provide and commit real resources to its priorities. The analysis that follows looks at whether NGO leaders in Ethiopia are actually giving their teams what they need to carry out meaningful risk management, not just in words but in practice. Overall, Top Management Support came in at a mean score of approximately 3.34, which

suggest a moderate but far from consistent level of engagement from leadership. Communication-related items came in highest with a mean of 3.53 while TMSPRS5 representing resource provision scored the lowest at just 2.99, reinforcing the pattern of verbal commitment without sufficient material follow-through.

The gap between Communication which scored 3.53 and Resource Allocation which scored only 2.99 is arguably the most revealing and important finding in this whole section. What this suggest is that management is often comfortable talking about risk in meetings but becomes noticeably hesitant when it comes to actually putting money and technical resources behind managing it properly. A mean score of just 2.99 for resource involvement is telling. It suggests that risk management is still being treated as a side task, something administrative and peripheral rather then a genuine strategic priority deserving real investment. If leadership isnt personally and actively involved, PRM practices are likely to stay theoretical at best, something that looks good in a proposal but doesn't translate into actual behavior on the ground. This finding is consistent with the Resource Based View, which argues that a practice only translates into success when it is genuinely backed by firm specific resources and organizational commitment, not just good intentions. The lack of resources identified here explains the "Moderate" success levels noted in Section 4.2.2.

4.3 Correlation Analysis

This section correlates the variables to see how they are associated with each other. The correlation is crucial in determining weather any association exists between risk management practices, leadership support and the outcome. It is also important to establish if the moderate risk management practices identified in the previous section are the best predictors od success for Ethiopian NGOs.

	MEANPRM	MEANPSC	MEANTMS
MEANPRM ● Pearson Correlation	1	0.844	0.897
● Sig. (2 tailed)		0.000	0.000
MEANPSC ● Pearson Correlation	0.884	1	0.927
● Sig. (2 tailed)	0.000		0.000
MEANTMS ● Pearson Correlation	0.897	0.927	1
● Sig. (2 tailed)	0.000	0.000	

Table 4.2 - Pearson Correlation

4.3.1 Relationship between Risk Management and Project Success

This section is an investigation into the relationship between independent variable and dependent variable. The contingency theory states that project successs is not accidental, it is the result of management practices being properly matched with environmental uncertainity. This section tests whether increased attention to risk identification, analysis, response and monitoring increases success. Pearson Correlation analysis was used to test for the above relationship.

There is a strong positive relationship between PRM and Project success. The Pearsons correlation coefficient between PRM and project success was r=0.884 which is very strong and positive. This means that almost 78% of the variance in project success can be explained by the quality of risk management practices. NGOs need to understand that good PRM practice isn't something that must be ticked off anymore, it is a fundamental part and determinant of success.

4.3.2 Relationship with Top Management Support, PRM and Project Success

This section presents a brief overview of the relationship between top management support, project management practices and project success. It is presented based on the resource based view, stating, TMS is viewed as an essential organizational resource that can significantly enhance the effectiveness of other organizational systems. The role of TMS is huge with evidence suggesting that its influence on project success is strong.

The correlation between TMS and project success is high (r=0.927) indicating that TMS is high on the list of factors of success. The high correlation between TMS and PRM (r=0.897) shows that leadership involvement is key driver of success for projects by urging project teams to conduct good risk practices and seniors providing necessary resources.

4.4 Regression Analysis

This section investigates the effect of independent variables on project success. Drawing on the Resource Based View and Agency Theory perspective, an investigation into the impact of TMS and PRM for managing resources in order to achieve project success in Ethiopian NGO sector is provided.

4.4.1 Model Diagnosis (Collinearity Test)

To understand the results of the analysis, a normality test, linearity test and multicollinearity test was conducted.

4.4.1.1 Normality Test

Normality was assessed using a Histogram and a Normal P-P Plot of the standardized residuals. The Histogram showed a symmetric bell-shaped curve, and the P-P Plot revealed that the residuals lie closely along the diagonal line. This confirms that the error terms are normally distributed, satisfying the requirement for reliable hypothesis testing.

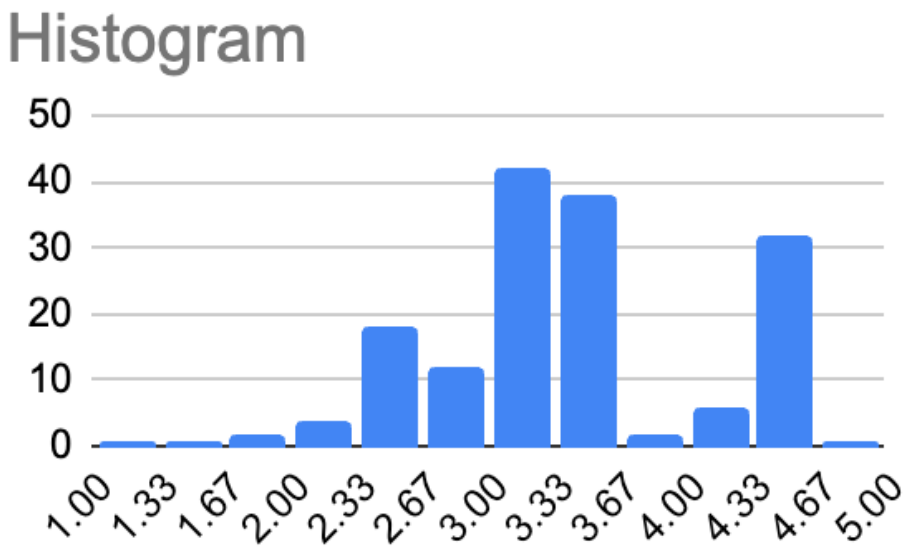


Figure 4.5 - Histogram for normality test

4.4.1.2 Linearity Test

A scatter plot was generated to check the relationship between the predictors and the outcome variable. The plot showed a random distribution of residuals without any non-linear or curved patterns. This confirms that the relationship between Risk Management, Management Support, and Success is linear.

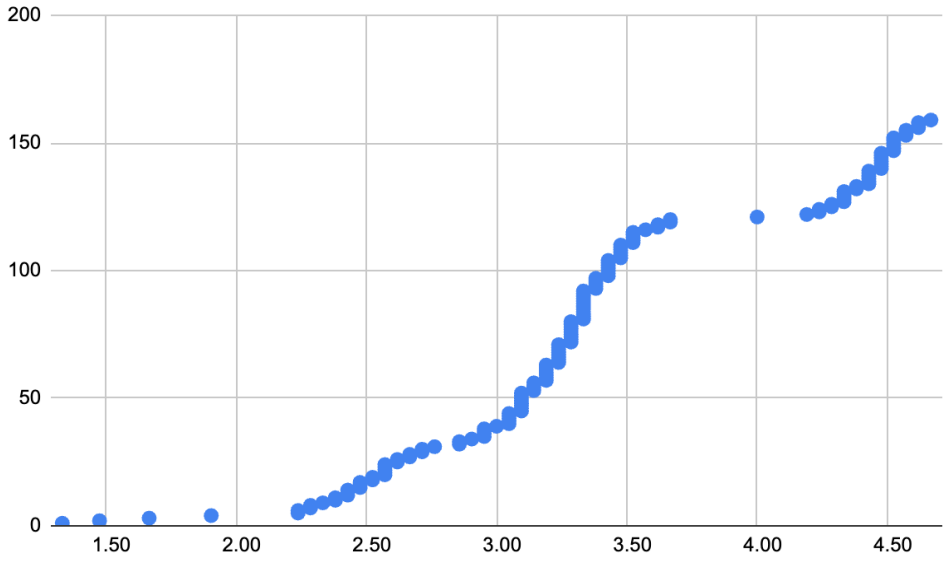


Figure 4.6 - Scatter Plot graph for Linearity Test

4.4.1.3 Multicollinearity Test

As shown in Table 4.5 down below, the Tolerance value for both variables is 0.196, and the Variance Inflation Factor (VIF) is 5.104. Since the VIF is within the acceptable limit of 10 and Tolerance is above 0.10, there is no multi-collinearity problem. The independent variables provide distinct information to the model.

	Unstandardized Beta	**Coefficients Std. Error**	**Standardized Coefficients Beta**	**Sig.**	**Collinearity Tolerance**	**Statistics VIF**
Constant	0.134	0.102		0.188		
MEANPRM	0.272	0.065	0.270	0.000	0.196	5.104
MEANTMS	0.699	0.066	0.685	0.000	0.196	5.104

Table 4.3 - Coefficients table

4.4.2 Linear Regression Results

The relationship is expressed through a multiple linear regression model. This model evaluates how PRM and TMS collectively influence project success. The functional form of the model is as follows:

$$Y = \beta_0 + \beta_1 PRM + \beta_2 TMS + \epsilon$$

Where: Y = Project Success (Dependent Variable)

β_0 = The constant term (intercept)

β_1, β_2 = The regression coefficients of the respective independent variables

PRM = Composite score of Project Risk Management practices

TMS = Top Management Support (Moderator)

ϵ = The error term representing unexplained variance

Based on unstandardized coefficient provided on table 4.5, the moel for this study is:

$$PSC = 0.134 + 0.272\ PRM + 0.699\ TMS$$

4.4.2.1 Model Summary

The summary for the model shows a R square of 0.873, meaning that 87.3% of the variation in project success can be attributed to PRM and TMS. The remaining 12.7% can potentially be attributed to other factors not included in this study. While not explored in this analysis, other sources including reports from UNDP and ACSO have observed that significant percentage of NGO projects in Ethiopia achieve success primarily due to combination of effective TMS and a sound PRM practices.

Model	R	R Square	R adjusted	Std. error of estimate
1	0.935	0.873	0.871	0.25566

Table 4.4 - Model Summary

4.4.2.2 ANOVA Result

The ANOVA table shows F value of 537.74 and p value of .000. In general and p value less than .05 is considered to be statistically significant. So, based on combined effects of PRM and TMS, the regression model is statistically significant and can be reliable predictor of project success.

Model	Sum of squares	df	Mean square	F	Sig
Regression	70.297	2	35.148	537.742	0.000
Residual	10.197	156	0.065		
Total	80.493	158			

Table 4.5 - ANOVA Result

4.4.2.3 Multiple Regression Result (Unstandardized and Standardized Beta Coefficients)

The standard Beta for TMS was 0.685 indicating it was the most dominant factor. For every one unit increase in leadership support, success increased by 0.685 units. This was consistent with the principle of Agency theory in that the principal's involvement can reduce the likelihood of failure of a project. The standard beta for PRM was 0.270 which pointed out the positive influence. As million Abera (2018) rightly indicated, systematic risk practices were necessary for sustaining NGO development projects. However, the findings of this study clearly indicates that although technical risk practices exist, their success was largely dependent on senior leadership.

In conclusion, a critical contextual insight of this study lies in the structural diversification of the sampled organizations. While international NGOs and local NGOs operating in Addis Ababa naturally possess asymmetric resource capacities, budgetary scales, and donor networks, the empirical findings demonstrate that baseline Project Risk Management (PRM) principles apply universally to their project execution structures. The statistical validation of the model confirms that resource scarcity alone does not invalidate the necessity of formal risk identification, analysis, or monitoring. This proves that regardless of whether an NGO is local or international, strong leadership commitment serves as the definitive equalizer.

CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter presents the summary, conclusions, and recommendations of the study based on the findings discussed in Chapter Four. The primary objective of this research was to examine the influence of Project Risk Management (PRM) practices on project success within the NGO sector. Having established the statistical significance and strength of these relationships through correlation and regression analysis, this final chapter synthesizes those results into actionable insights.

5.1 Summary of Findings

At its heart, this research set out to understand and measure the extent to which Project Risk Management practices genuinely influence whether development projects succeed within the NGO sector in Ethiopia. Data collected from 159 respondents across the surveyed NGOs reveal a number of critical and practically relevant insights. As the descriptive analysis showed, PRM practices overall came in at a mean of 3.37, which points to a moderate but inconsistent level of implementation across the surveyed organizations. Risk identification scored the highest at 3.39 but risk response planning lagged behind at just 3.35, which tells a pretty clear story. NGOs are generally better at recognizing problems then they are at actually preparing for them.

Chapter Four brought to light a really significant and somewhat troubling imbalance in how Top Management Support is being provided. Leaders scored relatively well on providing a clear vision at 3.53 but dropped significantly when it came to providing the necessary resources and budget, coming in at only 2.99. The gap between those two scores is telling. This pretty much confirms what many practitioners already suspect, that executive support in this sector is often more symbolic and verbal then it is financial or operational.

Overall project success across the sample was measured at a moderate level with a mean score of 3.49, indicating that while things are generally moving in the right direction, there remains significant room for improvement. The highest success score was in meeting project deadlines at 3.60, while managing within the allocated budget came in noticeably lower at 3.38, further reinforcing the pattern of schedule being prioritized over financial discipline. The inferential analysis revealed a very strong positive correlation of $r = 0.884$ between the independent variables and project success, which is a statistically compelling result that is hard to attribute to chance. The regression model showed that 87.3% of the variance in project success across these NGOs can be explained by the combined effect of PRM practices and Top Management Support, which is a remarkably strong finding.

5.2 Conclusion

The study concludes fairly decisively that PRM practices have a strong and statistically significant positive influence on how well development projects succeed within Ethiopian NGOs. The primary research question finds its clearest answer in the Moderated Multiple Regression results, which showed that PRM practices and Top Management Support together accounts for 87.3% of the variance in project success. What is crucial here, and what the data consistently supports, is that Top Management Support doesn't just matter, it actively moderates the entire relationship between PRM and project success. Risk management efforts tend to produce much better results when leadership is genuinely and actively involved, not just in strategic oversight but in day-to-day communication with project teams.

Among all the PRM phases, risk identification, particularly through checklists and brainstorming sessions, came out as the most well-developed area across the surveyed organizations with a mean score of 3.51. These practices lay the groundwork, providing the kind of expert judgment that is often the difference between catching a problem early and watching it snowball into a full project failure.

Qualitative and quantitative analysis techniques are moderately applied but are essential for reducing overruns when it comes to cost and time. The study concludes that the "Moderate" application of analysis corresponds with the observed struggles in "Financial Efficiency," confirming that more analysis is required to decrease cost and time deviations.

In validating the theoretical frameworks laid out in Chapter Two, the study ultimately concludes that systematic PRM is far from a bureaucratic formality. It is a genuinely critical driver of whether development projects in this context succeed or fail. Without structured risk identification and ongoing monitoring in place, projects are considerably more likely to blow their budgets and fall short on quality, which ultimately means they fail to do what they were meant to do.

The descriptive and demographic profiling indicates that the study sample was successfully diversified across both international and local NGO sectors, preventing institutional bias. The data confirmed that while operational scales differed between the sampled international and local NGOs, both sectors rely heavily on structured project management frameworks to safeguard deliverables.

The study also reaches the conclusion that the single biggest barrier to effective risk management in this context is not technical knowledge or staff capacity. Its the failure of top management to dedicate real tangible resources to making it work. As the Resource Based View makes clear, if management doesn’t treat risk management capability as a valuable organizational resource worthy of investment, the project's competitive positioning and overall success rate will almost inevitably decline. At last, we come to the conclusion that project risk management practices influence the success of projects in Ethiopian NGOs and top management support plays a huge role in it.

5.3 Recommendations

To genuinely address the gaps identified in Chapter Four, NGO leadership needs to stop treating risk management as something that gets done with words alone. A specific percentage of every project budget should be formally and consistently

ring-fenced for risk contingency and risk management activities. With 59.1% of the workforce already holding a Masters degree, organizations are sitting on a considerable amount of intellectual capital. Channeling that by offering specialized risk management certifications to project coordinators would be a logical and high-value investment.

Local NGOs should intentionally leverage internal Top Management Support (TMS) as a strategic mechanism to overcome structural resource and budgetary constraints. International NGOs should focus their strategic efforts on institutionalizing sophisticated PRM practices downstream across their local implementation partners. Rather than merely enforcing passive, donor-mandated compliance templates, leadership should invest in capacity-building workshops and joint risk-monitoring frameworks to elevate risk.

NGOs should transition from ad-hoc to standardized risk registers and automated monitoring tools to improve consistency. Donors have a real role to play here too. They should be actively encouraging, and arguably requiring, the inclusion of formal risk management plans as a non-negotiable component of both project proposals and annual audit processes.

5.4 Research Limitations and Areas of Further Research

5.4.1 Limitations of the Study

While this study does offer valuable insights, its important to be honest about the limitations that come with it. One of the studys key limitations is that its cross-sectional, meaning it only captures a snapshot of what NGOs where doing at one particular moment rather then tracking how things change over time. Since risks evolve constantly throughout a projects life, a one-time snapshot may not fully reflect how effective or ineffective the risk management really was across the full journey. The study also relied on self-reported responses through Likert-scale questionnaires, which introduces the usual limitations around subjectivity and social desirability bias. Although the 0.716 reliability score indicates consistency, such data can be exposed to social bias. Finally, because the study focused on a specific regional group of NGOs, its findings may not

translate cleanly to international NGOs operating under different funding structures and organizational cultures.

5.4.2 Suggestions for Future Research

Based on the findings here, there are few clear directions that future research could productively explore. First and foremost, future researchers should seriously consider a longitudinal approach, following specific NGO projects from start to finish to better understand how the impact of risk management actually shifts as a project matures. Second, a comparative study that put local and international NGOs side by side would be extremely valuable. It would help determine whether different funding structures or the influence of global mandates meaningfully changes the relationship between management support and project outcomes. Third, future studies would benefit enormously from going qualitative or adopting a mixed-methods design. In-depth interviews with senior directors in particular could uncover the specific organizational barriers, whether cultural, financial or structural, that stops leadership from providing the resource support that this study identified as so critical. Finally, adding "Organizational Culture" as a moderating variable in the regression model could provide an even more nuanced understanding of why some NGOs succeed in risk management while others with similar resources fail.

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Appendix I - Main Questionnaire

Dear Respondent,

The aim of this questionnaire is to explore & identify the Influence of Project Risk Management Practices on the Success of Development Projects Implemented by selected Ethiopian Ngos, and examine the relationship of the identified PRM practices with project success. This research is being conducted as part of the requirements for partial fulfillment of the a requirements for the Degree of Master of Arts in Project Management (MAPM). Your input, as an experienced professional in the area of developmental project management is highly appreciated.

The researchers would like to assure you that participation in this research is entirely voluntary and this research is only for academic purpose and your responses are entirely confidential. No other person will have access to the data collected. Researchers hope you will be able to find 15 minutes to complete this questionnaire in your schedule.

Section I: Demographic profiles

For the following section please select the most appropriate option by marking "X" or fill the correct information in the space provided:

1. Which Project Organization type from the following do you belong?
   - ☐ Government Organization
   - ☐ Non-government Organization (NGO)
2. Gender
   - ☐ Male
   - ☐ Female

3. Please choose your level of Education
   - ☐ BA/BSc
   - ☐ MA/MSc
   - ☐ PHD
4. How long did you work on development projects?
   - ☐ Less than 2 years

- ☐ 2-5 years
- ☐ 6-10 years
- ☐ More than 10 years

5. What is the field of your project?
   - ☐ Agriculture and Rural development
   - ☐ Energy and Infrastructure
   - ☐ Education, Health & Gender
   - ☐ Environment
   - ☐ Trade and Industry
   - ☐ Culture and Tourism
   - ☐ Capacity Building
   - ☐ Finance and Economy
   - ☐ Good Governance
   - ☐ Other, please specify:

6. What is the duration of your project?
   - ☐ Less than 2 years
   - ☐ 2-5 years
   - ☐ More than 5 years

7. What is the amount (fund) of your project in ETB?
   - ☐ Less than 5 million
   - ☐ 5-20 million
   - ☐ 20-50 million
   - ☐ More than 50 million

Section II: Assessment of PRM Practices

No	Suggested Success Criteria	Not Important	Low Importance	Medium Importance	High Importance	Extremely Important
	Identification					
1	Our NGO carries out risk identification relating to the declared objectives					
2	We carry out prefeasibility studies of projects					
3	There are separate procedures for the management of project works					
4	Changes in risks are recognised with the NGO project rules and responsibilities					
5	We use techniques in identifying risks					
	Monitoring					
1	We monitor identified risks to minimise their impact					

2	We involve all stakeholders in risk monitoring					
3	Monitoring the efficiency of risk management is an integral part of routine management reporting					
4	Risk monitoring covers the evaluation of the effectiveness and efficiency of the NGO in achieving set objectives					
5	We have in place risk management procedures					
6	The NGO is aware of the strengths and weaknesses of its risk management system					
	Analysis					
1	The NGO has designed a system to measure appropriately the impact of the risk					
2	The NGO analyses and evaluates the					

	opportunities that it has to achieve objectives					
3	Our NGO assesses the likelihood of occurring risk on a timely basis					
4	There is a board concerned with the evaluation of the risks of the projects					
5	The NGO has proper risk assessment procedure in place					
6	Our NGO is aware of the strengths and weaknesses of its management systems of the projects					
	Response					
1	We design clear mitigation response					
2	Our risk responses are clearly communicated					
3	Our responses to risks include an assessment of the costs and benefits					

4	Our response to risks is effectively implemented					
5	The project responds to risks are cost-effective					
6	The NGOs response to analyse risks includes prioritising risks and selecting those that need active management					
7	The NGOs response to risks includes action plans for implementing decisions about identified risk					

Section III: Assessment of project success

No	Suggested Success Criteria	Not Important	Low Importance	Medium Importance	High Importance	Extremely Important
	Timeliness					
1	Accountability for funds allocated for the implementation of the project is done on time					

2	Our projects are implemented on time					
3	The financial reports of the NGO are timely prepared					
4	Project objectives are achieved on time					
5	Risks are timely alleviated which leads to project success					
	Stakeholder satisfaction					
1	Our stakeholders are satisfied with the NGO projects					
2	The information that is presented by this NGO is accurate					
3	There are policies, guidelines and procedures governing this NGO					
4	There are guarantees of this NGO that the implemented projects are successful					

5	This NGO gives extensiveness and intensity service to all its beneficiaries					
	Cost-effectiveness					
1	Cost-effectiveness and cost-benefit are conducted in this NGO					
2	A general financial assessment of the project is presented with an indication of the affordability of the project					
3	A system of accounting tables is prepared for each project					
4	The economic maturity of project documentation and affordability is prepared					
5	There is project management set up and reporting lines in our NGO					
6	Our projects are affected by cost overruns					
	Quality					

1	Our officers concerned with project success are highly skilled					
2	Our NGO to a greater extent depends on donor funds for their operation					
3	The managers concerned with the provision of the project financial reports are reliable and committed to their work					
4	The project reports provided to users are easily understood					
5	There are situations of over expenditure on some project activities					

Appendix II - Top Management Support Questionnaire (Moderating Variable)

This study adopted the following five dimensions to operationalize top management support: provide resources with five measurement items, structural arrangements with five measurement items, communication with six measurement items, expertise with five measurement items, and power with five measurement items. To measure all the dimensions of support provided by Top Management (TM), a five-point Likert scale was used: "1 = Not at all"; "2 = Once in a While"; "3 = Sometime"; "4 = Fairly Often"; and "5 =Frequently, if not always". The individual items are listed in each of the following sub-sections.

No.	Suggested Success Criteria	Not at all	Once in a While	Some-time	Fairly Often	Frequently, if not always
	Provide Resources					
1	TM provided sufficient resources to complete the project successfully					
2	TM provided sufficient resources to the project team in crises					
3	TM ensured availability of sufficient resources to provide a supportive stakeholder environment for the accomplishment of the project					
4	TM provided sufficient resources to support system adaptations in the organization					
5	TM provided adequate resources for effective system implementation to institute organizational change					

	Structural Arrangements					
1	TM developed project strategies and structures to adapt system in the organization;					
2	TM ensured implementation of appropriate project structures to accomplish project objectives;					
3	TM strengthened stakeholder support in the organization					
4	TM adapted appropriate structures, processes, and controlling procedures to implement organizational change					
5	TM focused on strategic and structural planning to improve organizational efficiency and market value					
	Communication					
1	TM regularly communicated with the project team members to ensure successful project completion					
2	TM tailored communication to promote the significance of project in the organization					
3	TM often deliberated project implications relating to system and organizational change					

4	TM frequently communicated project implications to different clusters of project stakeholders					
5	TM encouraged frequent communication to discuss potential system and organizational changes with various groups of project stakeholders					
6	TM established effective communication strategy to enhance project and organizational efficiency.					
	Expertise					
1	TM possessed relevant experience and expertise in project management					
2	TM recognized the importance of project implications, system implementation and organizational change					
3	TM recognized the necessity of system adaptation in the organization					
4	TM recognized the interest and power of project stakeholders					
5	TM encouraged the project team to enhance project efficiency and organizational performance					

	Power					
1	TM used its power to implement critical system changes in an organization					
2	TM exercised its authority to support the team members during implementation of project activities					
3	TM often used its power to implement best project management practices in the organization					
4	TM exercised its authority to define unambiguous roles and responsibilities of project stakeholders					
5	TM ensured effective system implementation to institute organizational change					