

**FINANCIAL MANAGEMENT OF INFRASTRUCTURE
CONSTRUCTION PROJECTS IN SRI LANKA**

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This dissertation was submitted in partial fulfillment of the requirements for the
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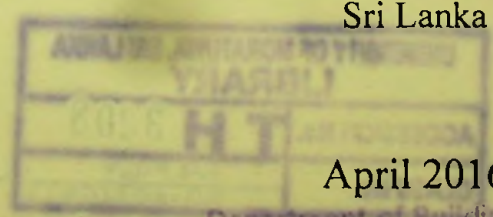


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DECLARATION

I declare that this submission is my own work and, this dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where acknowledgement is made in the text.

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The above candidate has carried out research for the Masters Dissertation under my supervision

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Dr. K.A.K. Devapriya
Dissertation Supervisor

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Date:

ABSTRACT

Infrastructure construction as a market segment has always attracted the attention of the society since it is connected with the alleviation of the living standards of the people. But often the infrastructure construction projects encounter financial blunders which are due to various reasons such as complexity, advance technology, external influences, high resource requirements and poor managements. The performance of the infrastructure construction projects is important in retaining and attracting the investment on the infrastructure construction. Since government reserves are limited the private investments are required in the infrastructure developments.

In this context a look at the financial performance of the investment in infrastructure is important. The client of an infrastructure development who is at the high end of the disbursement of the investment and who is often responsible for the payback of the investment, should have the optimum performance out of the project. But the proper use of this investment is also dependent on the proper financial management of the construction organization who sits at the low end of the investment project.

Out of the many stakeholders of the construction sector the survival of the construction organization is important in the continuity of the construction industry. The capability of the construction organization to handle large projects with success is important in the survival of the organization.

This study has undertaken the task of studying how financial management is carried out with the execution of the infrastructure projects by a construction organization. Altogether ten numbers of infrastructure projects have been chosen to study with their cash flows and other financial details and along with the quantitative details qualitative details have also been studied regarding the project management and structure in order to strengthen the quantitative data analysis.

The study revealed that the outcome of each project differed along with the project management structure and the project management structure was similar for similarly characterized projects which produced similar achievements. The study also revealed that the construction organization adopts different management methods for the large scale projects even if they are similar in characteristics for other small scale projects. The results have concluded that the financial management differs with the experience the contractor has gained in the particular sector and a major contribution can be from the reason that the contractor has achieved maturity regarding the types of risk he can face in the sector and has developed risk management mechanisms accordingly.

Keywords: *Financial management, Infrastructure construction, Construction organization, Risk management in infrastructure*

Dedication

To my family

And

To those who gave the strength I needed

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TABLE OF CONTENTS

Declaration	I
Abstract	II
Dedication	III
Acknowledgement	IV
Table of Contents	V
List of Figures	VIII
List of Tables	IX
List of Abbreviations	X
1 INTRODUCTION	1
1.1 Background	1
1.1.1 Investment	1
1.1.2 Construction investment	1
1.1.3 Construction investment and national economy	2
1.1.4 Interest on construction investment	2
1.1.5 Financial performance evaluation	2
1.1.6 Investment risks	3
1.1.7 Risks of infrastructure investment	3
1.1.8 Sri Lankan construction investment	4
1.2 Research issue	6
1.3 Research Problem	6
1.4 Aim and Objectives	6
1.4.1 Aim	6
1.4.2 Objectives	7
1.5 Scope and Limitations	7
1.6 Methodology	7
1.7 Chapter Breakdown	8

2	CONSTRUCTION SECTOR AND CONSTRUCTION ORGANIZATION ...	9
2.1	Construction Sector	9
2.1.1	Introduction	9
2.1.2	Link with other economic sectors	9
2.1.3	Construction stakeholders	10
2.2	Construction Organization	11
2.2.1	Organizational theories and structures	11
2.2.2	Project organizations	16
2.2.3	Portfolio Management.....	17
2.3	Summary	19
3	FINANCIAL MANAGEMENT IN INFRASTRUCTURE CONSTRUCTION PROJECTS	20
3.1	Infrastructure Construction Projects.....	20
3.2	Financial Management in Infrastructure Construction Projects.....	23
3.2.1	Risks in large projects	23
3.2.2	Evaluating financial performance	24
3.2.3	Modelling finances on projects	25
3.2.4	Budget allocations.....	25
3.2.5	Financial management	26
3.3	Financial Engineering.....	30
3.4	Summary	32
4	RESEARCH METHODOLOGY	33
4.1	Introduction	33
4.2	Research Problem.....	34
4.3	Research Design	34
4.3.1	Mixed method	35
4.4	Data Collection and Analysis	36
4.4.1	Data sampling.....	37
4.4.2	Quantitative data processing	38
4.5	Summary	38

5	DATA COLLECTION AND ANALYSIS.....	39
5.1	Data Collection.....	39
5.1.1	Organizational background.....	39
5.1.2	Questionnaire survey.....	41
5.1.3	Project quantitative data survey.....	47
5.2	Data Analysis.....	51
5.2.1	Calculation of financial measures.....	51
5.3	Summary.....	59
6	RESEARCH FINDINGS AND DISCUSSIONS.....	60
6.1	Quantitative data findings.....	60
6.1.1	Financial ratios.....	60
6.1.2	Fund allocation structure of road projects.....	62
6.1.3	Fund allocation structure of a water project.....	65
6.1.4	Cash flow analysis.....	66
6.2	Qualitative data findings.....	68
6.3	Project Wise Overall Data Summary.....	70
6.4	Discussion.....	75
6.5	Summary.....	78
7	CONCLUSIONS AND RECOMMENDATIONS.....	79
7.1	Summary of the study.....	79
7.2	Conclusion.....	81
7.3	Recommendations.....	82
7.4	Limitations.....	82
7.5	Further Research.....	82
8	REFERENCES.....	83
9	ANNEXURES.....	90
9.1	Annexure 1 : Questionnaire Sample.....	90
9.2	Annexure 2 : Project Income Expenses Statements.....	97
9.3	Annexure 3: Risk management practice.....	107

LIST OF FIGURES

Figure 1-1: Trend of Infrastructure Investment of Sri Lanka	4
Figure 2-1: Classification of different organizational theories	11
Figure 2-2: Three elements of an organization in systems approach.....	13
Figure 2-3: Hierarchical Organization Structure.....	14
Figure 2-4: Functional Organization Structure	15
Figure 2-5: Product Organization Structure	15
Figure 2-6: Matrix Organization Structure	16
Figure 4-1: Concurrent triangulation design	36
Figure 5-1: Company organization chart	40
Figure 5-2: Budgeted and actual cash flows of project 1	53
Figure 5-3: Budgeted and actual cash flows of project 2.....	54
Figure 5-4: Budgeted and actual cash flows of project 3.....	55
Figure 5-5: Budgeted and actual cash flows of project 4.....	55
Figure 5-6: Budgeted and actual cash flows of project 5.....	56
Figure 5-7: Budgeted and actual cash flows of project 6.....	56
Figure 5-8: Budgeted and actual cash flows of project 7.....	57
Figure 5-9: Budgeted and actual cash flows of project 8.....	57
Figure 5-10: Budgeted and actual cash flows of project 9.....	58
Figure 5-11: Budgeted and actual cash flows of project 10.....	58
Figure 6-1: Fund allocation structure of project 1	62
Figure 6-2: Fund allocation structure of project 2	62
Figure 6-3: Fund allocation structure of project 3	63
Figure 6-4: Fund allocation structure of project 5	63
Figure 6-5: Fund allocation structure of project 6	64
Figure 6-6: Fund allocation structure of project 8	64
Figure 6-7: Fund allocation structure of project 9	65
Figure 6-8: Fund allocation structure of project 7	65
Figure 6-9: Fund allocation structure of project 10	66
Figure 7-1: Financial management steps	81

LIST OF TABLES

Table 1-1: Work done value by type of construction in Sri Lanka	5
Table 2-1: Fayol's 14 principles of management.....	12
Table 5-1: Sector wise ICTAD Grading of the contractor	39
Table 5-2: General details of the project sample	42
Table 5-3: Project procedures	42
Table 5-4: Project representation and authority	43
Table 5-5: Intention of undertaking the project	43
Table 5-6: Project accounts procedure	44
Table 5-7: Profit treatment method	44
Table 5-8: Project financing method.....	45
Table 5-9: Period of project payment delay	45
Table 5-10: Project financial performance.....	46
Table 5-11: Project financial detail	47
Table 5-12: Project budgeted and actual cash flows.....	48
Table 5-13: Project planned and actual values of work done	48
Table 5-14: Fund disbursement plan.....	50
Table 5-15: Profit ratio calculation	51
Table 5-16: Statistical measures of the profit ratios.....	51
Table 5-17: Project risk exposure calculation.....	52
Table 5-18: Statistical measures of the project risk exposures	52
Table 5-19: Project current ratio calculation.....	53
Table 5-20: Statistical measures of the project financial strength	53
Table 6-1: Summary of financial ratios of projects	60
Table 6-2: Financial ratios of road projects	61
Table 6-3: Financial ratios of water supply projects.....	61
Table 6-4: Budgeted and actual cash flows of projects.....	67
Table 6-5: Planned and actual work done project wise.....	67
Table 6-6: A project wise summary of qualitative data collected.....	68
Table 6-7: Project wise overall data summary table	70

LIST OF ABBREVIATIONS

GDP	-	Gross Domestic Product
GDFCF	-	Gross Domestic Fixed Capital Formation
COWAM	-	Community Waste Management
NGO	-	Non Government Organization
OECD	-	Organization for Economic Co-operation and Development
NPV	-	Net Present Value
IRR	-	Internal Rate of Return