

# **RISK MANAGEMENT STRATEGIES AND PERFORMANCE OF CONSTRUCTION FIRMS IN SRI LANKA**

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## **ABSTRACT**

The construction industry is a well-known sector where greater level of dangers and risks exist. Many issues regarding the performance failures has reported due to the inability to control those kinds of risks that occur in construction firms. Apart from that, this can be identified from the repeated cost and time overruns and from reduced working quality. Earlier research witnesses an indecisive connection among adoption of risk management strategies and the improvement of performance in those firms. So that, the general objective was selected accordingly as to test how risk management strategies influenced performance of construction firms in Sri Lanka. The specific objectives were then selected as to determine the influence of resource risk management strategies, personnel risk management strategies and also project controlling risk management strategies on the performance of construction firms in Sri Lanka. In this paper, performance of construction firms was measured as a function of various aspects namely, cost variance, time variance and quality control. The population selected for this study included Contractors, Employers and Consultants of Sri Lanka. A self-administered questionnaire was used as the data collection method. Both descriptive and inferential statistics were used for data analysis. The findings of this research led to the conclusion that resource risk, personnel risk and project control risk management strategies had a noticeable effect on firm performance in Sri Lanka. That means establishing risk management practices in construction firms in Sri Lanka is of vital use. Recommendations of the study are as follows; using of proper risk management techniques, identifying the risks as early as possible, implementing of pilot project and government involvement in purchasing state of art software to minimize risk management strategies. Also, it recommended that government should inspire the activities that encourage proper risk management and risk sharing across entire construction industry.

**Keywords:** *Risk Management, Firm performance, Construction firms, Sri Lanka*