COMMUNICATION AS A DRIVER OF PERFORMANCE OF PROJECTS IN KENYAN COMMERCIAL BANKS

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ABSTRACT

The growth of the banking sector in Kenya has witnessed a rise in competition towards gaining and sustaining a competitive advantage. Banking institutions are undergoing continuous improvement to increase the levels of customer satisfaction. The outlined improvement entails constantly changing to adapt to the dynamics of the banking environment. Financial institutions rely on projects to implement desired change for improved service delivery, growth, and diversification. This background accounts for the importance of effective project management practices in the banking sector. This research project examined the effects of communication as a driver of performance of projects in Kenyan Commercial Banks. The study adopted a descriptive research design, with the primary data collection instrument being questionnaires. The target population encompassed the project managers in all the 43 banks that compose the Kenyan banking industry. The purposeful sampling technique was utilized to include project managers from all the banks in Kenya because they are involved in leading all the resultant projects. SPSS was used for data analysis, that is, both inferential and descriptive statistics. The analyzed data was presented in the form of tables, graphs, and charts for effective interpretation. The study’s findings indicated that communication is essential in ensuring that all stakeholders involved in a project operate in sync. Optimal communication is an essential aspect of improved performance. However, the study’s regression model revealed that communication could be sensitive if not implemented appropriately in the process of project management. Particularly, oversharing information could result in poor communication owing to the limited availability of feedback. This phenomenon reduces the deliverability of projects because feedback is fundamental, especially in change implementation. The perception that quality communication is a manager’s responsibility could also be affecting the variable negatively. Ordinarily, both vertical and horizontal communication requires both the sender and the recipient. As such, it is essential to review the approach to communication in banking projects even with the implementation of technology.

Key Words: communication, performance, projects, Kenyan commercial banks

INTRODUCTION

Businesses, including banks, rely on projects for the development of new products and services that promote growth and diversity. According to Ochwoto and Ogolla (2017), projects refer to a set of time-constrained efforts that rely on the effective utilization of resources for the creation of quality products and services. This definition implies that the most significant aspects of projects are its resources, that is, cost and time. Projects involve interdisciplinary teams of individuals working towards a shared vision. In most cases, the vision, and the respective strategies, is outlined by the project manager or the team leader to achieve certain goals that are aligned with the
objectives of the organization. The contributions of all the team members significantly impact the outcome in projects. Mongare (2017) outlines stakeholder commitment, collective responsibility, skills, accurate projections, and the quality of project management practices as some of the critical factors affecting the success of projects in any particular sector.

The modern business environment is characterized by increased competition among the existing players. Businesses are constantly coming up with innovative ways to gain and sustain competitive advantage. Particularly, businesses have intensified their focus on how they are conducting internal projects for improved performance (Mbogo, 2017). In most cases, the success of projects heavily relies on the managers' intuition, knowledge, and experience. However, a manager with all these characteristics does not guarantee the establishment and execution of successful projects. A manager may lack the outlined skills but have a strong vision for the project. Odhiambo and Ngaba (2019) explain that managers’ visions guide communication and control of the project for the realization of desired outcomes. As such, managers need team members whom they can inspire towards the materialization of the set goals and directions of the project.

Project management software is available in computer systems to assist project managers in the effective execution of projects. The dynamics of the business environment, which involves product innovation, encircles the opportunities provided by technology to support the management of projects, and businesses as a whole. However, banking projects are still experiencing deliverability challenges, thereby adversely impacting their performance (Brendah, 2018). Against this background, it was essential to explore the drivers of project performance in Kenyan banks.

The evolution of project management has warranted the definition of best practices from the respective successes and failures. For instance, the best practices picked from public projects include the use of templates, the measure of a project’s value, and using the outlined development lifecycle (Chepkorir, 2018). Best practices in project management are not a “one size fits all” phenomenon for all organizations. For some organizations, best practices entail fostering the appropriate coordination among the project’s stakeholders. However, managers use their skills and experience to determine the best practices that fit their organizations and particular projects. According to Musau (2015), the primary challenge in the project implementation lifecycle is the transition from the planning to the execution stage, that is, converting the plan into actual actions for the completion of the projects. The execution of the plan is only applicable to the achievement of the right balance between elements of process and structure. The process encompasses aspects of administrative procedures, resources, culture, and management. The structure identifies the various relationships among the different components of the organization (Mongare, 2017).

It is worth noting that the balance between the organizational structure and the plan does not affect successful project completion significantly. Wandera (2014) argues that successful project implementation relies on the “hard” and “soft” aspects of the implementation process. Notably, hard elements examine the analytical dimensions of successful projects while the soft elements explore the behavioral aspect. Desired outcomes in successful projects rely on the attainment of
equilibrium between the outlined elements. All team members must personalize the project goals to fit personal ones. The approach to leadership determines the contribution of team members and the subsequent outcomes of projects. As such, project managers should have the essential leadership skills to inspire and motivate their followers or team members.

Mwangi (2015) observes that project management software improves the integration of project management with the existing technology, thereby enhancing the sharing of accurate information in project implementation processes. Also, the software improves the outcomes of decision-making owing to the continuous sharing of the required information. Professional communication is characterized by timeliness to facilitate decision-making. Bakari (2016) argues that stakeholder involvement is necessary for the change process to avoid the setbacks associated with resistance in the final stages of project management. Mwitia (2017) outlines consistent communication as the responsibility of project managers to ensure better project implementation.

As aforementioned, projects are timed efforts on the effective utilization of resources to achieve certain goals. All stakeholders involved in a project need to operate “harmoniously” for the realization of quality outcomes. Implementation of quality communication channels ensures that members of project teams have a clear understanding of the desired outcomes, as well as their responsibilities based on the tasks allocated. Comprehending the role of innovation in stages of project implementation inspires changes in aspects of the organization, such as the approach to operations and culture (Bakari, 2016). Quality communication is required to share the need for change to the team members to reduce immediate resistance. Wandera (2014) argues that appropriate communication of change management plans, promoted by effective communication, reduces the resistance to change.

**STATEMENT OF THE PROBLEM**

Competition in the banking industry requires the players to continuously promote innovation for the sustainability of competitive advantage. Diversification is important for the realization of uniqueness that differentiates the products of one bank from those of the rest. Products and services provided by banks are outcomes of projects in the banking sector. Kiema (2015) argues that the greatest challenge registered by Kenyan commercial banks is unique innovations that are supposed to govern the implementation of banking projects. The aforementioned standard project management practices do not guarantee the attainment of desired outcomes in banking projects. This phenomenon is attributed to the fact that similarities in banking products are associated with the implementation of standard project management practices across the sector (Kangogo, 2013). A 2014 report by the Kenya Bankers Association (KBA) revealed that commercial banks failed to meet the previously set deal of March 31st 2014 for switching to ATMs that were chip-based. A 2012 project by the CBK delayed activities in the bond market after it was marked as successful the previous week. Mongare (2017) explains that more than half of banking projects, that is 56%, are projected to fail in the stage of initiation. These failures are associated with the lack of uniqueness based on a number of underlying factors. The factors include, but not limited to, poor
coordination, lack of “uniform” commitment, cost overruns, poorly defined scope, lack of proper planning, poor project control among many others. The projects were aimed at improving services to clients. As such, the delays of such projects implies that achieving differentiated products for customers became difficult (Bakari, 2016). Previous studies have focused on the aspects of resource availability, technology, and regulations, among other factors, to account for the failure of banking projects (Mwitia, 2017; Ochwoto & Ogolla, 2017; Mwangi, 2015; Tuwei, 2016). However, banking projects continue to fail even with the implementation of recommendations from these studies (Mongare, 2017; KBA, 2014). As such, it is evident that additional research was required to explore the drivers of project performance for better in the implementation of banking projects. This study examined factors affecting the performance of banking projects. Particularly, the study evaluated the effects of communication, control, and human resource management on the performance of projects in Kenyan Commercial Banks.

**GENERAL OBJECTIVE OF THE STUDY**

The general objective of the research project was to examine the effects of communication on the performance of projects in Kenyan Commercial Banks.

**THEORETICAL REVIEW**

The constructivism theory was developed in 1933 by John Dewey, an American philosopher who founded pragmatism, led the progressive educational movement and pioneered functional psychology. The theory explains that people use personal experiences to actively construct their reality or the knowledge that makes sense to them (Harasim, 2017). Constructionists argue that reality is influenced by experiences that are impacted by the interaction between the past and present knowledge. The interaction between prior and new knowledge defines the learning experiences of individuals. According to Amineh and Asl (2015), the process of learning through communication is active rather than passive. On the one hand, passive learning views the learner as “empty” and they need to be “filled” with new information. On the other hand, constructivism proposes that learners can create accurate meaning through continuous engagement. Bada and Olusegun (2015) elucidate that constructivism has three categories that include cognitive, social, and radical constructivism. Cognitive constructivism is based on Jean Piaget and it explains that learners actively construct knowledge based on cognitive structures (Amineh & Asl, 2015). Lev Vygotsky’s social constructivism perceives learning as a social process where knowledge is developed through continuous interaction (Amineh & Asl, 2015). Ernst von Glasersfeld’s radical constructivism portrays knowledge as constructible instead of perceivable (Amineh & Asl, 2015).

Understanding encompasses perceiving the associations between previous knowledge, new information, and all the processes in between. According to Dewey, learning entails continuous interaction instead of being an abstract concept (Kalpana, 2014). The underlying process of communication in teaching and learning involves negotiations on the knowledge that has been
socially constituted. Effective communication facilitates the sharing of common knowledge, even though an individual’s past is unique to them (Harasim, 2017). This phenomenon is attributed to the fact that the previous knowledge that defines the perception of new information is not rigidly stored in constructed social templates. Learners update their mental models to accommodate new information, thereby, constructing individual perceptions of reality (Bada & Olusegun, 2015).

The constructivism theory complements the communication variable of the study. Bakari (2016) explains that quality communication inspires effective project management. According to the constructivism theory, communication clarity is important to ascertain uniformity in the constructed knowledge that is associated with the project. Wandera (2014) observes that top management is required to communicate the need for projects to its employees for better commitment towards the attainment of set goals. Mwitia (2017) argues that quality communicative structures, implemented by top management, significantly impact the quality of communication. Vygotsky’s social constructivism encourages continuous interaction for the effective development of uniform knowledge that pertains to successful project management. Wandera (2014) postulates that employee engagement through constant communication improves the autonomy of team members and feedback provision in project management practices.

**EMPIRICAL REVIEW**

Effective project management is required for the establishment of products that promote growth and diversification of organizational operations, banking institutions in this case. Harasim (2017) explains that quality communication significantly impacts the efficacy of project management practices. Communication facilitates the easy flow of information throughout the process of project management. Information is essential in ensuring that all members understand the goals of a particular project. Besides, project managers are required to constantly communicate with the top management with regards to resource allocation and providing the required feedback (Bada & Olusegun, 2015). Against this background, it is evident that communication is critical in effective project completion. Major forms of technological advancements are aimed at improving the quality of communication including online chatrooms, social media, and portable devices such as laptops and smartphones.

Bakari (2016) conducted a study to examine the change practices that are strategically employed by KCB to successfully adapt to the ever-changing banking sector. The study adopted a descriptive research design, that is, case study, with interviews being the chief source of data collection. Content analysis was qualitatively used to analyze the data that was obtained. The study revealed that scanning the business environment, both internal and external is crucial in the identification of the required change practices. Also, the study uncovered that actively involving stakeholders is essential in the implementation of changes. The research determined that effective change involves the anticipation of change resistance by the relevant stakeholders. As such, measures such as effective communication should be used in countering any resistance associated with change implementation. The study concluded that effective communication, stakeholder engagement,
employee sensitization through training assist in reducing the resistance to change for effective implementation.

Mwitia (2017) conducted a study to examine the factors that significantly affect implementing innovative projects in public institutions. The study analyzed the contributions of top management, staff competencies, financial resources, and infrastructure facilities on the implementation of technology projects within Nairobi County. The research used the stratified random sampling technique to select 90 respondents from five selected government agencies. Out of the 90 respondents who were initially selected, 75% completed and resubmitted the questionnaires. The study discovered that top management was responsible for the establishment of quality communicative structures that enhance communication efficacy. Leadership and project management were also identified as additional factors affecting the implementation of innovative projects. The study recommended that all government-owned agencies should be provided with adequate resources, technological infrastructure, and management support in teams that are responsible for project management. Technological infrastructure and management support focus on enhancing the quality of communication, thereby validating the impact of communication quality on project implementation.

Wandera (2014) conducted a study to explore the impact of managing change on the performance of Kenyan financial institutions. The objectives of the study included examining the relationship between change management and successful performance, identifying the change management approaches employed by Kenyan banks, and exploring the role that leadership of leadership in change management. The research assumed a descriptive design to examine the relationship between performance and change management. Surveys were the primary data collection instrument and they involved self-administered questionnaires. The simple random sampling technique was employed to select respondents from two out of 42 banks in the Kenyan banking sector. The research uncovered that Kenyan banks have clearly outlined change management practices that are extensively communicated to the employees, thereby motivating them towards committing to change. The study also revealed that the employees’ perspective on change was adopted through quality communication regarding the needs associated with change management. It was also unveiled that the management of financial institutions was responsible for communicating the required change in their respective operations. The study recommended that the institutions should shift their focus to promoting employee engagement for improved autonomy and feedback with regards to change management.

**RESEARCH METHODOLOGY**

The study utilized a descriptive research design because it examines existing information on the subject matter in an attempt to promote the synthesis of new knowledge. The choice of descriptive statistics is based on the fact that they address the when, how, where, and what of the existing phenomenon without any changes as observed by Edmonds and Kennedy (2016). The study targeted all the commercial banks constituting the Kenyan banking industry. According to Mbogo
(2017) and CBK supervision report (2017), there are a total of 43 commercial banks in the Kenyan banking industry. The target population was composed of project managers from the 43 commercial banks in Kenya because they have hands-on responsibility when it comes to project management. Particularly, the managers are the link to the top management of the banking institution and other members of the project teams. As such, the choice of the target population presented the study with a reliable data source. The sampling process entails picking a portion of the population whose analysis will be representative of the entire population. The study employed the census sampling technique to include all the members of the target population. Therefore, the sample size was comprised of project managers from all the 43 commercial banks in the Kenya. A set of questions in a questionnaire provided the study with the chief source of primary data. The study relied on a Likert scale in the utilization of closed-ended questions. Likert scales are universally utilized in the administration of closed-ended questions because of the increased degree of flexibility (Nemoto & Beglar, 2014). The collected data was analyzed to establish more meaning since in its raw form, its usability was limited. All the coding and computer-aided analysis were conducted using SPSS version 24. The increased built-in functionalities of SPSS eliminated the need to use excel in coding collected data. Both descriptive, standard deviation, frequencies, and percentages, and inferential, correlation and regression, statistics were obtained from the collected data. Descriptive statistics were used in meaningfully summarizing the collected data while inferential statistics were used in describing the relationship between the various study variables.

**RESEARCH RESULTS**

The project managers were “questioned” on the impact of communication on the performance of banking projects. The findings revealed that most of the responses about the impact of communication on project management were concentrated around the average point. Noteworthy, the “distribution” of low standard deviations indicated response concentration in certain scale points. For instance, most of the respondents agreed that innovation improved the quality of communication ($mean = 4.25, SD = 1.0186$). A significant number of respondents agreed that information consistency was essential in improving the performance of banking projects ($mean = 4.65, SD = 0.6910$). The standard deviation indicated the opinions on information consistency and the performance of banking projects were concentrated on the higher end of the scale, where the respondents strongly agreed. Respondents agreed that quality communication improved the implementation of collaboration in projects ($mean = 4.55, SD = 0.7053$), with the low standard deviation and high mean signifying that most of the respondents strongly agreed. Similarly, the respondents strongly agreed that both vertical and horizontal communication is essential in the performance of projects ($mean = 4.48, SD = 0.7742$). Generally, the respondents agreed that enhanced project performance is dependent on the quality of communication ($mean = 4.43, SD = 0.9972$).
In addition, Pearson Correlation was used in the study to determine the strength of association between the selected variables that guided the study. The ordinary range for the \( r \) values is -1 to 1, with 0 presenting evidence of lack of a relationship between outlined variables. On the one hand, a positive or direct relationship is characterized by a phenomenon in which the increase of one variable resulted in a rise in the other. On the other hand, a negative or an indirect relationship is depicted as a variable whose increase results in the decrease of another. The strength of any relationship is signified by the closeness of the \( r \) value to the extreme ends of the conventional range, that is, -1 and 1. The \( P \)-value was documented to examine the probability of attaining a similar result given that the value of \( r \) is static at 0. The common or conventional \( P \)-value is set at 0.05 and as such, any value that is less than the outlined one implies that the relationship between the variables was statistically significant. The underlying assumption that guided implementation of the Pearson correlation was that the values lacked outliers that could “tilt” the line of best fit. Besides, the values were assumed to be monotonic in the sense that, they all increase or decrease simultaneously.

**Table 1: Correlation Analysis**

<table>
<thead>
<tr>
<th></th>
<th>Performance</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Communication Pearson Correlation</td>
<td>.619**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>40</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed)**

The findings of the correlation revealed a moderate positive relationship between communication and the performance of banking projects (\( r = .619, P = .001 \)). The \( P \)-value, .001, is less than the conventional 0.05, implying that the strong positive relationship is complemented by statistical significance. In other words, the positive significant relationship presents the ability of quality communication to affect the performance of banking projects as a standalone variable.

The linear regression model was used in depicting the dependent variable in terms of the independent variables. The assumptions of the model that were factored in include independence of the observations, linearity of the relationship between \( X \) and \( Y \), and normality. This functionality implies that the model presented the ability to predict the unknown dependent variable based on the known independent variables. The logistic regression model was also a viable option but it was not considered based on the fact that it is not optimal for highly correlating variables. The outcomes of the correlation analysis established moderate and high positive correlation values for all the variables.
Table 2: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.712⁴</td>
<td>.607</td>
<td>.437</td>
<td>.2958819</td>
</tr>
</tbody>
</table>

a. Predictors (Constant) HRM, Communication

The value R, that is, 0.712, is an indication of the strong positive relationship that exists between the study variables. The value of R square, that is, 0.607, showed that the study’s variables account for at least 60.7% of the performance of banking projects.

Table 3: ANOVA⁴

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.894</td>
<td>3</td>
<td>.631</td>
<td>7.212</td>
<td>.002⁴</td>
</tr>
<tr>
<td>Residual</td>
<td>1.838</td>
<td>21</td>
<td>.088</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.732</td>
<td>24</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

b. Predictors: (Constant), Communication

Ordinarily, the ANOVA (Analysis of Variance) table is essential when a study involves hypothesis testing. In such an event, the values of F calculated and F tabulated are compared to determine when to reject or fail to reject the respective hypotheses. The table is essential to the current study, even though it does not involve hypothesis testing. Noteworthy, the table, through the P value, was used in validating the reliability of the regression model in depicting the relationship between the variables. The P-value, 0.002, is less than the conventional 0.05, thereby validating the reliability of the regression model.

Table 4: Coefficients⁴

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.382</td>
<td>.092</td>
</tr>
<tr>
<td>Communication</td>
<td>-.264</td>
<td>.248</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

The coefficients presented in table 4 were applicable in the aforementioned regression model. Particularly, the values facilitate the prediction of the performance of banking projects with a unit change in quality communication.

The current performance of projects within the Kenyan industry, while holding the independent variables constant, is 0.382. This phenomenon implies that the average project performance is 0.382 in the event that all the variables are 0. Increasing the quality of communication by a unit affects the overall performance of banking projects by a factor of -.264. This phenomenon implies
that an increase in the current quality of communication will impact the performance of banking projects negatively.

CONCLUSIONS

Increased competition in the banking industry implies that the current state of banking projects is not as bad. However, banks are still required to continuously innovate to facilitate improved project performance over time. Communication is an essential aspect of all projects, including those in the banking industry. As such, it should be perceived as a two-way element instead of the sole responsibility for managers. Feedback is essential in project implementation because it facilitates the identification of the need for change. However, “over-communication” could limit the provision of feedback from team members. This phenomenon implies that quality communication should be characterized by accurate dissemination of information to provide room for feedback. Moreover, it is the responsibility of project stakeholders to facilitate the formation, and subsequent sustainability, of appropriate communication channels.

RECOMMENDATIONS

The perception of communication determines employees’ approach to interacting both vertically and horizontally. Training on the establishment and sustainability of communication channels will enhance information sharing, documentation, and collaboration in project management. Also, project managers should be careful on communication patterns to avoid derailing project outcomes.

REFERENCES


