AN INVESTIGATION OF FACTORS CAUSING MANAGEMENT INFORMATION SYSTEM PROJECT FAILURES IN THE BANKING INDUSTRY IN KENYA

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DECLARATION

I declare that this project is my original work and has not been exhibited or published in any way and has never been presented for any awards in any institution.

Name: GEOFFREY K KIBORO Signature ………………………Date ………………

This project has been submitted for examination with approval as the supervisor.

Name: DR J M NJIHIA Signature ………………………Date …………………
DEDICATION

I dedicate the project to my immediate family members for their unfailing moral support throughout my period of study and for understanding and appreciating the demand of the course in terms of time and resources. I recognize my spouse Rebecca Kariuki, son Kenneth Kiboro and daughter Sydney Karimi.
ACKNOWLEDGEMENT

I’m grateful to my supervisor Dr J M Njieha and Mr Lelei as the coordinator for encouraging me and for actively participating by giving prompt feedback on information required for completing this project. I cannot forget my class mates who have been a source of inspiration throughout my study and for assisting me in sourcing for information and materials for this project.

To you all, God bless you.
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| BASEL II | The Basel Committee on Banking Supervision formulated and issued a revised capital framework referred to as Basel II in June 2004 which became available for implementation among its member countries from end 2007 for the most advanced approaches. |
| BBK     | Barclays Banks of Kenya |
| CBK     | Central Bank of Kenya |
| CID     | Computer Integrated Dispatch |
| COPS    | Computerised Operational Policy Systems |
| CSF     | Critical Success Factor |
| EDI     | Electronic Data Interchange |
| EPOS    | Electronic Point Of Sale |
| ICT     | Information and Communication Technology |
| IT      | Information Technology |
| JIT     | Just In Time |
| KCB     | Kenya Commercial Bank |
| LAN     | Local Area Network |
| MIS     | Management Information System |
| MPI     | Project Management Institute. |
| PMBOK   | Project Management Body of Knowledge (PMBOK) |
| SCB     | Standard Chartered Bank |
| WAN     | Wide Area Network |
ABSTRACT

The study of MIS failure in banking systems is an important process for understanding both a persisting complex phenomenon and discovering ways for its prevention. Core banking projects in Kenya, Liquidity and the presence of adequate financing opportunities have been theorized to be crucial elements in banks survival and to improve on their on-line services. The management of MIS projects is a challenging task with many projects failing to achieve their intended objectives. This study seeks to investigate factors causing management information system project failures in the banking industry in Kenya and determine whether there are major difference in MIS project failure between local banks and western owned banks.

The research used a comparative case study research design and Heek’s technique was used to draw difference determining difference in project success of the banks which is a relatively simple and quick to understand and put into practice. Four banks were used as case study in this study comprising local banks KCB and Equity and western banks comprising Barclays bank and Standard Chartered Bank where 20 respondents were drawn from each bank making the total number of respondents to be 80. The collected data was qualitative in nature and descriptive statistics was employed in the analysis.

From the findings the study concludes that local banks were found to experience information systems project partial failure due to poor project planning, poor reliability, poor support from the management, inability to complete work assigned owing to insufficient staff and Lack of executive support. High MIS project turnover among others factors needs to be looked at as it points in one direction: toward high rates of IS failure in developing countries. If this is so, Heeks indicates that seeking to understand why MIS project fail is critical. The intention of this study was explain why so many MIS in Kenyan banks fail.

The study also concludes that age of the staff, gender balance influence the success of MIS projects in banks. Western banks employees in IT projects were relatively younger,
highly educated and observe gender balance becoming more successful over local banks that employed relatively older staff, less educated and fails to observe gender balance. Western banks were noted to adopt existing MIS systems that have succeeded in the countries of origin which have already been tested thereby explaining the high rate of success. On the other hand, local banks face the disadvantage of not having as much support from the vendors of the Core banking systems as opposed to western banks which by the high number of installations usually have high stakes in the software vendor management and subsequently receive a lot of technical support.
CHAPTER 1: INTRODUCTION

1.0 Background of the Study

A project can be defined as a one-time, unique objective, with a definite start and finish date and involving a number of resources (Schackleton and Tatnall, 1995, Rosenau, 1998 and Meredith and Mantel, 1995). According to Schackleton and Tatnall, a project must undergo planning, organizing, directing and controlling resources to meet a certain, one-time objective by a specific date and within a finite budget.

Management Information System (MIS) is a planned system of collecting, processing, storing and disseminating data in the form of information needed to carry out the functions of management in an organization. It is also an organized approach to gathering data from inside and outside a company/organisation and processing it by computer to produce current, accurate and informative reports for decision makers. According to Lee A, (2001), MIS research should examine more than the technological system and should include the social system as well.

MIS is a general term for the computer systems in an enterprise that provide information about its business operations. It's also used to refer to the people who manage these systems. Typically, in a large corporation, MIS or the MIS department refers to a central or centrally-coordinated system of computer expertise and management, often including by extension the corporation's entire network of computer resources. Adeoti-Adekeye, (1997), presented a discussion on the importance of (MIS) in management and role of MIS as an essential tool for managers in planning and decision making. He described MIS as a well coordinated system that captures and turns data into something which is meaningful (information) making up a databases that are aimed to provide management with needed information to plan and make decisions. Modern technology has further made the use of MIS in management imperative because of the changing circumstances and environment. However, MIS project failure is a problem, especially in large institutions worthy of further investigations.
1.1 Projects failure

Most definitions of project failure focus on the traditional concerns of meeting requirements (data and function), keeping within budget, and delivering within estimated deadlines. The fact that a project has met the requirements (objectives), budget and deadlines is simply a measure of the internal development process effectiveness and is not a measure of the product or added value effectiveness. As observed by Capers Jones (1994) and Thomsett (1994) many IT projects covertly "blow" budgets through unpaid and unrecorded hard work. In other words, for a project to be successful, it must satisfy stakeholder groups, meet requirements, meet quality expectations, within deadline, delivers sustained and actual benefits, and provides the team with professional satisfaction and learning.

The importance of defining and measuring project success was identified as long ago as 1986 by the Project Management Institute (PMI). In that year they devoted their Annual Seminar and Symposium to this topic (Baccarini 1999). According to Heeks (2002), “Total failure of a project is where an initiative was never implemented or in which a new system was implemented but immediately abandoned”. For example, India’s Indira Gandhi Conservation Monitoring Centre was intended to be a national information provider based on a set of core environmental information systems. Despite more than a year of planning, analysis and design work, these information systems never became operational, and the whole initiative collapsed shortly afterwards (Puri et al., 2000).

“Partial failure of an initiative is a scenario in which major goals are unattained or in which there are significant undesirable outcomes” (Heeks). In some cases, where only a subset of initially stated objectives has been achieved, the notion of partial failure may be relatively straightforward. For example, the Tax Computerization Project in Thailand’s Revenue Department set out seven areas of taxation that were to be computerized. At the end of the project, only two areas had been partly computerized, and five others were not operational (Kitiyadisai, 2000).

The study of MIS failure is an important process for understanding both a persisting complex phenomenon and discovering ways for its prevention. Despite cases of successful MIS
projects, it is widely accepted in the field that an unacceptable number of projects fail. A number of researchers concur on MIS failure; Biggs, (2000), Whyte and Bytheway, (1996). Estimates have shown that half of all systems are failures (Whyte and Bytheway, 1996, Galloway and Whyte, 1989 and Lyytinen and Hirschheim, 1987) while others argue that more systems fail than succeed (DeMarco, 1982 and Gladden, 1982)

1.1.2 Core banking project failure

According to Masayuki Naka (2002), serious project failure disrupted Mizuho bank in Japan and the exercise took a period of more than one month to recover. This was evidenced by electronic transaction errors and delayed automatic debits for utility and credit card bills. On August 1999, Dai Ich Kangyo bank, Fuji bank and Industrial bank of Japan announced wide raging alliance to create the world’s largest bank then by assets through a joint holding company Mizuho. In December the same year, the bank agreed to integrate the entire Mizuho bank system which was serving individuals and medium sized companies. The interface scheme would take Dai-ichi Bank system as the primary baking system and relay system for bridging the primary system and the two other banking systems. The engineers did not thoroughly test the new system for its overall processing load in a large scale operation with various transactional requests as they claimed there was not enough time. The loss as announced by the bank president was over 1.8billion yen as a result of the system failure.

Large numbers of information systems projects are excessively over budget, months or years behind schedule, of poor quality, or simply fail to adequately satisfy user’s requirements. Statistics on the success and failure of information systems are plentiful, and generally depressing. For example, Lyytinen and Hirschheim (1987) estimate that about 50 per cent of all IS projects fail; Kearney (1990) has found that only 11 per cent of IT projects successfully deliver their planned benefits; and Hochstrasser and Griffiths (1991) suggest that up to 70 per cent of IS projects fail. These statistics represent huge numbers of individual cases of abandoned or under-performing systems, which are reducing the operational and financial performance of many organisations.
Owing to such high levels of reported systems failure, the past 20 years have witnessed the generation of much interest in the identification of factors that can improve the chances of a successful outcome to systems development projects. A range of empirical and in-depth studies has been conducted, which examine success factors in the development and implementation of information systems (Flowers, 1997). These and other studies have helped to focus IT professionals’ attention on the importance of adopting “best practice” with respect to the process of developing systems. For example, user involvement (Whyte and Bytheway, 1996), senior management commitment (Sauer, 1993), appropriate user training (Miller and Doyle, 1987) and rigorous systems testing (Flowers, 1997) have all been regularly cited in the literature. As noted in the introduction, and discussed more fully below, one potentially interesting strategy for improving the chances of success is through the development of strong IT-business relationships (Earl, 1996; Peppard and Ward, 1999).

In a world of information overload and rapidly changing competitive environment, enterprises regularly face an array of complex business, technology and policy issues. To be successful, enterprise executives have “to collaborate for competitive advantage; to promote a long term vision in a world of short term pressures; to benchmark their performance against the best; and to forge alliances with other businesses and with employees”. Assessment and prioritization of competing strategic and operational technology projects are daunting tasks, particularly in view to their impact on the availability and performance of the critical information systems (IS) and information technology (IT) infrastructure.

1.1.3 Core banking projects in Kenya

In Kenya, the Banking Sector is composed of the Central Bank of Kenya (CBK), as the regulatory authority and the regulated; Commercial Banks, Non-Bank Financial Institutions and Forex Bureaus. As at 31st December 2009 the banking sector comprised 45 institutions, 44 of which were commercial banks and 1 mortgage finance company. Commercial banks and mortgage finance companies are licensed and regulated under the Banking Act, Cap 488 and Prudential Regulations issued there under. The locally owned financial institutions comprised 25 banks. Banks with significant government shareholding were 6. Western
owned but locally incorporated with partial locals ownership were 8, whereas 5 were foreign
owned but not locally incorporated and one bank foreign owned locally incorporated with no
local ownership (CBK, 2009).

Core Banking System is a term used to describe the services provided by a group of
networked bank branches which enables bank Customers to access their funds and other
simple transactions from any of the member branch offices on line real time. The
development in ICT has enabled banks to provide more diversified and convenient financial
services, even without adding physical branches. This development has lead to introduction
of new core banking systems by banks with a view to improve their on-line services.
Technology is no longer being used simply as a means for automating processes and instead it
is being used as a revolutionary means of delivering services to customers. The adoption of
technology has led to the following benefits greater productivity, profitability, and efficiency;
faster service and customer satisfaction; convenience and flexibility; 24x7 operations; and
space and cost savings (Sivakumaran, 2005). Harrison Jr., chairman and chief executive
officer of Chase Manhattan, which pioneered many innovative applications of ICT in banking
industry, observed that the Internet caused a technology revolution and it could have greater
impact on change than the industrial revolution (Engler & Essinger, 2000). CBK has been
keenly following developments leading up to the adoption new innovative banking systems in
view of to improve risk and asset management across the business as well as improving
overall transparency of financial activity and other guidelines like BASEL II.

1.2 Statement of the Problem
In Kenya some studies have been done on the MIS and in the context of financial institutions.
This study, thus, aims to fill the knowledge gap in the Kenyan context and add on to what
others have done on the causes of MIS project failure in the banking industry in Kenya.
Management Information System (MIS) is a crucial issue for organizations today. However
the failure rate of MIS projects is astounding. KPMG’s, (1997), survey in Kenya revealed
that the three most common reasons for MIS project failure are poor project planning, a weak
business case, lack of top management involvement and support. According to the survey,
poor project planning arises owing to inadequate risk management and a weak project plan, the need for the system should be justified in ways that relate directly to the organization’s business needs making a strong business case a prerequisite and lack of top management involvement and support often dooms the project to failure before it starts.

The management MIS projects are a challenging task with many projects failing to achieve their intended objectives. Many Organisations do not critically examine the factors causing project failure and this prevents them from learning from their mistakes. IT investments have had a tremendous impact on firms by reducing costs, improving product quality and increasing value to customers, thus enabling the firms to gain competitive advantage. Griffiths and Remenyi (2003) found that among firms in financial services, information technology expenditure consumes an ever increasing portion of operating costs. In view of the expense, and higher failure rate of the MIS projects, this study attempts to provide evidence on the current state of practice in Kenyan banking institutions in implementing MIS projects. The study will concentrate on the Core banking system which provides centralized services to the various branches of banks. The decision to pick on Core banking system was motivated by the fact that there is commonality in existence of this particular system in all banks.

1.3 Research Questions

i. What are the key factors that underlie in MIS project failure in the Kenyan banking industry?

ii. Is there major difference in MIS project failure between local banks and western owned banks?

1.4 Objectives of the Study

i. To establish key factors that would explain MIS project failure in the Kenyan banking industry;

ii. To determine if there is major difference in MIS project failure between local banks and western owned banks.
1.5 Importance of the study

a) Academia. Help bridge the Gap between existing knowledge and current reality of the MIS success failure rate. The study will be of great importance to the academicians and researchers in Kenya.

b) To Kenyan banks in managing MIS projects. The management of the banks will find the findings, conclusions and recommendations thereto useful when formulating and implementing MIS projects.

c) Central Bank of Kenya as the regulatory authority to assist in policy formulation.

d) MIS System Vendors. Keys stake holders in the MIS project implementation.
CHAPTER TWO:

LITERATURE REVIEW

2.0 Introduction

This chapter reviews literature on Management Information System project failure. The literature based on work done in both the developed and the developing countries and has identified a number of issues which can be broadly categorised as causing MIS project failures. Management and organizations facing constantly changing problems, diverse managerial styles, and ever present information needs offer a challenging context for developing computer based information systems according to KPMG (1997) survey in Kenya. MIS uses computer technology to provide information and decision support to managers, helping them becomes more effective. According to Griffiths and Remenyi (2003), an organization is traditionally viewed as a three level pyramid-operational activities at the bottom, management planning and control activities in the middle and strategic planning and policy making in top management. The corporate database contains data relating to the organization, its operations, its plan and its environment. Data is a vital resource in an organization and must be managed. The organizational database is an essential component in MIS which underlines the importance of successfully managing such projects.

2.10 IT Project failure and success

According to KPMGs 1997 report, business environments these days are characterized by complexity, and acceleration of everything from communication to production methods. IT has been one of the major drivers of this complexity and acceleration. There are nearly limitless applications of IT in the service of business. IT improves productivity through streamlining of process and enhances efficiency and effectiveness of individual workers as well as groups through connectivity that it offers. IT also makes it possible for business to grow by access to new markets and new partners. Considering those capabilities of IT, it can
be disappointing to see the limited success that has been achieved in applying it in real business environments. Research continually shows that companies have difficulty with IT projects. One example is the Standish Group’s study of 30,000 IT application projects in US companies (The Standish Group International, 2001). Despite industry-wide use of methodologies, tools, and other techniques, some researchers i.e. Biggs M (2000) say that up to 70% of IT projects fail. The persistence of high failure rates suggests that IT projects are more complicated and difficult to complete successfully than we generally recognize. The common view that projects are merely a bundle of implementation steps does not sufficiently address underlying business, organizational, and human dimensions essential to success.

Traditional approaches to prevent failure typically rely on systematic checklists and work flows that describe and govern how a project proceeds from conception to completion as reported by Kumar R (1996). These methodologies are important to coordinate members of the project team, ensure consistency, and maintain efficiency. In other words, they keep everyone associated with a project organized and on the same page. However, while being organized is important, it does not create success or drive the business value that really matters as indicated by Lyytinen K and Hirschheim R, (1987). Almost all sophisticated organizations apply great approaches to managing IT projects, using methodologies such Prince2 and Project Management Body of Knowledge (PMBOK). Despite the prevalence of such methodologies, failure rates remain high. Organizations may need to go beyond these methodologies to increase success. It has been suggested that organizations need to adopt a genuine end-to-end process perspective in regard to IT projects.

2.2 Information System success/failure Models

2.2.1 R Heeks Design Actuality Model of MIS system success

Heeks (2002) defines MIS success and failure as the amount of change between 'where we are now' and 'where the project wants to get us'. He has suggest that analysis of MIS success or failure to be considered by Information, Technology, Process, Objectives and values, Staffing and skills, Management systems and structures, and other sources.
According to Heeks (2002), the gap model essentially asks two key questions: ‘Where are you now?’ and ‘Where do you want to be?’ The difference between the two is what is used to measure the success of a project. It is relatively easy to assess the current “actuality” in a location. But in order to assess the future, we must assess the representation of an intended future that is represented in a design for the system. The model to be used here is therefore based on an assessment of the match or mismatch between local actuality (“where we are now”) and system design (“where the design wants to get us”) and this is referred to as the design–actuality gap. In practice, because of subjective expectations about the future and subjective perceptions of reality, it could be argued that every individual IS stakeholder has their own design and their own version of actuality. Among these myriad design–actuality gaps, we must necessarily simplify the model according to Lyytinen & Hirschheim (1978).
In the model presented here will be the designers who create the dominant IS design, and the users who populate the local actuality. These groups are especially valuable to an understanding of failure given their dislocation, in both psychological and even physical terms, as part of the IS implementation process. However, this simplification does impose limits—for example, limiting subjective partial failures to a consideration of the objectives of these two stakeholder groups alone.

Assessment consists of questions relating to a series of seven 'ITPOSMO' dimensions - information, technology, processes, objectives & values, staffing & skills, management systems and structures, and other resources attached rating numbers. The larger this gap between design and reality, the greater the risk that the project has failed. However, an overall gap of more than about 20, and an individual dimension gap of more than about 5 could give cause for concern. Using each of the seven ITPOSMO dimensions in turn, analyze two things, first, the organizational reality relating to that dimension that exists right now at the time of analysis and second, the conceptions/requirements within the design of the MIS system.

For each one of the dimensions, give a numerical rating to indicate the size of the design-reality gap on that dimension. The rating for each dimension's gap can be anywhere on a scale from zero to ten. As a guide, illustrations are just given here for gaps corresponding to ratings of zero, five and ten, but all numbers in the range are possible. 0 rating would indicate 'no change between the design proposal and current reality'; 5 rating would indicate 'some degree of change between the design proposal and current reality'; 10 rating would indicate 'complete and radical change between the design proposal and current reality'.

Thus, for example, taking the first dimension - information - 0 would indicate that the information used in the project is exactly the same as the information currently really being used in the organization. 5 would indicate that the information used in the MIS application is somewhat different from the information currently really being used. 10 would indicate that the information used is completely and radically different from the information currently really being used.
The other six dimensions to be rated from zero to ten are:

i) the technology used (comparing the requirements contained within the design of the MIS application vs. the real situation now);

ii) the work processes undertaken in the MIS (comparing the processes needed for successful implementation of the MIS application vs. the real situation now);

iii) the objectives and values that key stakeholders need for successful implementation of MIS application vs. their current real objectives and values;

iv) the staffing numbers and skill levels/types required in/by the MIS (comparing the requirements for successful implementation of the MIS project application vs. the real situation now);

v) the management systems and structures required in the MIS Project (comparing the requirements for successful implementation of the MIS Project application vs. the real situation now);

vi) the time and money required to successfully implement and operate the new MIS application compared with the time and money really available now.

2.2.2 DeLone and McLean Model of Information Systems Success

The creation of the DeLone and McLean (D&M) MIS Success Model was driven by a process understanding of IS and their impacts. D&M IS Success Model, “systems quality” measures technical success; “information quality” measures semantic success; and “use, user satisfaction, individual impacts “and “organizational impacts” measure effectiveness success.

Based on both process and causal considerations, these six dimensions of success were proposed to be interrelated rather than independent. This has important implications for the measurement, analysis, and reporting of IS success in empirical studies. A temporal, process model suggests that an IS is first created, containing various features, which can be characterized as exhibiting various degrees of system and information quality. Next, users and managers experience these features by using the system and are either satisfied or dissatisfied with the system or its information products. The use of the system and its information products then impacts or influences the individual user in the conduct of his or her work, and
these individual impacts collectively result in organizational impacts. The primary conclusions of the D &M Model were:

i) The multidimensional and interdependent nature of IS success requires careful attention to the definition and measurement of each aspect of this dependent variable. It is important to measure the possible interactions among the success dimensions in order to isolate the effect of various independent variables with one or more of these dependent success dimensions.

ii) Selection of success dimensions and measures should be contingent on the objectives and context of the empirical investigation; but, where possible, tested and proven measures should be used.

iii) Despite the multidimensional and contingent nature of IS success, an attempt should be made to reduce significantly the number of different measures used to measure IS success so that research results can be compared and findings validated.

iv) More field study research should investigate and incorporate organizational impact measures.

v) Finally, “This success model clearly needs further development and validation before it could serve as a basis for the selection of appropriate IS measures”

**Figure 2.2: DeLone and McLean's Model of IS Success**

Source: DeLone and McLean (1992)

Individual impacts were measured as quality of work environment and job performance decision-making, job effectiveness, and quality of work. The resulting individual impact dimensions are:

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i) Task productivity—the extent to which an application improves the user’s output per unit of time;

ii) Task innovation—the extent to which an application helps users create and try out new ideas in their work;

iii) Customer satisfaction—the extent to which an application helps the user create value for the firm’s internal or external customers; and

iv) Management control—the extent to which the application helps to regulate work processes and performance.

2.2.3 Other models of IS project success

Other models exist that have been used to measure success and failure rate of MIS projects. According to Baccarini (1999) project success consists of two separate components, namely project management success and project product success. He distinguishes between them as project management success focuses on the project management process and in particular on the successful accomplishment of the project with regards to cost, time and quality. These three dimensions indicate the degree of the ‘efficiency of project execution’ (Pinkerton 2003).

Project product success focuses on the effects of the project’s end-product. Although project product success is distinguishable from project management success, the successful outcomes both of them are inseparably linked. ‘If the venture is not a success, neither is the project’ (Pinkerton 2003).

The three dimensions of time, budget and specifications feature in many definitions of project management success include Blaney (1989); Duncan (1987); Globerson & Zwikael 2002; Redmill (1997), Thomsett (2003). However, time, budget and specifications are not sufficient to measure project management success as dimensions such as the quality of the project management process and the satisfaction of the project stakeholder’s expectations also need to be considered. Critical Success Factor (CSF) method was originally developed and used with success to help corporate executives to come out of the situation where they were flooded by traditional financial reporting, yet starving for information they really needed. The method helped them define their own information needs and incorporate them in a computer-based information system (CBIS).
CHAPTER THREE:
RESEARCH METHODOLOGY

3.0 Introduction

This chapter focus on research design, the population and sample size, data collection instruments and procedures and finally on data analysis.

3.1 Research Design

The research used a comparative case study research design. According to Van Der Blonk (Van Der Blonk, 2003), case studies are often conducted in order to gain a rich understanding of a phenomenon and, in information systems research, the intensive nature, the richness of a case study description and the complexity of the phenomenon are frequently stressed in case study reports.

3.2 Why Heek’s model

The model was made for developing countries making it very relevant for the area of my study. The technique is relatively simple and quick to understand and to put into practice. Other key advantage is that it matches the unique situation of each individual MIS project, rather than imposing a "one size fits all" concept. On the downside, it tries to cram a lot of issues into each single dimension (particularly into 'objectives and values' and 'staffing and skills'), and it will not work well if there are competing designs or competing ideas about what counts as 'reality'.

3.3 Case study Institutions

The following banks were the case study; Kenya commercial bank (KCB), Equity bank, Barclays bank (BBK), Standard Chartered bank (SCB). According to Central Bank web site, KCB and Equity are categorized as key leading local banks whereas BBK and SCB are western based banks making them good candidates of the study.
3.3.1 Kenya Commercial Bank (KCB)

The history of KCB dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years later in 1904, the Bank extended its operations to Nairobi, which had become the Headquarters of the expanding railway line to Uganda. The next major change in the Bank’s history came in 1958. Grindlays Bank merged with the National Bank of India to form the National and Grindlays Bank. Upon independence the Government of Kenya acquired 60% shareholding in National & Grindlays Bank in an effort to bring banking closer to the majority of Kenyans. In 1970, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. National and Grindlays Bank was renamed Kenya Commercial Bank. In 1972, Savings & Loan (K) Ltd was acquired to specialize in mortgage finance. In 1997, another subsidiary, Kenya Commercial Bank (Tanzania) Limited was incorporated in Dar-es-Salaam, Tanzania to provide banking services and promote cross-border trading. Since then, the subsidiary has 10 branches. The Government has over the years reduced its shareholding to 35% and more recently to 26.2% following the rights issue exercise in 2004, which raised KShs 2.45 billion in additional capital for the bank (Source KCB web site).

3.3.2 Equity Bank

Equity Bank commenced business on registration in 1984. It has evolved from a Building Society; a Microfinance Institution to now the all inclusive Nairobi Stock Exchange and Uganda Securities Exchange public listed Commercial Bank. With over 4.1 million accounts, accounting for over 52% of all bank accounts in Kenya, Equity Bank is the largest bank in the region in terms of customer base. The solidness of Equity Bank is underpinned by its shareholder's funds base of over Kshs 19 billion, making Equity Bank one of the most capitalized banks in the region. Equity Bank has received both local and global accolades for its unique and transformational financial model. The bank is credited for taking banking services to the people through its accessible, affordable and flexible service provision. (Source, Equity web-site: www.equitybank.co.ke 2010).
3.3.3 Barclays Bank Kenya Limited

Barclays is a major global financial services provider engaged in retail banking, credit cards, corporate banking, investment banking, wealth management and investment management services with an extensive international presence in Europe, the Americas, Africa and Asia. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs nearly 147,000 people. Barclays moves, lends, invests and protects money for more than 48 million customers and clients worldwide. Barclays Bank in Kenya is one of the largest banks in this East African country. Barclays Bank of Kenya began to operate since 1916 and has been serving the country since then. The bank is an integral part of the growing economy of Kenya which is also one of the leading economies in Africa. Barclays entered the share market of Kenya in the year 1986 and currently it has around thirty four thousand shareholders.

3.3.4 Standard Chartered Bank Kenya Limited

Standard Chartered plc operates as the leading emerging markets bank in the world. The banking group, known by many in the banking industry as Standard Chartered, operates over 500 offices in 50 countries throughout the Asia Pacific region, South Asia, the Middle East, Africa, the United Kingdom, and North and South America. Standard Chartered was formed in 1969 through a merger of two banks, The Standard Bank of British founded in 1863, and the Chartered Bank of India, Australia and China, founded in 1853. Standard Chartered Kenya majorly concentrates on corporates with a branch network of 35.

3.4 Data Collection

The study used primary data. Semi-structured questionnaires were used to collect data from the respondents. The interview was designed based on the research objectives and contained both open and close ended questions. IT managers, users of the system business oriented departments were targeted for the data collection and interviews were conducted for officers of respective banks.
3.5 Data Analysis

The collected data was qualitative in nature. This implies that descriptive statistics was employed in the analysis. Once the data was collected it was checked for completeness ready for analysis. The data from the field was first be coded according to the themes researched on the study. Mainly Heek’s model was the basic technique used and an assumption was made that all dimensions/gaps were equally important to the success and failure of the project. An ordinary dimension was given a weight of 1. Generally Heeks argues that, the objectives and values dimension should be given a higher weighting than other dimensions because it incorporates key elements such as politics, culture, self-interest, motivation, and the aspirations that a whole variety of different stakeholder groups seek to achieve from the new MIS system.

3.6 Presenting, the results

1. A Simple method of adding up the rating numbers for all seven ITPOSMO dimensions and interpret them according to the following table is used.

Table 4.0 Heeks performance evaluation table.

<table>
<thead>
<tr>
<th>Overall Rating</th>
<th>Likely Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>57-70</td>
<td>MIS Project has failed.</td>
</tr>
<tr>
<td>43-56</td>
<td>MIS Project may fail unless action is taken to close design-reality gaps.</td>
</tr>
<tr>
<td>29-42</td>
<td>MIS Project might fail totally, or might well be a partial failure unless action is taken to close design-reality gaps</td>
</tr>
<tr>
<td>15-28</td>
<td>MIS Project might be a partial failure unless action is taken to close design-reality gaps</td>
</tr>
<tr>
<td>0-14</td>
<td>MIS Project is a success</td>
</tr>
</tbody>
</table>

Source Heeks 2002
CHAPTER FOUR:

DATA ANALYSIS AND PRESENTATION

4.0 Introduction

In this chapter, data is presented using non-text approaches such as tables, pie charts and graphs. The data was analyzed quantitatively mean, standard deviation. The analysis was done as per questionnaires that were used to collect data. Data was categorized in terms of factors causing management information system project failures in the banking industry in Kenya.

4.1 General information

From the study, the target population was 80 respondents that is 20 respondents from each of the selected bank 65 respondents were interviewed constituting 81.5% respondents rates.

4.1.1 Year of joining the Company

Table 4.1: Year of Joining Company

<table>
<thead>
<tr>
<th>Banks</th>
<th>Year of joining the company</th>
<th>Total</th>
<th>Percent 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Over 10 Years in %</td>
<td>5-9 years in %</td>
<td>1-4 Year in %</td>
</tr>
<tr>
<td>Kenya Commercial bank</td>
<td>14</td>
<td>37</td>
<td>46</td>
</tr>
<tr>
<td>Equity Bank</td>
<td>24</td>
<td>34</td>
<td>42</td>
</tr>
<tr>
<td>Barclays Bank</td>
<td>56</td>
<td>28</td>
<td>16</td>
</tr>
<tr>
<td>Standard Chartered</td>
<td>43</td>
<td>31</td>
<td>26</td>
</tr>
</tbody>
</table>
The study sought to know the period of years the respondents had worked in their respective banks. From the findings, most 46% and 42% of the respondents in the local banks KCB and Equity Kenya had worked with their respective banks for 1 to 4 years. These implies that majority of the respondents working in the western banks had more experience in IT projects than those working in the local banks.

4.1.2 Gender

Table 4.2: Analysis of gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Gender Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male %</td>
</tr>
<tr>
<td>Kenya Commercial bank</td>
<td>45</td>
</tr>
<tr>
<td>Equity Bank</td>
<td>60</td>
</tr>
<tr>
<td>Barclays Bank</td>
<td>53</td>
</tr>
<tr>
<td>Standard Chartered</td>
<td>51</td>
</tr>
</tbody>
</table>

The tables indicate that gender of the respondents working in the selected banks. From the finding, majority 55% and 60. % of the respondents working for KCB and Equity respectively were female while in case of Barclays bank of Kenya and Standard Chartered 53% and 51% of the respondent males. This implying that western banks observes gender balance in their human resources while local banks are not.

4.1.3 Respondents Age

Table 4.3: Age Analysis

<table>
<thead>
<tr>
<th>Age</th>
<th>Respondents Age (Years) Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20-30</td>
</tr>
</tbody>
</table>
The respondents were requested to indicate the brackets where their ages fall. From the findings, majority of the respondents from the Local banks KCB and Equity bank were aged between 31-40 and 41-50 years respectively, more than 50% of the respondents from the western Banks were aged 31 years and above. This implies that both Barclays and Standard Chartered banks had relatively older staffs aged over 41 years of aged compared to both KCB and equity Bank who had relative young staff in their human resource teams in the project.

4.1.5 Respondents level of Education

<table>
<thead>
<tr>
<th>Bank</th>
<th>Certificate</th>
<th>Diploma</th>
<th>Graduate</th>
<th>Post Graduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>KCB</td>
<td>46</td>
<td>13</td>
<td>30</td>
<td>1</td>
</tr>
<tr>
<td>Equity Bank</td>
<td>30</td>
<td>35</td>
<td>24</td>
<td>2</td>
</tr>
<tr>
<td>Barclays Bank</td>
<td>10</td>
<td>20</td>
<td>60</td>
<td>10</td>
</tr>
<tr>
<td>Standard Chartered</td>
<td>5</td>
<td>14</td>
<td>75</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

From the findings, most majority of the of the respondents from Kenya Commercial Bank and Equity banks had attained Diploma level of education while more than 60% of
respondents working in the Barclays Bank and Standard Chartered had attained degree level of education. This clearly indicates that western banks employed more educated staff as compared to locally owned banks.

4.2 Outsourcing MIS

Table 4. 5 : Outsourcing MIS

<table>
<thead>
<tr>
<th>Banks</th>
<th>Outsourced Project management in Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>KCB</td>
<td>15</td>
</tr>
<tr>
<td>Equity Bank</td>
<td>10</td>
</tr>
<tr>
<td>Barclays Bank</td>
<td>50</td>
</tr>
<tr>
<td>Standard Chartered</td>
<td>60</td>
</tr>
</tbody>
</table>

The table indicates the response on bank outsourcing MIS. From the findings, KCB does outsource on MIS services at 15% whereas that of Equity is 10%. On the other hand, western banks have an average of 55% outsource of MIS.

4.3 Status of current banking system

Table 4. 6: Kenya Commercial Bank MIS status in current banking system

<table>
<thead>
<tr>
<th>Kenya Commercial Bank MIS current status of banking system</th>
<th>Yes %</th>
<th>No %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgraded/reviewed within 24-48 months</td>
<td>52</td>
<td>48</td>
</tr>
<tr>
<td>Upgraded/Reviewed within last 24 months</td>
<td>35</td>
<td>65</td>
</tr>
<tr>
<td>Plan to upgrade/review (12-36 months)</td>
<td>34</td>
<td>66</td>
</tr>
<tr>
<td>Plan to upgrade/review within 12 months</td>
<td>21</td>
<td>79</td>
</tr>
</tbody>
</table>
From the findings, there is a chance of 79% that KCB will upgrade MIS within one year.

**Table 4.7: Equity Bank MIS status in current banking system**

<table>
<thead>
<tr>
<th>Equity Bank MIS current status of banking system</th>
<th>Yes %</th>
<th>No%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgraded/reviewed within 24-48 months</td>
<td>76</td>
<td>34</td>
</tr>
<tr>
<td>Plan to upgrade/review (12-36 months)</td>
<td>43</td>
<td>57</td>
</tr>
</tbody>
</table>

indicate there is a chance of 79% that Equity will upgrade MIS within two years.

**Table 4.8: Barclays Bank MIS status in current banking system**

<table>
<thead>
<tr>
<th>Barclays Bank MIS current status of banking system</th>
<th>Yes %</th>
<th>No%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgraded/Reviewed within last 24 months</td>
<td>65</td>
<td>35</td>
</tr>
<tr>
<td>Plan to upgrade/review (12-36 months)</td>
<td>66</td>
<td>34</td>
</tr>
</tbody>
</table>

In the case of Barclays Bank, 65% of the respondents indicated that the bank reviewed or upgraded the MIS project within 24 months and plan to upgrade it within 12-36 period as indicated by 66% of the respondents.

**Table 4.9: Standard Chartered MIS status in current banking system**

<table>
<thead>
<tr>
<th>Current Status of Banking System at Standard Chartered Bank</th>
<th>Yes %</th>
<th>No%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgraded/reviewed within 24-48 months</td>
<td>76</td>
<td>24</td>
</tr>
<tr>
<td>Plan to upgrade/review (12-36 months)</td>
<td>82</td>
<td>18</td>
</tr>
</tbody>
</table>

From the findings, majority of the respondents indicates that Standard Chartered upgraded its MIS project within 24 to 48 months.
4.4 Criteria for choosing core banking system

Table 4.10: Criteria for choosing core banking system

<table>
<thead>
<tr>
<th>Criteria for choosing core banking system</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>6</td>
</tr>
<tr>
<td>Time to implement</td>
<td>11</td>
</tr>
<tr>
<td>Flexibility – ease of use</td>
<td>21</td>
</tr>
<tr>
<td>Integration with other systems</td>
<td>8</td>
</tr>
<tr>
<td>Reliability</td>
<td>35</td>
</tr>
<tr>
<td>Data Quality</td>
<td>15</td>
</tr>
<tr>
<td>Service Provider/ Support</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

The respondents were requested to rate the criteria for choosing banking systems on a scale of 1-7. From the findings, most of the respondents rated reliability as the best factor to be considered when choosing core banking system, followed by Flexibility ease of use as indicated by 21% of the respondents, then Service Provider/ Support as indicated by 18% of the respondents, 11% of the respondents indicated that time for implementation was critical in choosing the core banking systems, then integration as indicated by 8% of the respondents while budget was considered least factor to be considered when choosing core banking systems.

4.5 Project evaluation

Table 4.11: Project Evaluation

<table>
<thead>
<tr>
<th>Problems Leading to Failure of both Western and local bank</th>
<th>KCB %</th>
<th>Equity Bank %</th>
<th>Barclays Bank %</th>
<th>Standard Chartered Bank %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor project planning</td>
<td>51</td>
<td>49</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Poor reliability/downtime</td>
<td>67</td>
<td>53</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>---------------------------</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>Poor provider support</td>
<td>53</td>
<td>48</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>Lack of compatibility software</td>
<td>45</td>
<td>35</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Lack of employees training</td>
<td>36</td>
<td>31</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Turnover of IT project managers</td>
<td>23</td>
<td>25</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Poor management supervision</td>
<td>29</td>
<td>30</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Lack of clear objectives for MIS development</td>
<td>28</td>
<td>20</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Changing market condition</td>
<td>45</td>
<td>34</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Obsolesce of the MIS project</td>
<td>25</td>
<td>27</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Inability to complete work assigned owing to insufficient staff</td>
<td>45</td>
<td>41</td>
<td>21</td>
<td>3</td>
</tr>
<tr>
<td>Corporate culture not supportive owing to hidden agenda</td>
<td>32</td>
<td>30</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Lack of executive support</td>
<td>47</td>
<td>40</td>
<td>23</td>
<td>9</td>
</tr>
</tbody>
</table>

### 4.6 Evaluation of MIS project in banks

The study sought to carry out an evaluation of the local bank versus the western bank to find out which of the bank was more successful in its MIS banking systems. The difference in design and the current reality (Gap) was determined using a scale of 0-10, where 0 indicates no change and 10 indicates radical change between the initial design and the current reality. A Simple method of calculating weighted average and adding up the rating numbers for all seven ITPOSMO dimensions was adopted. Table 4.0 was used to interpret them according to Heeks (2002) evaluation method. The study sought to know the differences in design and in current reality that is the Gap between the implementation of the MIS projects and the actual performance using a score of 0-10 where 0 indicated no changes 10 indicating radical change between the initial design of the actual performance or reality basing on the issues of Information, Technology, processes, objectives and values, staffing and skills, management systems and structures and other resources: time and money.
Table 4.12: Difference in design and the current reality (Gap) at KCB

<table>
<thead>
<tr>
<th>Seven Dimensions</th>
<th>ITPOS MO</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>Weighted Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information</td>
<td></td>
<td>2</td>
<td>3</td>
<td>59</td>
<td>23</td>
<td>12</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2.69</td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td>5</td>
<td>8</td>
<td>11</td>
<td>14</td>
<td>57</td>
<td>12</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3.58</td>
</tr>
<tr>
<td>Processes</td>
<td></td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>15</td>
<td>61</td>
<td>21</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5.71</td>
</tr>
<tr>
<td>Objectives and values</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>13</td>
<td>66</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.90</td>
</tr>
<tr>
<td>Staffing and skills</td>
<td></td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>42</td>
<td>56</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5.69</td>
</tr>
<tr>
<td>Management systems and structures</td>
<td></td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>5</td>
<td>23</td>
<td>48</td>
<td>19</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.86</td>
</tr>
<tr>
<td>Other resources: time and money</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>45</td>
<td>18</td>
<td>35</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.35</td>
</tr>
</tbody>
</table>

Table 4.13: Difference design and the current reality (Gap) at Equity Bank

<table>
<thead>
<tr>
<th>Seven Dimensions</th>
<th>ITPOS MO</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>Weighted Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information</td>
<td></td>
<td>2</td>
<td>60</td>
<td>12</td>
<td>23</td>
<td>12</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2.21</td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td>5</td>
<td>8</td>
<td>58</td>
<td>14</td>
<td>57</td>
<td>12</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.33</td>
</tr>
<tr>
<td>Processes</td>
<td></td>
<td>0</td>
<td>0</td>
<td>20</td>
<td>67</td>
<td>8</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2.98</td>
</tr>
<tr>
<td>Objectives and values</td>
<td></td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>10</td>
<td>52</td>
<td>34</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.50</td>
</tr>
<tr>
<td>Staffing and skills</td>
<td></td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>12</td>
<td>76</td>
<td>3</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.43</td>
</tr>
<tr>
<td>Management systems and structures</td>
<td></td>
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<td>1</td>
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Table 4.14: Difference in design and the current reality (Gap) at Barclays Bank

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Table 4.15: Difference in design and the current reality (Gap) at SCB

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<th>9</th>
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<th>Weighted Mean</th>
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<td>0</td>
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<td>0.35</td>
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<tr>
<td>Technology</td>
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<td>0</td>
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<td>0</td>
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<td>0</td>
<td></td>
<td>0.99</td>
</tr>
</tbody>
</table>
Table 4.16 Design reality gap for all banks.

<table>
<thead>
<tr>
<th></th>
<th>KCB</th>
<th>Equity Bank</th>
<th>Barclays Bank</th>
<th>Standard Chartered Bank</th>
<th>Chartered Bank of Bann Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information</td>
<td>2.69</td>
<td>2.21</td>
<td>0.46</td>
<td>0.35</td>
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<tr>
<td>Technology</td>
<td>3.58</td>
<td>4.33</td>
<td>1.27</td>
<td>1.01</td>
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<tr>
<td>Processes</td>
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<td>2.98</td>
<td>1.11</td>
<td>1.15</td>
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</tr>
<tr>
<td>Objectives and values</td>
<td>4.90</td>
<td>4.50</td>
<td>1.75</td>
<td>1.79</td>
<td></td>
</tr>
<tr>
<td>Staffing and skills</td>
<td>5.69</td>
<td>4.43</td>
<td>2.55</td>
<td>0.99</td>
<td></td>
</tr>
<tr>
<td>Management systems and structures</td>
<td>4.86</td>
<td>4.52</td>
<td>1.93</td>
<td>1.81</td>
<td></td>
</tr>
<tr>
<td>Other resources: time and money</td>
<td>4.35</td>
<td>4.36</td>
<td>1.06</td>
<td>0.93</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>31.78</td>
<td>27.33</td>
<td>10.13</td>
<td>8.03</td>
<td></td>
</tr>
</tbody>
</table>

The table indicates weighted mean point for the MIS project in both the local and western banks attained due to rating by the respondents. From the findings, KCB difference in the gap between the designed and actual reality was rated with overall rating of 31.78 falling under the bracket 29-42 of the all seven ITPOSMO dimensions which indicates that MIS Project might fail totally, or might well be a partial failure unless action is taken to close design-reality gaps. The rating numbers for all the seven ITPOSMO dimension for Equity bank was 27.33 falling under 15-28 brackets which implies that the likely outcome was that MIS Project
might be a partial failure unless action is taken to close design-reality gaps. In the case of Barclays bank, the rating of the all the seven dimensions was at 10.13 which fall under the bracket of overall rating of 0-14 which implies that MIS Project of the bank was a success while the rating for the Standard Chartered bank was at 8.03 falling under the overall rating of 0-14 again implying the MIS project of the bank is a success. This clearly indicates that western bank projects are achieving the objectives that were set as expected as compared to the local banks.

4.7 Discussions

4.7.1 Evaluation of the MIS projects

The study sought to assess whether the MIS project in both local and westerns bank were achieving the objective it was set to achieve that is comparing the design role and the actual outcomes. The assessment was done using the ITPOSMO R Heeks Design Actuality Gap Model. The study sought to know the differences in design and in current reality that is the Gap between the implementation of the MIS projects and the actual performance using a score of 0-10 where 0 indicated no changes 10 indicating radical change between the initial design of the actual performance or reality basing on the issues of Information, Technology, processes, objectives and values, staffing and skills, management systems and structures and other resources: time and money.

The local banks were found to perform relatively low in their MIS projects success in reference to the gap between the designed and actual indicating there is bigger percentage that MIS Project might fail or be a partial failure unless action is taken to close design-reality gaps whereas on the other side, western banks were found to have a relatively high rate of success. According to Heeks (2002) the success of the western banks could be explained by the fewer gaps between design and reality.
4.7.2 General Information

The study established that local banks employed relatively young staff in the MIS project whereas on the case of western banks, the staff employed were relatively more experienced. This implies that the success of MIS project could be due to more experience in the staff managing the project. From the findings, local banks were found to experience information systems project failure due to poor project planning, poor reliability/downtime, poor support from the management, inability to complete work assigned owing to insufficient staff and Lack of executive support as opposed to western banks.

4.7.3 Outsource of MIS project management.

From the study, it is clear that western banks outsource more in project management than the local banks. The main objective of outsource initiative is to provide professional Management Information Systems support to companies that don't have full-time professionals on staff. As may be expected, banks may not afford to have full time professionals and especially local banks as opposed to western banks which may have the privilege to enjoy pooled professionals.
CHAPTER FIVE:

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the findings of this study. This chapter is organized as follows. First, a summary of the findings in chapter four is provided. Then the conclusions of the study based on the objectives of the study follow. The study then recommends to the stakeholders regarding the factors causing management information system project failures in the banking industry in Kenya. Areas for further research are then proposed for academics and scholars wishing continue researching on the same line. This final chapter of the research provide a brief summary of the study’s findings that are discussed in light of its objectives.

5.2 Summary of the study

The research objective was to establish key factors that would explain MIS project failure in the Kenyan banking industry and to determine if there is major difference in MIS project failure between local banks and western owned banks. Four banks were selected two of each representing local and western banks.

A questionnaire was designed with two main categories, one covering general issues and the other one covering the seven ITPOSMOS factors as used by Heeks (2002): Information, Technology, Process, Objectives and values, Staffing and skills, Management systems and structures, and other sources. The collected data was qualitative in nature, weighted average was calculated to match up results with Heeks evaluation table to indicate success rate for the projects.
Key factors found to explain MIS project failure were poor project planning, poor reliability/downtime, poor support from the management, inability to complete work assigned owing to insufficient staff and Lack of executive support.

In relation to the education level, the results show that a majority of the respondents had attained the college level of education. A significant number had also attained university level of education. This implies that majority of the respondents had adequate skills to respond to the questions asked in the study. The results show that a majority of the respondents were aged between the ages of 34 to 41 years; this was followed by a significant percentage that had also attained ages between 42 to 49 years. The age composition shows that most of the respondents were of the senior age levels and therefore apart from their rich experiences, they could also appreciate the importance of the study.

5.3 Conclusions

From the findings, the study underlines the following as key factors in choosing core banking systems: reliability, flexibility, ease of use, Service Provider/ Support, time for implementation and integration and budget are core factors that leads to success MIS project operations.

Main factors affecting MIS project failures include: poor project planning, poor reliability/downtime, poor support from the management, inability to complete work assigned owing to insufficient staff and Lack of executive support as highlighted in the banks that had indications of failing.

Regarding western and local banks, the study concludes that local banks were found to experience MIS project failure much more than the western banks. From the general information collected, the following factors were seen to be directly related to the success of the MIS projects by the western banks: Parent Group support, existence of well established
and tested models from parent bank and synergy pooled from outsource of project management initiative.

From the above, conclusions, I consider the study having achieved the stated objectives.

5.4 Recommendations

From the findings and conclusion the study recommend that management of the commercial banks should consider reliability, flexibility, ease of use, Service Provider/ Support, time for implementation and integration and budget are core factors that leads to success MIS project operations.

From the findings the study concludes that local banks were found to experience information systems project failure due to poor project planning, poor reliability, poor support from the management, inability to complete work assigned owing to insufficient staff and Lack of executive support. Consider outsourcing MIS project management to avoid gaps that may be brought by staff leaving the bank in the middle of a project.

5.5 Suggestions for further research

The study investigated factors causing Management Information System project failures in the banking industry in Kenya. According to CBK, there exist A further study should be carried to investigate if there is significant difference in MIS projects implementation methods between smaller category banks and large banks.
REFERENCES


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KPMG, (1997), What Went Wrong? *Unsuccessful Information Technology Projects*, KPMG Website,


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APPENDICES

APPENDIX I Introductory Letter

Geoffrey K Kiboro,
MBA Student,
University of Nairobi,
NAIROBI.

Dear Sir/Madam

RESEARCH INTERVIEW / QUESTIONNAIRE
I studying for an MBA degree at the University of Nairobi and in partial fulfillment of the course, I am required to do and write a research paper. The subject of my research is an ‘An Investigation Of Causes Of MIS Projects Failure In The Banking Industry In Kenya’

You have been selected to participate in this study/survey and I would kindly request for your assistance in filling-in the attached questionnaire.

The information provider is strictly for academic purpose and will be handled with strict confidence. Your assistance and co-operation will be highly appreciated. A copy of the research report would be availed to you upon request.

______________________

Yours Sincerely,
Geoffrey K Kiboro
D61/7371/06
Appendix II: Interview Guide/Questionnaire

Please supply the required data by filling in the blanks where space is provided or by ticking (√) against the most appropriate answer.

Section 1: BACKGROUND INFORMATION

1. Name of the Bank ……………………………………………………………………………………………………………………………

2. Please tick your age as appropriate

- 30 yrs and Below [ ]
- 31- 40 yrs [ ]
- 41- 50 yrs [ ]
- 51- 60 yrs [ ]
- Above 60 years [ ]

3. Please indicate gender?

- Male [ ]
- Female [ ]

4. Please indicate your level of education

- Certificate level [ ]
- Diploma level [ ]
- Undergraduate level [ ]
- Graduate level [ ]
- Postgraduate level [ ]

5. How long have you worked in the Information Technology Department in this Bank?

- Below 2 years [ ]
- 2- 5 year [ ]
- 5-10 year [ ]
- Above 10 years [ ]

6. Are any of your organization’s MIS functions outsourced?

- Yes [ ]
- No [ ]

7. Which of the following best describes your main ICT job responsibility?

- IT operations/support [ ]
- Operational/line management [ ]

37
Executive management/director [ ]

8. Name of core banking system ______________________

9. Indicate period taken to complete your current core banking system. [ ]

10. Indicate year of completion [ ]

11. What is the present status of your current Core banking system
   - Upgraded/reviewed within 24-48 months [ ]
   - Upgraded/Reviewed within last 24 months [ ]
   - Plan to upgrade/review (12-36 months) [ ]
   - Plan to upgrade/review within 12 months [ ]
   - No plan to upgrade/review [ ]

Section 2 Criteria for choosing Core banking system

12. On a scale of 1 to 7, 7 being the most important and 1 being the least, please allocate each of the factors below. Do not repeat scale.

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<tr>
<th>Factor</th>
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<th>4</th>
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<td>Flexibility – ease of use</td>
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</tr>
</tbody>
</table>

Section 3 Project evaluation.

13. Please rate how the following problems, computer and employee specific, negatively affect your bank's Core banking System project?
   - 1 = not sure, 2 = not at all, 3 = very low extent, 4 = low extent, 5 = moderately, 6 = high extent and 7 = very high extent

<table>
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<td>Poor project planning</td>
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</table>
Poor reliability/downtime
Poor provider support
Lack of compatibility software
Lack of employees training
Turnover of IT project managers
Poor management supervision
Lack of clear objectives for MIS development
Changing market condition
Obsolescence of the MIS project
Inability to complete work assigned owing to insufficient staff
Corporate culture not supportive owing to hidden agenda
Lack of executive support

14. a) What steps could be taken to improve or correct your Core Banking System?

___________________________________________________________________________
___________________________________________________________________________

b) What is your opinion on the services provided by the software vendors?

___________________________________________________________________________

Section 4 Gap evaluation.

15. Difference in design and the current reality (Gap)

Please rate the following in on a scale of 0-10, where 0 indicates no change and 10 indicates radical change between the initial design and the current reality:

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<tr>
<th></th>
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<th>2</th>
<th>3</th>
<th>4</th>
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</tbody>
</table>
YOUR PARTICIPATION TO THE SURVEY IS GREATLY APPRECIATED!

Appendix III. Kenyan Banks

a). Foreign owned institutions
   Bank of Africa (K) Ltd.
   Bank of India
   Citibank N.A. Kenya
   Habib Bank A.G. Zurich
   Habib Bank Ltd.
   Bank of Baroda (K) Ltd.
   Barclays Bank of Kenya Ltd.
   Diamond Trust Bank Kenya Ltd.
   K-Rep Bank Ltd.
   Standard Chartered Bank (K) Ltd.
   Ecobank Ltd
   Gulf Africa Bank (K) Ltd
   First Community Bank
   UBA Kenya Bank Limited
   CFC Stanbic Bank Ltd.

b). Institutions locally owned
   African Banking Corporation Ltd.
   City Finance Bank Ltd.
   Commercial Bank of Africa Ltd.
   Co-operative Bank of Kenya Ltd.
   Credit Bank Ltd.
   Charterhouse Bank Ltd.
   Chase Bank (K) Ltd.
Consolidated Bank of Kenya Ltd.
Development Bank of Kenya Ltd.
Dubai Bank Kenya Ltd
Equatorial Commercial Bank Ltd.
Equity Bank Ltd.
Family Bank Ltd.
Fidelity Commercial Bank Ltd.
Fina Bank Ltd.
Giro Commercial Bank Ltd.
Guardian Bank Ltd.
Housing Finance Ltd
Imperial Bank Ltd.
Investment & Mortgages Bank Ltd.
Kenya Commercial Bank Ltd
Middle East Bank (K) Ltd.
National Bank of Kenya Ltd.
NIC Bank Ltd.
Oriental Commercial Bank Ltd.
Paramount Universal Bank Ltd.
Prime Bank Ltd.
Southern Credit Banking Corporation Ltd.
Trans-National Bank Ltd.
Victoria Commercial Bank Ltd.