

**INFLUENCE OF MONITORING AND EVALUATION PRACTICES ON  
IMPLEMENTATION OF CORE BANKING SYSTEM PROJECT AT THE  
NATIONAL BANK OF KENYA, NAIROBI COUNTY**

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## DECLARATION

This research project report is my original work and hasn't been presented to another institution or university.

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This research project report has been submitted for examination with my approval as the university supervisor.

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## **DEDICATION**

This work is dedicated to my beloved parents, Philip and Nancy, my husband Sammy and my lovely daughters Gabriella and Jasmine, for their unending inspiration and support.

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## TABLE OF CONTENT

<b>DECLARATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>iv</b>
<b>TABLE OF CONTENT</b> .....	<b>v</b>
<b>LIST OF FIGURES</b> .....	<b>ix</b>
<b>LIST OF TABLES</b> .....	<b>x</b>
<b>ABBREVIATIONS AND ACROMNYS</b> .....	<b>xii</b>
<b>ABSTRACT</b> .....	<b>xiii</b>
<b>CHAPTER ONE: INTRODUCTION</b> .....	<b>1</b>
1.1 Background to the Study.....	1
1.2 Statement of the Problem.....	4
1.3 Purpose Of the Study .....	6
1.4 Objectives of the Study.....	6
1.5 Research Questions.....	7
1.6 Significance of the Study.....	7
1.7 Limitations of the Study .....	8
1.8 Delimitations of the Study.....	9
1.9 Basic assumptions of the Study .....	9
1.10 Definition of Significant Terms to be used in the study .....	10

1.11 Organization of the Study .....	11
<b>CHAPTER TWO: LITERATURE REVIEW .....</b>	<b>12</b>
2.1 Introduction.....	12
2.2 Implementation of Core Banking System Project .....	12
2.3 Monitoring and Evaluation Practices and implementation of Core Banking System Project	13
2.4 Leadership in Monitoring and Evaluation and Implementation of Core Banking System Projects .....	15
2.5 Communication in Monitoring and Evaluation and Implementation of core banking system Project .....	16
2.6 Planning in Monitoring and Evaluation and Implementation of Core Banking System Project .....	18
2.7 Capacity Building in Monitoring and Evaluation and Implementation of Core Banking System Project .....	21
2.8 Theoretical Review .....	24
2.9 Conceptual Framework.....	28
2.10 Knowledge gaps.....	30
2.11 Summary of literature reviewed .....	34
<b>CHAPTER THREE: RESEARCH METHODOLOGY.....</b>	<b>36</b>
3.1 Introduction.....	36
3.2 Research Design .....	36
3.3 Target Population.....	37

3.4 Sample size and Sampling Procedure.....	37
3.5 Research Instruments.....	39
3.6 Data Analysis Techniques .....	42
3.7 Ethical Considerations .....	42
3.8 Operationalization of Variables.....	43
<b>CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND PRESENTATION.</b>	<b>46</b>
4.1 Introduction .....	46
4.2 Questionnaire response rate.....	46
4.3 Demographic information.....	46
4.4 Influence of Monitoring and evaluation Practices on Implementation of Core Banking System Project .....	50
4.5 Communication in Monitoring and Evaluation .....	54
4.6 Planning in Monitoring and Evaluation and Implementation of Core Banking System Project .....	59
4.7 Capacity Building in Monitoring and Evaluation and Implementation of Core Banking System Project .....	63
<b>CHAPTER FIVE: SUMMARY OF THE FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>68</b>
5.1 Introduction.....	68
5.2 Summary of the findings .....	68
5.3 Discussions of the findings.....	71

5.4 Conclusions.....	75
5.5 Recommendations.....	77
5.6 Suggestions For Further Research .....	78
<b>APPENDICES .....</b>	<b>84</b>
Appendix I: Questionnaire.....	84
Appendix II: Interview guide.....	92
Appendix III: Table for determining sample size for a given population .....	93
Appendix IV: Research Permit.....	94



## LIST OF FIGURES

Figure 1: Conceptual framework showing relationships among variables .....	29
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## LIST OF TABLES

Table 3.1: Target Population .....	37
Table 3.2: Sample Size .....	38
Table 3. 3: Operationalization of Variables. ....	44
Table 4. 1: Gender of the respondents.....	47
Table 4. 2: Age bracket .....	47
Table 4. 3: Highest level of education attained .....	48
Table 4. 4: Period of service in the banking industry .....	49
Table 4.5: Extent to which leaders are involved in setting monitoring and evaluation objectives	51
Table 4.6: Leadership in Monitoring and Evaluation and implementation of core banking system project .....	52
Table 4.7: Communication in Monitoring and Evaluation Enhance Implementation .....	54
Table 4.8: Information Sharing Influence Implementation of Core Banking System Project .....	55
Table 4.9: Communication in Monitoring and Evaluation influence of implementation of core banking system project .....	57
Table 4.10: Assigning of responsibility influence implementation of core banking system project .....	59
Table 4.11: Planning Role in Identification of Stakeholder Influence Implementation of Project .....	60
Table 4.12: Planning in monitoring and evaluation and implementation of core banking system project .....	62

Table 4.13: Whether training of project team in implementation of core banking system project aid in project success ..... 64

Table 4.14: Extent to which acquisition of skills and knowledge influence implementation of core banking system project ..... 65

Table 4.15: Capacity Building in Monitoring and Evaluation and implementation of core banking system project..... 66

## **ABBREVIATIONS AND ACROMNYS**

<b>BBK</b>	: Barclays Bank of Kenya
<b>CBK</b>	: Central Bank of Kenya
<b>CBA</b>	: Commercial Bank of Africa
<b>GOK</b>	: Government of Kenya
<b>ICT</b>	: Information and communication technologies
<b>M&amp;E</b>	: Monitoring and Evaluation
<b>NBK</b>	: National Bank of Kenya
<b>PAN</b>	: Project Activity Network

## **ABSTRACT**

Monitoring and Evaluation practices are a key factor in the banking project cycle and of good management practice in banking institutions. Successful implementation of core banking systems is related to non-availability of updated banking requirements, inadequacy skills and knowledge and ineffective monitoring and evaluation. Current studies have focused on factors affecting implementation of core banking system projects. The research projects' purpose was to examine the influence that M &E practices have on the implementation of core banking system projects at National Bank of Kenya. The study objectives were to determine the influence of; leadership in M&E, communication in M&E, planning in M&E and capacity building in M&E, on the implementation of core banking system project at the National Bank of Kenya. The study is of significance to the bank management and scholars as they will gain insight on the influence of M&E practices on the implementation of core banking system project at the National Bank of Kenya. This study adopted the cross-sectional descriptive survey design. The study population comprised of 204 project staff at National Bank of Kenya. The sample size for this study was 132. The respondents in this study were selected using stratified and simple random sampling techniques. Questionnaires were used to collect the primary data for this study. A pilot test of 13 respondents was conducted. This study used descriptive analysis including percentage, frequencies, means and standard deviations. From the findings, the study established that leadership in M&E, communication in M&E, planning in M&E, capacity building in M&E has positive and significant influence on implementation of core banking system project. M&E practices have emerged as a key determinant of project implementation success. National Bank of Kenya should adopt M&E practices in efforts to achieve success in the implementation of core banking system projects. The study recommends for a bank to successfully implement a core banking system, the implementation staff needs to have the necessary support in terms of resource and skill required, have a clear plan based on the project scope.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

In recent times, financial institutions across the world undertake implementing monitoring and evaluation systems in an effort improve efficiency in financial service delivery and increase earnings. This has influenced formulation and implementation of policy regulations that enhance application of monitoring and evaluation systems to ensure project success. According to Nabulu (2015) successful completion of an organizational project within budget allocation, scope, without delays is determined by the extent to which monitoring and evaluation (M&E) systems, laying of development project achieve success and completion (Musau, 2016). M&E practices are said to be effective when they can assist project managers to make corrective action and to make decisions that can aid in future project initiation and implementation (African Monitoring and Evaluation Systems, 2012). Implementation of monitoring and evaluation practices influences project performance (Benington and Moore, 2011). Banks in developing and developed countries are motivated by influence of monitoring and evaluation practices on core banking systems project success. This view is supported Passia (2013) who indicated that implementation of M&E practices enhances information collection and provision of project progress feedbacks, promote transparency and accountability to implement projects successfully. Commercial banks have adopted M&E practices in efforts to achieve success in the implementation of core banking system projects. Mackay (2007) opined that M&E practices have emerged as a key determinant of project implementation success in the banking sector.

Globally, the banking industry is known to be complex, sensitive and capital intensive. Transparency in monitoring and evaluation is vital so as to promote accountability and learning in project delivery within the banking sector; hence the need for implementation of M&E practices. In the project implementation phase of a core banking system project, the complexity of the project is dependent on the project scope, including the number of banking transactions and the extent to which the core banking system implementation changes banking business processes, functionalities and procedures(Koch, 2015). The chance of a project being successful in banks seems to be greatly enhanced by continuous monitoring and evaluation practices. The study stated that monitoring and controlling was vital in managing human resources, time, cost, scope, risks, communication and quality. Hwang and Lim (2013) also agreed that M&E schedule performance, quality performance and budget performance could lead to project success.

Changing banking systems pose a risk to banks operations globally. According to Nairaland (2008) Zenith Bank experienced failure after the bank upgraded its core banking system. Successful implementation of core banking systems is related to non availability of updated banking requirements, inadequacy skills and knowledge and ineffective monitoring and evaluation. In USA, core banking system projects implementation guidelines greatly emphasizes on the monitoring and evaluation practices enabling effective project information collection and foster accuracy in assessing project progress. Passia (2013) observed that success in core banking projects in banks in China was determined by an effective M&E system. Implementation review and monitoring managed with a warranty period being given for free changes or amendments to the system contributed to successful project

implementation. However, Benington and Moore (2011) paint a gloomy picture on project success in developing countries. In country such as India, bank system projects record poor outcome attributed to ineffective implementation of monitoring and evaluation systems that was characterized by risks of corruption, inadequate institution capacity and ineffective integration of banks functions (Lahey, 2009).

In Africa, banks have instituted monitoring and evaluation systems in efforts to achieve performance in development projects and programs and promote economic growth. With effective results-driven reform agenda constituting incentives, budgeting, monitoring and evaluation systems play a key role in achieving project success in banking sector. However, most banks' M&E systems in Africa operate in complex financial regulatory framework characterized by highly bureaucratic framework (Nabulu, 2015). However, only a few countries have been able to achieve project success due to effective monitoring and evaluation practices. In Libya, Ayarkwa, Ayirebiand Amoah (2010) indicated effective implementation of M&E systems influence successful implementation of 15 tertiary colleges and 25 secondary schools. In Ghana, implementing the national M&E system led to significant progress in government development (Clear, 2012). However, M&E practices faced constraints that included acute financial challenges; institutional and operational challenges and technical capacity challenges, insufficient and uncoordinated information, particularly at the sector level affecting effectiveness of M&E practices. In Rwanda, World Bank found that M&E practices influence completion of NGOs funded projects in Kigali. Monitoring and evaluation was constituted with high level of expertise of the personnel handling the projects, the availability of the personnel, the positive attitudes and perception of the projects officers



on M&E, adequate financial resources and geographical locations had an influence on implementation of the project (Dansoh&Amoah, 2010). Ayarkwa, Dansoh and Amoah (2010) identified financial resources, organizational structures, organizational culture, and stakeholder's involvement influence and greatly determine the success of implementation of EMS in construction industry in Ghana and Rwanda.

In Kenya, there is increasingly advancement in technologies in banking sectors. This motivates commercial banks to adopt technologies and yielded implementation of core banking systems in banks such as KCB Limited, BBK Ltd, CBA, CFC Stanbic Bank, Equity Bank and Family Bank. However, despite the increase in the implementation of various core banking system projects in most Kenyan banks, some experience failure during project implementation in changing their core banking systems. The delivery of core banking system projects is a very sensitive phenomenon mostly due to technological changes and digitization. This has motivated institutions to engage in monitoring and evaluation practices in an effort to achieve success in the implementation core banking system projects.

## **1.2 Statement of the Problem**

M&E practices are an integral part of the banking project cycle and of good management practice in banking institutions (Hrebiniak, 2006). The best practice requires that bank projects are closely monitored for control to enhance accountability and transparency for resource use and to monitor its impact on implementation of banking projects (Fazli, 2012).The banking sector has experienced advancement in technological development and globalization fostering the implementation of core banking system changes to improve financial service delivery. These environmental conditions have influenced banks to institute

implementation of monitoring and evaluation practices in an effort to achieve success in the implementation of core banking system projects. World Bank (2014) observed that monitoring and evaluation practices contribute to successful implementation of organizational projects.

Commercial banks in Kenya are offering a wide bouquet of bank products and financial services while others operate in more than one time zone, hence the need for implementation of core banking systems as internal monitoring tools and standard software that provide banks with an avenue to run their ATMs, mobile banking systems and Internet banking systems round the clock (CBK, 2016). According to Musau (2016) commercial banks in Kenya are implementing core banking systems to improve on financial service delivery and improve on profitability levels. Product delivery, risk analysis, strategic risk, risk mitigation, resources risk analysis, process and controls risk analysis were indicated to contribute to implementation of the project. He failed to link monitoring and evaluation practices to implementation of core banking systems projects. Banks such as National Bank of Kenya implement Fusion banking platform involving integration of suites of components that span product factory, core processing, analytics, digital channels and branch applications to enhance bank's operational efficiencies, improve compliance and risk management functionalities, enhance flexibility and real-time interfaces to enhance bank performance (NBK, 2011). This influences adoption of monitoring and evaluation systems in efforts to achieve successful implementation of core banking system projects. However, the bank recorded a decline by 42 per cent in half-year profit to Kshs.179.8 million in 2017 from Kshs.311 million in 2016 as interest income fell by

more than a third. This is despite institution of monitoring and evaluation practices during the implementation of core banking system projects.

Previous studies such as Musomba, (2013) have identified institutional framework, training, stakeholder participation, budgetary allocation, politics, M&E tools, planning, lack of knowledge skilled staff amongst others as factors determining effective monitoring and evaluation projects in organization. Most of these studies focused on factors affecting monitoring and evaluation in project management in organizations. Despite implementation of monitoring and evaluation practices in banks, there are scanty studies that have zoomed in on the influence M&E practices have on implementation core banking system projects in Commercial banks in Kenya. Therefore, this study concentrated on bridging the existing knowledge gap by examining the influence of M&E practices on the implementation of core banking system projects at the National Bank of Kenya.

### **1.3 Purpose Of the Study**

The purpose of this study was to investigate the Influence M&E practices have on the implementation of core banking system project at National Bank of Kenya in Nairobi County.

### **1.4 Objectives of the Study**

The study was guided by the following objectives;

- i. To examine the influence of leadership in monitoring and evaluation on implementation of core banking system project at National Bank of Kenya

- ii. To explore the influence of communication in monitoring and evaluation on implementation of core banking system project at National Bank of Kenya
- iii. To establish the influence of planning in monitoring and evaluation on implementation of core banking system project at National Bank of Kenya
- iv. To examine the influence of capacity building in monitoring and evaluation on implementation of core banking system project at National Bank of Kenya

### **1.5 Research Questions**

- i. How does leadership in monitoring and evaluation influence implementation of core banking system project at National Bank of Kenya?
- ii. In what way does communication in monitoring and evaluation influence implementation of core banking system project at National Bank of Kenya?
- iii. Does planning in monitoring and evaluation influence implementation of core banking system project at National Bank of Kenya?
- iv. How does capacity building in monitoring and evaluation influence implementation of core banking system project at National Bank of Kenya?

### **1.6 Significance of the Study**

The study was of significance to National Bank of Kenya's management as they may gain insight on the contribution of monitoring and evaluation practices on the implementation of core banking system projects at National Bank of Kenya. This enabled the management to seek measures to enhance successful execution of monitoring and evaluation practices so as to

ensure success in the implementation of enhanced compliance, bank risk management functionalities, improve flexibility and real-time interfaces to improve bank performance.

This study was also of importance to researchers and scholars. Scholars hoped to find the study valuable as they expected to gain knowledge on influence of M&E practices on the implementation of core banking system projects at the National Bank of Kenya. The study forms a foundation in which further studies can be carried out. Therefore the study adds onto existing literature hence provides material for further related research.

### **1.7 Limitations of the Study**

The researcher encountered the below limitations while undertaking this study;

Respondents were uncomfortable sharing information with the researcher based on rank differences due to the evident chain of command in communication between junior and senior officers within the bank. The researcher sought permission from the bank management to be provided with the necessary support to be able to collect data from the respondents and develop a rapport with the respondents.

The researcher neither pointed out any names nor requested for identification numbers from the respondents in any of the research instruments to be used so as to eliminate any chance of linking any information to a particular respondent. This encouraged the respondents to provide true, unbiased and adequate information.

The top management in the bank are usually busy and it may be a challenge to secure time to collect data within the time of the day. The researcher made prior appointments with the top management and secure time to collect the data.

### **1.8 Delimitations of the Study**

The focus of this study was to determine the Influence of M&E practices on the implementation of core banking system project at the National Bank of Kenya. The choice of National Bank of Kenya was informed by the implementation of core banking system project, that is, Fusion banking platform, in an effort to improve banking efficiency and improve bank performance. The bank also implemented M&E practices to enhance M&E of core banking systems project implementation. However, the bank experienced a decline in performance (NBK, 2017). This study focused on the independent variable leadership in M&E, Communication in M&E, Planning in M&E, and Capacity building in M&E while the implementation of core banking system project at National Bank of Kenya is the dependent variable. The projects under focus were core banking system project in banks and specifically at the National Bank of Kenya

### **1.9 Basic assumptions of the Study**

This study relied on the assumption that all respondents who took part in the study were a representation of views of management of National Bank of Kenya. The researcher also assumed that no bias would be encountered during sampling and that the chosen sample population would participate voluntarily. The study assumed that the respondents' attitude during data collection process would not compromise the quality of the data that would be

collected. There was an assumption that there would be availability of bank management support.

### **1.10 Definition of Significant Terms to be used in the study**

**Capacity Building in Monitoring and Evaluation** – This is defined as an intervention of the mechanism to achieving increased bank implementation success, greater innovation, world-class client satisfaction service and open air market project cost effectiveness.

**Communication in Monitoring and Evaluation**-This refers to a communications management plan that aids to organize and document processes, it outlines what is expected from communication and gives the stakeholder communication requirements so as to ensure that appropriate and relevant information is communicated to the stakeholders

**Implementation of Core Banking System Project** - This refers to the execution of M&E plan indicating how the bank core banking systems projects will be assessed on the basis of strategic data obtained from the information gathering approaches adopted by the bank.

**Leadership in Monitoring and Evaluation**- This refers to the role the leadership plays in the planning, execution and monitoring and evaluation phases of the project. The leadership is responsible for maintaining transparency and accountability in the project.

**Planning in Monitoring and Evaluation**- This refers to the process of planning, information gathering, assessing and reporting project progress towards achieving project outputs and outcomes.

### **1.11 Organization of the Study**

This study was organized into 5 chapters.

Chapter 1 presents the introduction, background of the study, statement of the problem, purpose and significance of the study, the research objectives and research questions, the scope of the study, limitations and basic assumptions of the study, and definition of significant terms.

Chapter 2 presents the literature review on M&E practices, leadership in M&E, communication in M&E, planning in M&E and capacity building in M&E and implementation of core banking system project in banks. Chapter two presents the conceptual and theoretical framework, a summary of the literature review and the knowledge gaps.

Chapter 3 presents research methodology and design, the target population, sampling procedure and sample size, method of data collection, reliability and validity of the data collection instruments and the data analysis techniques.

In chapter 4, the study presents the research findings based on the study objectives. It also presents presentation of the results and descriptive analysis, correlation and interpretation of the results. Discussion is also presented in chapter four.

Finally, Chapter 5 presents the summary of research findings. This presents the key findings; conclusions were presented based on the research objectives. The final section is recommendations of the study and recommendations for further studies describing possible areas where further research can be conducted as was exhibited from the current study.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter goes through studies associated with M&E practices and implementation of core banking system project in commercial banks. This chapter looks at the dependent variable, implementation of core banking system project and the independent variables Leadership in M&E, communication in M&E, planning in M&E, capacity building in M&E. This chapter also presents the project implementation theory, stakeholder theory and the program theory. The conceptual framework and theoretical review gaps that stood out in the literature reviewed on M&E practices and implementation of core banking project in banks are also reviewed.

#### **2.2 Implementation of Core Banking System Project**

Banking systems are system software used in the banking industry to assist the end users provide banking services to its clients (Musau, 2015) Most of the day to day operations of a bank are made possible through the use of a core banking system. Some of the applications enabled by the core banking system include teller transactions, mobile banking platforms, internet banking platforms, forex transactions, debt collection systems, dealing or treasury and use of ATM's.

Different banks use different core banking systems as their user requirements and functionalities differ. As the management of a bank move from one bank to another, they carry with them the best practices and these are implemented in the banks' systems. This is a

way for banks to benchmark and to keep up with the competition. The process of implementing a core banking system is capital intensive and sensitive at the same time. The implementation process has to be handled with caution due to the sensitivity of the information involved.

It is therefore important for a bank to implement a core banking system that will improve its operational efficiencies, promote financial service delivery and at the same time increase profitability. In this regard, commercial banks such as the National Bank of Kenya Ltd implement core banking systems such as Fusion Banking in an effort to achieve these benefits.

### **2.3 Monitoring and Evaluation Practices and implementation of Core Banking System Project**

Managing banking system projects requires implementation of M& E practices. M&E practices are a set of planning and information synthesis and gathering, processes of reporting, alongside the necessary required supporting conditions and capacities in order for the outputs of M&E to make key contributions to the making of decisions and learning in commercial banks in developing countries such as Kenya. Well implemented M& E practices integrates the formal side of M&E such as the data orientated side together with the informal side which involves the sharing of impressions by the field staff with each other. The purpose and scope of the implemented M&E practices should be clearly defined as it assists when deciding issues such as budget allocation, indicators to be tracked, type of communication to be used and correct deviations that may exist to achieve effective implementation of core banking system projects.

Implementation of banking systems in the banking sector assists the end users to perform banking services to its clients. The core banking system project addresses the core banking platform, internet and mobile banking, debt collection systems, credit disbursement, treasury systems, document imaging, contact center system, management information systems (MIS) for reporting, enterprise resource programs (ERP) used within the supply chain units of the bank among others (Soin, 2009). Different commercial banks use different banking platforms as their functionalities and requirements differ. However, many core banking system projects cut across different banks as their usage is also spread across the banks. As leadership of one bank move to another, they use systems to benchmark as they carry with them the best practices some of which relate to these banking systems. Moreover, these practices must merge with the values that define an organization and work to implementation of bank IT projects (Rick, 2011).

Studies such as that of Nairaland, (2008) indicated that monitoring and evaluation practices influence implementation banking system projects in Zenith Bank. Hexaware technologies, (2012)acknowledges that several challenges are encountered in core banking system implementation. Taut (2007) indicated that effective M&E practices such as capacity building, effective monitoring and evaluation leadership, organizational readiness for learning from evaluation, management support and effective communication influence implementation of IT project in banking sector.

## **2.4 Leadership in Monitoring and Evaluation and Implementation of Core Banking System Projects**

One of the key indicators of good project performance within the banking sector is the effective implementation of M&E practices (Ivanceh, 2003). M&E activities should have a clear and adequate provision in the project budget. Leadership in M&E allocates a project budget that fosters project execution (McCoy, 2005). Inadequate resources allocation leads to poor implementation of IT project. Bose (2012) further observed that leadership in monitoring and evaluation plays a critical role in planning, setting out objectives and charting out the course of action to achieve the set objectives, project organization, project team staffing control and monitor and assesses performance of the IT project implementation. Further Williams (2013) revealed that leadership is critical in motivation of project team members and influence success in the implementation of the project.

Leadership is an avenue of demonstrating accountability and transparency to the bank management and facilitates learning through the implementation of core banking project and incorporating the lessons learnt in subsequent project implementation projects or through sharing experiences with other project implementers. Project Managers in banking institutions today are concerned with adequate allocation of resources for successful implementation of core banking projects. Application of Leadership in Monitoring and Evaluation improves coordination and control of core banking system projects that are at play in a real world context where dynamic external factors like international and national policies, markets, climate, and governance affect the target populations in which these programs operate and improve banking financial service delivery rate (Kerzner, 2006).

Implementation of IT project in banks is dependent of effective leadership in monitoring and evaluation process. Commitment of senior management plays a critical responsibility in motivating the project team, provide feedback of project progress and enhance control of project execution hence achieve success implementation of the IT project. Further, Faqih, (2010) contends that core banking system project implementation failures can be traced to poor project leadership especially in monitoring and evaluation.

### **2.5 Communication in Monitoring and Evaluation and Implementation of core banking system Project**

Communication in Monitoring and Evaluation in projects is crucial as it provides guidance on the roles and the responsibilities and expectations, in addition to providing feedback on project performance and progress (UNDP, 2009). This is only made possible by having an information system that provides timely, accurate and current information to be used for decision making. Communication in Monitoring and Evaluation involves exchanging information among the project stakeholders who are key in the various stages of project improvement and implementation. Communication is conducted in both formal and informal basis. The aim of Communication in Monitoring and Evaluation is to alert project stakeholders on the products and/ or services offered by a core banking system project ( IFAD, 2005).

The process of designing the communication materials in monitoring and evaluation requires that one fully understands the targeted project stakeholder. Possible project parties to communication in monitoring and evaluation include project leaders, project team members, program managers, core banking system providers, bank staff and government (Pfohl, 2016).

In order to develop effective communication messages, one needs to be aware of its stakeholder's needs and interests, media consumption habits and knowledge level on the project. An audience research has to be conducted through focus group discussions and key informant interviews so as to gain in-depth knowledge of the audience. (Yang, Sun & Martin, 2008) IFAD, 2005 stated that when messages are being developed, start with the data, picking out points to be communicated to the target audience. The communication is then tailor made to fit the audience and is delivered using a channel used by the target audience that is credible. It is also important to avoid using technical jargon to ensure the message is easily understandable.

Bank management support in sharing information timely is vital for effective decision making for planning, monitoring and managing the core banking projects ensuring the quality of the projects (Rajalahti, Woelcke, & Pehu, 2015). A Decision Support System (DSS) is a system that analyzes data and presents the results in a way that assists users to make effective and efficient business decisions (Nowduri,2012). Phiri(2015) recognized that communication and understanding project expectations and retrieval of information on projects helps in generating trends of project progress from which new measures can be devised through which Banking system performance can be improved. Kahura (2013) also opined that the application of Communication in M&E in the implementation of software project generates quality information needed by the project manager and helps the project manager to increase the success rate of IT implementation project by performing their tasks in a more professional manner.

## **2.6 Planning in Monitoring and Evaluation and Implementation of Core Banking System Project**

Planning in monitoring and evaluation involves practically planning the project activities so as to be able to monitor and evaluate the project. This will involve keeping a log frame of the objectives and indicators to be monitored throughout the project (IFRC, 2011). The aim of the M&E plan is to aid in assessing and reporting project progress and how well the project is obtaining the desired outputs and outcomes. The plan also identifies the evaluation questions to be addressed using project evaluation (USAID, 2016). An M&E plan defines the indicators to be noted, defines the people mandated to collect them, defines the tools and forms to be adopted and describes the method of data dissemination to be used in the organization (Bullen, 2014). Therefore, many M&E systems would fail due to the minimal attention given to detail at the planning stage without the use of M&E plans (Sinister, 2015).

For a M&E plan to be effective, it has to be documented properly and shared among all project stakeholders. Having a wide engagement as possible with all project stakeholders during the M&E plan development stage is the best practice as it informs everyone who is expected to carry out any task within the plan of their roles and responsibilities (Simister, 2015). However, most studies that have been conducted on M&E plans have focused on the level of stakeholder involvement and not on their influence on project performance. Githika (2013) conducted a study on the level of involvement of stakeholders in M& E of HIV projects in Civil Society Organizations (CSO's) based in Imenti North Sub-County and he concluded that these organizations were not embracing participatory M&E. Githika (2013) used the descriptive research design and established that the level of involvement of

community, donors, project beneficiaries and staff in M&E planning of projects stood at 11.3%, 16.1%, 24.2% and 48.4% respectively. However, more and more questions are being raised on the importance of stakeholder involvement with regard to their specific inputs and roles to the project and the implications suffered due to their minimal involvement. The M& E plan acts as a reference point for all the project activities for the staff involved in the project (SFCG, 2010). USAID (2007) adds that adopting a participatory system approach ensures that all the project staff involved in the collection and analysis of information knows what they are collecting and its importance. In doing this, the M&E planners are able to allocate resources and time for the various M&E activities and educate them on the resources and time required for proper M&E work (Taylor, 2001).

During the implementation of a project, the M& E plan should be revised and reviewed frequently depending on the dynamic environmental conditions to ensure that the plan remains relevant throughout the project cycle. SFCG, 2010 stated that the M&E plan needs to be updated constantly to include up-to date and relevant information on the projects' progress. How frequently should the M&E plan be updated and what is the importance of updating the M&E plan? According to Simister (2015) the M&E plan may have to be altered due to some systems or processes not working as expected or due to changes in the project. Further UNDP (2009) added that since M&E activities are undertaken throughout the project cycle, they ought to be reviewed and updated frequently and this will ensure that the project is always obtaining the desired outputs despite the changing environmental circumstances.

The size of a project and organization are key determinants of the project scope. An indicator matrix, that is, project with a narrow scope, is a document defining project indicators and



stating how these indicators shall be collected and measured (Chaplowe, 2008). The indicator matrices may involve features such as the desired output or project objectives, the indicator and it's the source of information, details of the person responsible for collection of the indicators, details of when and how frequently the indicator should be collected. M&E planning also involves project issues such as reporting schedules, use and analysis of information, knowledge management and resources, training, learning mechanisms, (Simister, 2015). For instance, Bernard Phiri (2015) studied the influence of the scope M&E designing and planning impacted positively on performance of Multinational Project (MNP).

An effective M&E planning practice aids in determining project performance and identifying project implementation indicators, monitoring of outcomes and outputs, conceptual measures along with baseline information and monitoring and evaluation schedule. Phiri, 2015 says that the responsibility of M&E planning is to provide a way of tracking project results and also to provide information on the project status through data collection. However, the study did not explore other aspects of the M& E plan such as training, knowledge and resource management, reporting schedules, learning mechanisms and the analysis and use of information.

In order to develop a M&E plan, it is key to fully understand the information system and the required inputs, processes, outcomes and outputs (Cooke, Bill, &Uma, 2001). For instance, some of the inputs that would be required would be technological infrastructure and project staff who have the technical capacity and resources and also have the authority and mandate to develop the M&E plan (Kalali, Ali &Davod K, 2011). In terms of the processes involved, this would include educating stakeholders on the need for M&E, assessing the M&E plan,

collection and feedback utilization, stakeholder consensus on indicators and reporting tools and structures, coming up with mechanisms for M&E designing and review and preparation of the final document for approval.

The ideal output would be an M&E plan that's a well compiled document that clearly describes the M&E system and its elements, having been authorized by the appropriate governing body and has key stakeholders' consensus (Jody & Ray, 2004). According the World Bank, 1980 the M&E plan should be updated frequently so as to accurately measure program performance. This is because program changes can affect the M&E plan's performance in monitoring and impact evaluation. It is therefore important to have the necessary internal M&E capacity so as to facilitate frequent adjustments to the plan and also to ensure regular review of project results.

## **2.7 Capacity Building in Monitoring and Evaluation and Implementation of Core Banking System Project**

For effective M&E practices to be conducted, it is vital to have adequate human resources. Vanessa & Gala, 2011 opined that M&E can be greatly impacted by factors such as the expertise and technical capacity of the organization carrying out the evaluations, motivation levels of the staff involved in project implementation and the level of participation of the human resources during decision making processes. Foresti (2007) further illustrates that the best practice with positive effects on the evaluation process is to adopt M&E training through the learning approach. Jones et al, 2009 added that M&E has to be carried out by individuals who possess the relevant skill set while applying sound methods and adequate resources in addition to maintaining transparency. This in turn implies that the personnel involved in the

project implementation need to be highly trained so as to guarantee the effectiveness of M&E. Despite the fact that the implementation of core banking system project is rapidly increasing, only a small percentage of capacity building in monitoring and evaluation is considered.

Properly trained project team members who have the relevant experience are vital for the achieving M&E desired results. Effective M&E project staff capacity with respect to quantity and quality results into M&E human resource management with monitoring knowledge and skills, manage M & E results and foster implementation of projects (World Bank, 2011). Competent project staff is a major determinant of achieving effective selection of monitoring and evaluation systems (Koffi-Tessio, 2002).

Gorgens and Kusek, 2009 shared that in order to have a successful project implementation, monitoring and evaluation demands the use of technical advice, skilled professionals, the harmonization of training courses and capacity building of M&E systems. The UNDP (2009) handbook on M&E for development results, planning, insists that project staff training is key for effective M & E in project implementation. Capacity building is critical in the implementation of an effective M&E plan and it emphasizes the need for the project staff to be adequately trained in addition to possessing skills in research and project management (Nabris, 2002). In addition, bank project staff have access to numerous reference materials such as training manuals, toolkits and handbooks which when well utilized, improves result based management through heightened cognizance in M&E (Hunter, 2009). These materials also provide project staff with exercises and examples which is useful as they enhance their efficiency and effectiveness thereby having an impact on the implementation of the project (Shapiro, 2011).

These guidebooks provided guidelines to achieve performance oriented M&E role through improvement of core banking system implementation and policies in banks' accountability. Skilled and knowledgeable staff informs on new innovations and methodologies in result-oriented M&E as well as practical guidance on monitoring and performance, which includes samples and options with adoptable formats for monitoring and evaluation tools in banking institutions (Handbook on M&E for results, 2002).

Musau (2015) indicated that effective human resource management greatly influences core banking system implementation. He further revealed that availability of adequate resources and tools to support the project, communicating changes to those authorized by management, involvement of business experts, involvement of technical experts and the vendor understanding and defining the user requirement, Ease of integration of the system being implemented, problem definition, project scope assumptions and constraints influence successful implementation of a core banking system. According to Faqih, (2010) system failures, especially where the level of expertise is below par in M&E, can attribute to poor project management. It is important to empower the team leaders and project team members who are then motivated to drive a project of such magnitude to success. The project team members are required to comprehend the intricacies involved in system management as well as project management knowledge.

Engaging in practical M&E training of personnel is important as it allows the personnel to interact and manage the M&E system. The monitoring and evaluation training begins with the personnel understanding the theory behind it and also making sure that the project team comprehends the link between the core banking system project tenets of change and the result

framework and other related issues (CPWF, 2012). Capacity Building in Monitoring and Evaluation require a practical focused to ensure the understanding and execution of information system projects (CPWF, 2012).

## **2.8 Theoretical Review**

The study reviews the project implementation theory, stakeholder theory and the program theory as below;

### **2.8.1 Project Implementation Theory**

Transformational theory of project management calls for the transformation of inputs through monitoring and evaluation processes which result into outputs. In order to achieve the intended end product, the transformational role encourages direct efforts to manage projects. The theory of projects which makes use of transformation or decomposition of tasks into parts which ultimately result into a complete whole calls for handling monitoring feedbacks independently, and managing uncertainties to ensure that the project success is achieved (Koskela& Howell, 2012). During the implementation phase of a core banking system, it is imperative to breakdown the tasks into simple and manageable parts that can be easily understood and performed by the project staff; which when correctly performed will result into successful implementation of a core banking system project.

Project management has become increasingly important because to the complexities that have been brought about by global trends related to technological changes. These complex changes have necessitated the adoption of effective monitoring and evaluation techniques for assessing progress in the implementation of IT project. The lack of theoretical manifestation of project

management is equally witnessed by Kloppenborg and Opfer (2000) in their study which spans over 40years. Harkonen (2007) acknowledges that project management evolution is as a result of complexity in the new tasks in organizations which require, planning, coordination and control of complex and diverse activities which existing organizational departmental structures are unable to handle. Risks and uncertainties calls for the need to manage and monitor the activities which will lead to successful completion of the events or task. Project management requires new skills and knowledge in monitoring and evaluation for effective monitoring of project execution progress for successful implementation of project task. The role of project management in monitoring and evaluation is therefore to plan, manage, control, monitor and evaluate project implementation without compromising the quality, cost and timelines set by the organization.

### **2.8.2 Stakeholder Theory**

The stakeholder theory helps us to understand the firm in its environment (Oakley, 2011). The initial purpose of the Stakeholder theory was to empower project managers to comprehend the project stakeholders and how to effectively handle them ( Patton, 2008). Stakeholder theory has been used widely in various fields and has been applied in different and distinct ways that involve different methodologies, concepts and criteria of evaluation and types of evidence. Interest in the concept of Stakeholders has been growing rapidly and this has prompted a rise in the number of perspectives on the subject (Oakley, 2011). The aim of this theory is to educate the management on its roles and responsibilities that go past their profit maximization duties and their duties to the stakeholders identified in the firm's input-output model to embrace the claims and interests of non-stockholding groups. Patton (2008) in reviewing the

stakeholder theory said that people or groups who have legitimate interest in an enterprise only do so because of the benefits that they obtain and added that no set of benefits and interests are prioritized over the others. Karl, 2007 added that future employees and customers, associated corporations, and the public in general, need to be taken into consideration.

The banking leadership role in stakeholder involvement has been to illustrate that how stakeholders are treated is directly related to the success of monitoring and evaluation practices on implementation (McManus, 2004). The stakeholder theory emphasizes the importance of synergy between the banks IT project leadership with the project stakeholders. The stakeholder's theory supports engagement of Project manager as stakeholder to influence M&E practices to achieve project outcomes. The stakeholders in a core banking system project may span from the bank's employees, customers, service providers, future customers and employees and the public at large. The interests of all these parties are taken into consideration during the implementation of the core banking system project so as to ensure that their needs and expectations are met. It is the responsibility of the banks' leadership to ensure that these needs are taken into account and that all the relevant stakeholders are involved in the project implementation phase.

### **2.8.3 Program theory**

Program theory contributes to M&E practice through the identification of vital construction project elements and giving information on how the elements relate to one another (Lipsey 1990). Program theory demonstrates how a program is meant to work. Lipsey (1993) stated

that program theory explains how inputs are transformed into outputs and how a bad situation can be transformed into a better situation by applying inputs. It's also the process through which outcomes are presumably affected by program components. Rossi (2004) stated that program theory comprises of an organizational plan that outlines the utilization of resources and the organization of program so as to ensure that the intended service practice is developed and maintained.

In addition, the theory explains how the service utilizations plan analyses how the planned amount of intervention is received by the intended target population through the interaction of the service delivery practices. Program theory also analyzes how the intervention applied to the target population is representing the desired social benefits. The advantage of using a theory based framework is that it gives one the ability to attribute the M&E outcomes of a project as well as identify any anticipated and undesired project consequences. The stakeholders in a core banking system project are educated on the benefits that they will enjoy from the new system. These benefits include faster transaction processing times, better risk mitigation systems, faster and better internet and mobile banking platforms, better channels for feedback communication. This will enable them to embrace the project and to ensure of its success.

Hosley( 2009) stated that the logical model guides project managers in the management and evaluation of outcomes (Ibid). The theory supports the study as for success monitoring and evaluation practice to be implemented, it require support from the IT project management in banking institution who provide leadership, commit sufficient resources to achieve effective



monitoring and evaluation in an effort to achieve core banking system project success in commercial banks.

## **2.9 Conceptual Framework**

A conceptual framework presents a link on how the variables relate to each another. The variables at play in this study are the dependent, independent and the moderating variable. An independent variable affects another variable (Mugenda, 2008). This research relates the influence of M&E practices on implementation of core banking system project in National Bank of Kenya. The independent variables in this study are Leadership in M&E, Communication in M&E, Planning in M&E and Capacity Building in M&E while dependent variable is implementation of core banking system project.

# CONCEPTUAL FRAMEWORK

## Independent Variables

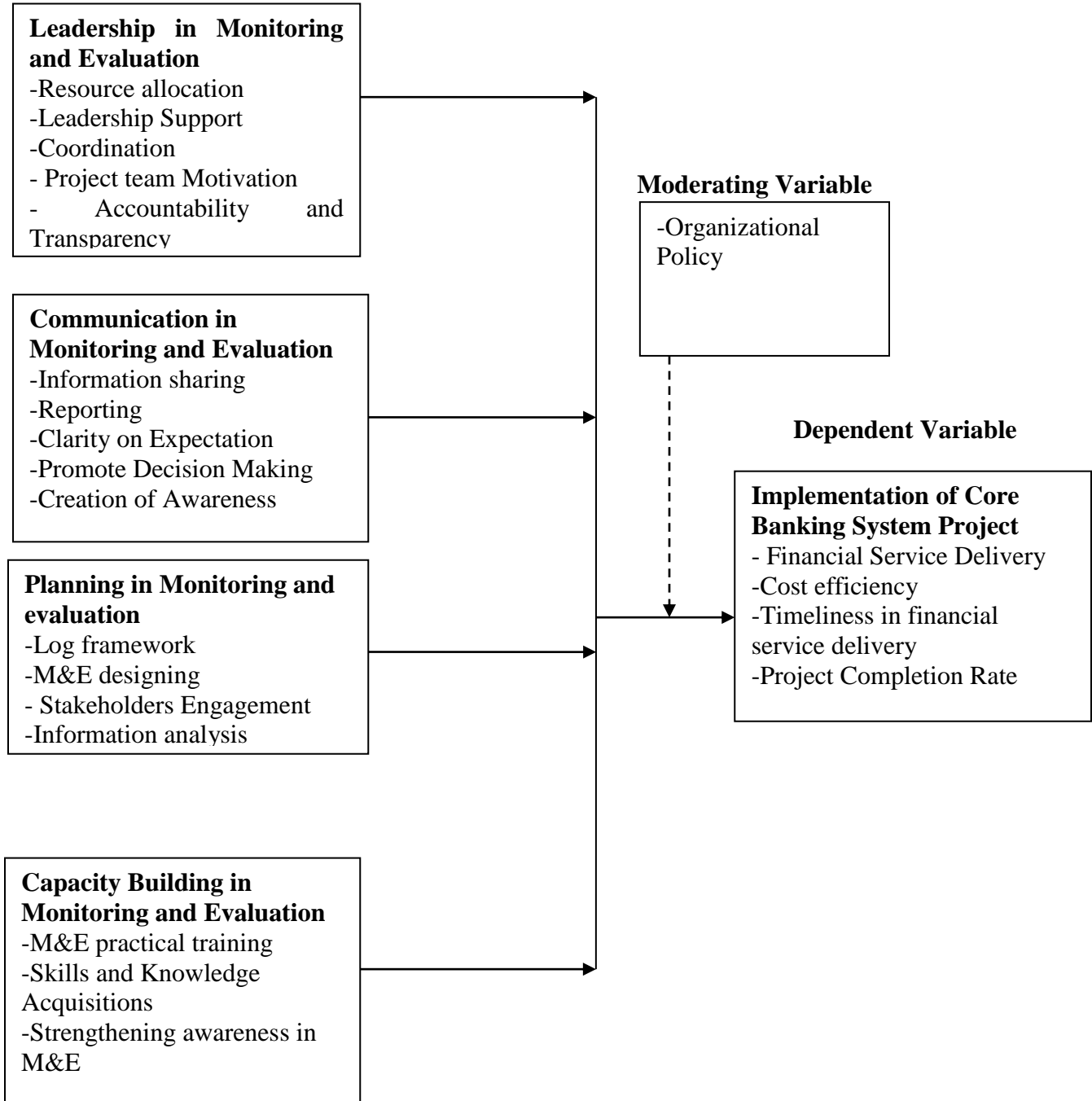


Figure 1: Conceptual framework showing relationships among variables

## **2.10 Knowledge gaps**

Hrebiniak (2006) opined that banks' projects are well implemented when effectively monitored and controlled to enhance transparency, accountability for resource use and its impact on implementation of banking projects. Further Fazli, (2012) indicated that the banking sector has experienced advancement in technological development and globalization fostering the implementation of core banking system and requires efficient monitoring and evaluation practices to achieve improvement in financial service delivery.

National Bank of Kenya implemented Fusion banking platform to enhance bank's operational efficiencies, improve compliance and risk management functionalities, enhance flexibility and real-time interfaces to enhance bank performance (NBK, 2011). Previous studies such as Musomba, (2013) have identified institutional framework, training, stakeholder participation, budgetary allocation, politics, M&E tools, planning, and lack of knowledge skilled staff amongst others as factors determining effective M&E projects in organization. This study seeks to determine influence of M&E practices on the implementation of core banking system projects at the National Bank of Kenya.

**Table 2.1: Summary of Knowledge Gaps**

<b>VARIABLE</b>	<b>AUTHOR</b>	<b>TITLE OF THE STUDY</b>	<b>METHODOLOGY</b>	<b>FINDINGS</b>	<b>KNOWLEDGE GAP</b>
Stakeholder participation	Nyandika&Ngugi, 2014	To assess requirements for effective M&E in National government projects	The study used cross-sectional descriptive survey	The study revealed that effective decentralization of accountability was critical for effective M&E	The study examined requirements for effective monitoring and evaluation in National government projects but failed to determine factors that influence successful M&E practices in County government in Kenya
Project risk management	Musau (2015)	Factors influencing implementation of core banking	The study used descriptive survey research design approach.	The study established that liquidity/ market risk/ profitability risk analysis, legal, regulatory and taxation compliance risk analysis were important factors on risk management influence core banking system implementation	The study focused on the factors influencing successful implementation of core banking systems

Technological challenges	Hexaware technologies (2012)	Assessed challenges of core banking systems implementation	The study used cross-sectional descriptive survey	The study found that there lacked the required business scenarios that were specific to the bank and also that they could not trace the test scenarios to the business requirements. They were also unable to test all the system interfaces so as to ensure total test coverage.	The study focused on challenges hindering implementation of core banking system projects in banks
Communication in monitoring and evaluation	Nairaland, (2008)	Examine influence of monitoring and evaluation practices influence implementation banking system projects in Zenith Bank	The study used descriptive research design. The study used both qualitative and quantitative methods.	The study revealed that M&E practices such as communication , information sharing and designing and planning contribute to implementation of Core banking systems in Zenith Bank	Examined role of monitoring and evaluation practices

Leadership in monitoring and evaluation	Williams(2013)	To examine the influence of Leadership in Monitoring and Evaluation on performance of the IT project implementation	The study used a cross section descriptive survey research design	The study revealed that Leadership in Monitoring and Evaluation influence planning, objective setting and charting a course of action to meet set objectives, organizing, project team staffing control and monitor and assesses performance of the IT project implementation	Focus on Leadership in Monitoring and Evaluation on performance of the IT project implementation
Stakeholder involvement	Madeeha and Naqvi, (2014)	Examine influence of stakeholder involvement on project portfolio management success	This study used descriptive research design. The study used both qualitative and quantitative methods.	The study revealed that stakeholder engagement in monitoring and evaluation has a positive impact on the success of the project portfolio management	The study failed to link the relationship between stakeholder engagement monitoring and evaluation and performance of learning programme

### **2.11 Summary of literature reviewed**

From literature review, M&E practices play a pivotal role in implementation of organization projects as determined by various determinants which include resource availability. Nairaland, (2008) indicated that M&E practices influence implementation of banking system projects in Zenith Bank. Hexaware technologies, (2012) also acknowledge that commercial banks encounter certain challenges in core banking system implementation. According to empirical studies such as Bose (2012) and Williams (2013) they noted that Leadership in M&E influences project planning, objective setting and charting a course of action to achieve set objectives, project team staffing controlling, monitoring and assessing performance of the IT project implementation. Further studies such as Nairaland (2008), Hexaware technologies (2012) and Taut (2007) indicated that M&E practices such as capacity building, effective monitoring and evaluation leadership, organizational readiness for learning from evaluation, management supports and effective communication influence implementation of IT project in banking sector

Locally, studies such as Musomba, (2013) have identified institutional framework, training, stakeholder participation, budgetary allocation, politics, M&E tools, planning, lack of knowledge skilled staff amongst others as factors determining effective monitoring and evaluation projects in organization. Musau (2015) indicated that effective human resource management greatly influences core banking system implementation. He further revealed that availability of adequate resources and tools to support the project, communicating changes to those authorized by management, involvement of business experts, involvement of technical experts and the vendor understanding and defining the

user requirement, ease of integration of the system being implemented, problem definition, project scope assumptions and constraints influence successful implementation of a core-banking system. There has been no study that has focused on determining the influence of monitoring and evaluation practices on implementation of core banking system project in commercial banks in Kenya focusing on National Bank of Kenya.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter elaborates the research methodology adopted in this study. It provides procedures that were followed when undertaking this study. This chapter also discusses the sampling design, sampling methods and procedures, research design, data collection procedures and instruments and data analysis.

#### **3.2 Research Design**

A cross sectional descriptive survey design was used in this study. Cross sectional descriptive survey research design helps in the collection of quantitative data to answer to the study research questions or testing of study hypothesis which aimed at carrying out an assessment to determine influence of M&E practices on implementation of core banking system project in National Bank of Kenya.

The cross sectional descriptive survey design involves collecting data that describe events and then the researcher organizes, tabulates, depicts, and describes the data. Descriptive studies help to answer what, who and how questions (Mugenda, 2008). Cooper & Schindler (2011) describe a descriptive design as a data collection process that helps in hypothesis testing or in this case, to answer the questions on determining the influence of M&E practices on the implementation of core banking system projects in National Bank of Kenya.

### 3.3 Target Population

A population is an entire lot of people on whom the research was based and inferences made. The members of the population must conform to given specifications (Saunders, Lewis & Thornhill (2009). The target population in this study comprise of 12 bank managers, 18 credit officers, 21 risk officers, 14 Auditors, 15 branch operation officers, 12 Islamic banking officers, 15 procurement officers, 25 operation officers, 15 Business Development officers, 21 corporate banking officers, 16 financial project officers and 20 ICT officers making a total study population of 204.

**Table 3.1: Target Population**

Management Level	Population
Bank Managers	12
Credit Officers	18
Risk	21
Audit officers	14
Branch operations	15
Islamic banking Officers	12
Procurement	15
Operation Officers	25
Business Development Officer	15
Corporate Officers	21
Financial project officers	16
ICT Officers	20
Total	204

### 3.4 Sample size and Sampling Procedure

The sample size and sampling procedure adopted in this study are discussed below;

### 3.4.1 Sample Size

Sampling alludes to the process of picking out a few items (a sample) from a larger group (population) and this becomes the foundation for estimating the regularity of an outcome regarding the larger group (Cooper & Schindler, 2013). A sample size of 132 from a population of 204 was drawn from the Krejcie and Morgan Table.

**Table 3.2: Sample Size**

Management Level	Population	Sample Size
Bank Managers	12	8
Credit Officers	18	11
Risk	21	14
Audit officers	14	9
Branch operations	15	10
Islamic banking Officers	12	8
Procurement	15	10
Operation Officers	25	16
Business Development Officer	15	10
Corporate Officers	21	13
Financial project officers	16	10
ICT Officers	20	13
Total	204	132

### **3.4.2 Sampling procedure**

The sample size was selected using the Krejcie and Morgan table. The study thereafter adopted stratified random and simple random sampling techniques in the selection of respondents. The project officers are in different levels of management which forms basis for stratification. The target population was structured into homogenous units and this required comparison between various sub-groups. Stratified random sampling was appropriate for this study because the respondents are classified according management levels.

### **3.5 Research Instruments**

Interview guides and questionnaires were used to gather the primary data in this study. The questionnaires contained both close ended and open ended questions and this according to Mugenda (2008) allows for richness and intensity of answers from the respondents. The advantage of using questionnaires is that it is flexible and is able to capture in-depth knowledge from the respondents and it also promotes respondent cooperation. Questionnaires are cost effective and easy to analyze.

Since the questionnaires are easy to use, they were self-administered. All the respondents received the same set of questions in the same manner. In addition, the questionnaire was accompanied by a letter requesting for information that also explains the purpose of the study to the respondents.

Interview guides were also used to collect primary data and it was used to gather opinions, perceptions and attitudes. The interview was semi-structured and the interview guide included questions that must be covered during the interview. This ensured consistency and completeness of information across different interviews.

### **3.5.1 Pilot- Testing**

Kothari, 2004 stated that it is important to carry out a pilot study. The pilot test was performed to assess the adequacy and suitability of the data collection instruments and of the research design. This reassured the researcher that the respondents comprehend the questions asked in the instruments. Additionally, the pilot study shed light on any weakness in the data collection instruments or in the research design. Based on Mugenda and Mugenda (2003), the study selected a pilot group of 13 who represent 10% of the sample size. The pilot group were based in National Bank, Kiambu County. Kiambu county was chosen because of its proximity and accessibility and also because the county has a similar banking environment to Nairobi County.

### **3.5.2 Validity of the Instrument**

Validity is a key criterion in research. Validity is the degree to which an instrument measures what it is meant to measure. Validity helps to estimate how accurately the study data represents a given variable or construct (Saunders, Lewis, & Thornhill, 2009). During the construction of the data collection instruments, the validity of the instruments was determined by verifying the content of the questionnaire and the interview guide through study supervisor. Construct validity was assessed by restricting the questions to

the conceptualization of the variables and ensuring that the indicators of each variable fall within the same construct. Furthermore, Mugenda (2008) emphasizes that the quality of the research is highly dependent on the accuracy of the data collection procedure.

### **3.5.3 Reliability of the Instrument**

Reliability is the tendency toward consistency and it implies that when different measures of a concept are conducted the same way over time, they should produce the same results. The most important index of internal consistency is the index alpha and it is the mean of correlations of all the variables regardless of their arrangement (Williams, 2006). To test for the reliability of the instrument, equivalent-Forms Reliability will be adopted. The coefficient of stability method which assesses the reliability of the instruments was adopted as the same instrument was administered two times to the same pilot group. Spearman rank order correlation was then used to compute the correlation coefficient so as to establish the extent to which the contents of the instruments are consistent in eliciting the same responses. A correlation coefficient [r] of 0.75 is considered high enough to judge the reliability of the instrument (Orodho, 2004). Reliability of the instrument was ascertained by use of the Karl Pearson's coefficient of correlation formula (Kothari, 2000).

Split-half reliability is a form of internal consistency reliability. It is appropriate when the test is very long and only requires one administration. The test is split into two using the odd-even strategy. Long tests are believed to be more reliable and hence when using the split test reliability, the reliability only represents one half of the test and therefore a

correction formula, such as the Spearman-Brown prophecy formula must be applied to the coefficient.

### **3.6 Data Analysis Techniques**

Before data analysis begins, the data collection instruments were examined for consistency and completeness. Coding was done depending on the locale of the respondents. Quantitative data was analysed using descriptive analysis techniques with the help of the Statistical Packages for Social Sciences ( SPSS Version 21). Descriptive analysis involving use of percentages, frequencies, means and standard deviations will be carried out. Qualitative data was analysed in relation to the study themes based on the objectives and reported in narrative form.

### **3.7 Ethical Considerations**

In every study, it is important to make ethical considerations. Ethical issues should be considered in all research approaches and at all stages of research, ie, from the identification of the research problem to the writing and dissemination of the research (Creswell, 2009). Ethical issues pertain to accessibility, anonymity and confidentiality of the respondents, respondents consent as well as legal matters such as access, confidentiality, intellectual ownership and privacy (Johnson & Christensen, 2008).

Some ethical issues had to be considered due to the sensitive nature of the information required. This required the researcher to apply for a research permit, get informed consent, acknowledge cited sources, authenticate reporting and maintain anonymity and confidentiality of the respondents. Confidentiality of the respondents was guaranteed and

the respondents were reassured that all information gathered shall solely be used for academic purposes only.

### **3.8 Operationalization of Variables.**

The independent variables were posed as statements of facts that seek to establish their relationship with the dependent variable. The respondents agreed or disagree based on a measurement scale ranging from one to five for each of the statements. The results from the measurement scale was weighted and analyzed statistically in order to come to a conclusion on how valid they are and hence derive a conclusion on the relationship between the independent and dependent variable.



**Table 3. 3: Operationalization of Variables.**

Objectives	Operational Definition of Variables				
	Variables	Indicators	Measurement	Measurement Scale	Tool of Analysis
To establish influence of leadership continuation in monitoring and evaluation on implementation of core banking system project at National Bank of Kenya	<u>Independent Variable</u> Leadership continuation in monitoring and evaluation	-Resource allocation -Leadership Support -Coordination -Project team Motivation -Accountability and Transparency	Baseline plan	Ordinal	Means and Percentages
				Interval	Frequencies, Means and Percentages
To examine influence of communication in monitoring and evaluation on implementation of core banking system project at National Bank of Kenya	<u>Independent Variable</u> Communication Monitoring and evaluation	-Information sharing -Reporting -Clarity on Expectation -Promote decision making -Creation of Awareness	Communication plan	Interval	Frequencies, Means and Percentages

To determine influence of planning in monitoring and evaluation on implementation of core banking system project at National Bank of Kenya	<u>Independent Variable</u> Planning in Monitoring and evaluation	-Log framework -M&E designing -Stakeholders engagement -Information analysis	Stakeholders register	Interval	Frequencies, Means and Percentages
To establish influence of capacity building in monitoring and evaluation on implementation of core banking system project at National Bank of Kenya	<u>Independent Variable</u> capacity building in Monitoring and evaluation	-M&E practical training -Skills and Knowledge Acquisitions -Strengthening awareness in M&E	Staffing management plan	Ordinal	Means and Percentages
				Interval	Frequencies, Means and Percentages
The purpose of this research will be to determine influence of monitoring and evaluation practices on the implementation of core banking system project in national Bank of Kenya	<u>Dependent Variable</u> Implementation of core banking system projects	-Financial service delivery -Cost efficiency -Timeliness in financial service delivery -Project completion rate	Project closure report	interval	Means and Percentages

## **CHAPTER FOUR**

### **DATA ANALYSIS, INTERPRETATION AND PRESENTATION**

#### **4.1 Introduction**

This chapter presents the data analysis of the study on the influence M&E practices have on the implementation of core banking system project at National Bank of Kenya in Nairobi County. The chapter analyses the data on; the demographic information of the respondents, leadership, communication, planning and capacity building in monitoring and evaluation.

#### **4.2 Questionnaire response rate**

The respondents involved in this study were 132 staff working at the National Bank of Kenya in Nairobi County. Out of the total 132 questionnaires distributed to the respondents, a total of 115 questionnaires were duly filled and returned giving a 87% response rate. Andrea (2015) said that it's best to receive a high response rate of 80% or higher from a small but random sample rather than receiving a low response rate from a larger pool of respondents.

#### **4.3 Demographic information**

The study sought general information in regards to the respondents and the core banking system project in an effort to enhance validity of the data collected. The results are on general demographic information of the respondents such as gender, age, level of education, length of time in which they have worked in the banking industry.

### 4.3.1 Distribution of Respondents by Gender

**Table 4. 1: Gender of the respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	77	67
Female	38	33
<b>Total</b>	<b>115</b>	<b>100</b>

The respondents were entreated to reveal their gender. Table 4.1 reveals the results that the majority 67% of the respondents were male while 33% of the respondents were of the female gender.

### 4.3.2 Distribution of Respondents by Age

Respondents were required to indicate their age bracket. The results are presented in Table 4.2

**Table 4.2: Age Bracket**

<b>Age Bracket</b>	<b>Frequency</b>	<b>Percentage</b>
<b>20-30</b>	25	22
<b>31-40</b>	36	31
<b>41-50</b>	51	44
<b>51 and above</b>	3	3
<b>Total</b>	<b>115</b>	<b>100</b>

The results indicate 44% (51) of the respondents were in 41-50 years age bracket, 31% (36) of the respondents fall in 31-40 years age bracket, 22% (25) of the respondents were in 20-30 years age bracket while 3% (3) of the respondents were in 51 and above years age bracket. This implies that the study relied on information given by respondents who were mature as over 20 years. This implies that respondents were of age and could give reliable information for the study.

#### **4.3.3 Distribution of Respondents by Level of Education**

The study sought the highest education level attained by the respondents and the results are presented in Table 4.3

**Table 4. 3: Highest Level of Education Attained**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percentage</b>
Postgraduate	9	8
University	63	55
College	43	37
<b>Total</b>	<b>115</b>	<b>100</b>

From Table 4.3 above, the findings reveal that majority 55% of respondents had attained university level of education. 37% of respondents had attained college level of education while 8% of respondents had attained postgraduate level of education.

#### 4.3.4 Distribution of Respondents by Years in the banking industry

The study examined the period the respondents had worked in the banking industry and Table 4.4 reveals the findings

**Table 4. 4: Period of service in the banking industry**

<b>Period</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 1 year	14	12
1 to 3 years	64	56
4 to 6 years	37	32
<b>Total</b>	<b>115</b>	<b>100</b>

The respondents indicated the period of service in which they had been in the banking industry. Table 4.4 above, displays the results which indicate that 12% of respondents had been in the banking industry for less than 1 year, 56% of respondents had been in the banking industry for 1-3 years and 32% of respondents indicated that they had been in the banking industry for 4 to 6years. This implies that respondents were quite experienced and therefore had reliable information on the influence M&E practices have on the implementation of core banking system project.

#### **4.4 Influence of Monitoring and evaluation Practices on Implementation of Core Banking System Project**

The study sought to determine the influence of M&E practices on the implementation of core banking system project at the National Bank of Kenya Ltd, Nairobi County.

##### **4.4.1 Leadership in Monitoring and Evaluation and Implementation of Core Banking System Project**

Respondents were requested to disclose whether project leaders were effective in allocation of resources in core banking system project. The respondents indicated that project leaders were effective in the allocation of resources. Respondents stated that project leaders were determined to achieve success in the implementation of core banking system projects, and that they ensured adequate resources such as hardware, time, finances and project staff were allocated to the project. This is in line with Benington and Moore, (2011) who stated that banks in developing and developed countries are motivated by influence of monitoring and evaluation practices on core banking systems project success.

##### **4.4.2 Involvement in Setting Monitoring and Evaluation Objectives**

The study aimed at examining the magnitude to which the project leadership were involved in setting of M&E project objectives and Table 4.5 below analyzes the obtained results;

**Table 4.5: Extent to which leaders are involved in setting monitoring and evaluation objectives**

<b>Level of involvement</b>	<b>Frequency</b>	<b>Percentages</b>
Very great Extent	52	45
Great Extent	36	31
Moderate Extent	27	24
<b>Total</b>	<b>115</b>	<b>100</b>

Respondents indicated the degree to which leaders are involved in setting monitoring and evaluation objectives. Table 4.5 above reveals the findings that, 45% of respondents disclosed that the leaders were involved in setting monitoring and evaluation objectives to a very great extent. 31% of respondents revealed that the leaders were involved in setting monitoring and evaluation objectives to a great extent while 24% of the respondents revealed that the leaders were involved in setting monitoring and evaluation objectives to a moderate extent. Respondents explained that leaders were fully responsible for core banking systems project objectives as it affected every step of the project life cycle. Leaders planned the course of action required to achieve set objectives and were fully responsible for the activities and inputs in the core banking systems project.

This implies that leaders were involved in setting monitoring and evaluation objectives thus influencing implementation of core banking systems project in banks. This is in line with Bose (2012) that leadership in monitoring and evaluation plays a critical role in



planning, setting out objectives and charting out the preferred course of action to achieve set objectives, the project organization, project team staffing control and monitor and assesses performance of the IT project implementation.4.4.3 Leadership in M&E and implementation of Core Banking System Project

The study also sought the magnitude to which respondents concurred with the given statements on leadership in monitoring and evaluation influence on implementation of core banking system project at National Bank of Kenya. Table4.6 below presents the study findings;

**Table 4.6: Leadership in Monitoring and Evaluation and implementation of core banking system project**

<b>Statements</b>	<b>Mean</b>	<b>Standard deviation</b>
The leaders provide adequate resources for monitoring and evaluation	4.87	0.85
There is effective setting of objectives for monitoring and evaluation	4.72	0.76
Instituting effective project team staff and control	4.86	0.84
Leaders motivate project team members	4.89	0.87
There is accountability and transparency in core banking system implementation	4.62	0.59
Enhancement of coordination of core banking system	4.61	0.66

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implementation activities

Project leaders provide support required for implementation of 4.46 0.49

core banking system

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Table 4.6 demonstrates respondents' response on the measure to which they agreed with given statements on leadership in M&E and the implementation of core banking system project in NBK Ltd. Findings reveal that majority of the respondents strongly agreed that leaders motivate project team members, provide adequate resources for monitoring and evaluation, ensured effective project team staffing and control; illustrated by a mean of 4.89, 4.87 and 4.86 and a standard deviation of 0.87, 0.85 and 0.84 respectively. Most respondents strongly agreed that there is effective setting of objectives for monitoring and evaluation, there is accountability and transparency in core banking system implementation and there is enhancement of coordination of core banking system implementation activities as illustrated by a mean of 4.72, 4.62 and 4.61 and a standard deviation of 0.76, 0.59 and 0.66. Most respondents were in agreement that project leaders provide support required for implementation of core banking system as shown by a mean of 4.46 with mean of 0.49. This therefore, implies that the organization's leaders should support and be involved in the M&E activities for effective and successful implementation of core banking system. This is in line with Kerzner, (2006) that implementation of IT project in banks is dependent of effective leadership in monitoring and evaluation process.

On the respondent's opinion on other ways through which leadership in monitoring and evaluation influence implementation of core banking system project, the study found that leadership in banks do monitor the core banking system project plan, actual plan and work and completed work value to evaluate if the core banking system project is on track. It was revealed that quality management, communication and documentation influence implementation of core banking system project in bank. The respondents further explained that reliable way to keep the project momentum going is to continuously monitor and evaluate the project through effective leadership. This implies that leadership in monitoring and evaluation processes in organization is critical element to learn the proper implementation and areas for improvement. This is in line with Kerzner, (2006) that application of leadership in monitoring and evaluation improves coordination and control of core banking system projects.

#### **4.5 Communication in Monitoring and Evaluation**

The study sought to examine the level to which communication in monitoring M&E enhances implementation of core banking system project and result presented in Table 4.7.

**Table 4.7: Communication in Monitoring and Evaluation Enhance Implementation**

<b>Extent of communication</b>	<b>Frequency</b>	<b>Percentages</b>
Very great extent	100	87
Great extent	15	13
<b>Total</b>	<b>115</b>	<b>100</b>

Table 4.7 above reveals that 87% of the respondents indicated that communication in monitoring and evaluation enhances implementation of core banking system project to a very great extent while 13% of the respondents revealed that communication in monitoring and evaluation enhances implementation of core banking system project to a great extent. This implies that communication in monitoring and evaluation is important as it enables exchange of information among the project stakeholders who are vital in the various stages of project implementation and improvement. This is in line with UNDP (2009), that communication in monitoring and evaluation in projects is crucial as it provides guidance on the roles and the responsibilities and expectations, in addition to providing feedback on project performance and progress.

#### **4.5.1 Information Sharing Influence Implementation of Core Banking System**

The respondents were requested to indicate whether information sharing influences implementation of core banking system project. Table 4.8 displays the results

**Table 4.8: Information Sharing Influence Implementation of Core Banking System Project**

<b>Information Sharing</b>	<b>Frequency</b>	<b>Percentages</b>
Yes	81	70
No	34	30
<b>Total</b>	<b>115</b>	<b>100</b>

The findings in Table 4.8 illustrate that majority 70% of the respondents stipulated that information sharing influences implementation of core banking system project while 30% of the respondents indicated that information sharing does not influence implementation of core banking system project. Respondents further explained that information sharing alerts project stakeholders on the products or services gained in project implementation. This implies that information sharing is important as it helps in communication and understanding of project expectations and retrieval of information on projects. This is in line with Rajalahti, Woelcke, & Pehu, 2015, that management support in sharing information timely is vital for effective decision making for planning, monitoring and implementing projects ensuring the quality of the projects.

#### **4.5.2 Communication in Monitoring and Evaluation influence of implementation of core banking system project**

The study sought the magnitude to which respondents agreed with the given statements on communication in monitoring and evaluation influence on implementation of core banking system project at National Bank of Kenya. Table 4 .9 presents the results

**Table4.9: Communication in Monitoring and Evaluation influence of implementation of core banking system project**

Statements	Mean	Standard deviation
There is effective reporting of core banking system implementation progress	4.64	0.61
There is clarity of expectations of implementation of the core banking project	4.41	0.44
There is effective decision making that promotes implementation of core banking system project	4.57	0.58
There is increase in awareness creation of importance of monitoring and evaluation	4.68	0.66
Promote sense of responsibility	4.51	0.47
Creation of awareness among stakeholders on the core banking system project	4.24	0.32
Promote resolving of conflicts for smooth implementation of project	4.56	0.61
Increase risk management in the implementation of core banking system project	4.33	0.45

From the findings in Table 4.9, majority strongly agreed that through communication in monitoring and evaluation there is increase in awareness creation of importance of monitoring and evaluation, effective reporting of core banking system implementation

progress and there is effective decision making that promotes implementation of core banking system project as shown by a mean of 4.68, 4.64 and 4.57 with standard deviation of 0.66, 0.61 and 0.58 respectively. A lot of the respondents also strongly agreed that communication in monitoring and evaluation promote resolving of conflicts for smooth implementation of project and promote sense of responsibility by a mean of 4.56 and 4.51 with standard deviation of 0.61 and 0.47 respectively. Most respondents agreed that through communication in monitoring and evaluation there is clarity of expectations of implementation of the core banking project and increased risk management in the implementation of core banking system project by a mean of 4.41 and 4.33 with standard deviation of 0.44 and 0.45 respectively. Most of the respondents were in agreement that through communication in monitoring and evaluation there is creation of awareness among stakeholders on the core banking system project by a mean of 4.24 with standard deviation of 0.32. This implied that communication helps the monitoring and evaluation practices to be conducted successfully. This is in line with Kahura (2013) who opined that the use of communication in monitoring and evaluation in the implementation of core banking system generates quality information needed.

Respondents were further requested to state other ways through which communication in Monitoring and Evaluation influences implementation of core banking system project. From the findings, communication helps exchanging information among the project stakeholders who are key in the various stages of project improvement and implementation. This implies that bank management support in effective communication is important for effective decision making for planning, monitoring and managing the

core banking projects ensuring the quality of the projects. This concurred with Kahura (2013) that the use of communication in monitoring and evaluation in the implementation of core banking system generates quality information needed.

#### **4.6 Planning in Monitoring and Evaluation and Implementation of Core Banking System Project**

The study sought the level to which planning in monitoring and evaluation enhances implementation of core banking system project at NBK LTD, Nairobi County.

##### **4.6.1 Assigning of responsibility influence implementation of core banking system project**

The study sought whether assigning of responsibility influences implementation of core banking system project. Table 4.10 below presents the findings;

**Table 4.10: Assigning of responsibility influence implementation of core banking system project**

<b>Assigning of responsibility</b>	<b>Frequency</b>	<b>Percentages</b>
<b>Yes</b>	80	70
<b>No</b>	35	30
<b>Total</b>	<b>115</b>	<b>100</b>

The findings in Table 4.10 above, reveal that majority 70% of respondents stipulated that assigning of responsibility influences implementation of core banking system project. 30% of the respondents indicated that assigning of responsibility does not influence



implementation of core banking system project. This in turn implies that responsibility assignment is critical in implementation of core banking system project as it reduces confusion on expectations, in turn, increasing project efficiency. This is in line with IFRC (2011) that assigning of responsibilities helps to keep a log frame of the objectives and indicators to be monitored throughout the project.

#### **4.6.2 Planning role aid in the identification of stakeholder influence implementation of project**

The study sought the role planning played in the identification of stakeholder influence in the implementation of core banking system project. The results as presented in Table 4.11 below

**Table 4.11: Planning Role in Identification of Stakeholder Influence Implementation of Project**

<b>Planning Role</b>	<b>Frequency</b>	<b>Percentages</b>
Yes	82	71
No	33	29
<b>Total</b>	<b>115</b>	<b>100</b>

The respondents were requested to indicate whether planning in monitoring and evaluation aided in the identification of stakeholder influence in implementation of core banking system project. Table 4.11 illustrates that majority 71% of respondents indicated that planning in monitoring and evaluation role aided in the identification of stakeholder

influence in implementation of core banking system project while 29% of the respondent indicted that it didn't aid in the identification of stakeholder influence in implementation of core banking system project. Respondents explained that planning aided in having orderly and coordinated project implementation which eliminates the overlapping activities and objectives and goals of the project implementation are defined in a simple manner. This implies that planning in monitoring and evaluation helped in identifying stakeholders who can facilitate the implementation of core banking system in banks. This is in line with Simister (2015), that having a wide engagement as possible with all project stakeholders during the M&E plan development stage is the best practice as it informs everyone who is expected to carry out any task within the plan of their roles and responsibilities.

#### **4.6.3 Planning in monitoring and evaluation and implementation of core banking system project**

The study sought whether planning in M&E influences implementation of core banking system project. Table 4.12 presents the study findings

**Table 4.12: Planning in monitoring and evaluation and implementation of core banking system project**

<b>Statements</b>	<b>Mean</b>	<b>Standard deviation</b>
There is assigning of activities to be executed during project implementation progress	3.65	0.27
There is allocation of resource and time for various Monitoring and evaluation activities	4.54	0.53
There is reporting schedules of implementation progress	4.51	0.54
There is utilization of feedback schedules	4.21	0.32
There is Monitoring and evaluation designs for effective project implementation	4.56	0.58
There is clear stakeholder engagement	4.17	0.41
Promote project information analysis informing the direction to be carried out	4.46	0.44

The study examined the level to which respondents concurred with the given statements on planning in monitoring and evaluation and implementation of core banking system project. Table 4.12 shows that majority of respondents strongly agreed that planning in

monitoring and evaluation influence monitoring and evaluation designs for effective project implementation, allocation of resource and time for various monitoring and evaluation activities and reporting schedules of implementation progress by a mean of 4.56, 4.54 and 4.51 with standard deviation of 0.58, 0.53 and 0.54 respectively. Additionally, most respondents agreed that planning in monitoring and evaluation influence promote project information analysis informing the direction to be carried out, influence utilization of feedback schedules and clear stakeholder engagement by a mean of 4.46, 4.21 and 4.17 with standard deviation of 0.44, 0.32 and 0.41. Some respondents were neutral on whether planning in monitoring and evaluation influence assigning of activities to be executed during project implementation progress as illustrated by a mean of 3.65 with standard deviation of 0.27. Therefore, this implies that planning in monitoring and evaluation influence implementation of core banking system project. This is in line with Bullen (2014) that an M&E plan defines the indicators to be noted, defines the people mandated to collect them, defines the tools and forms to be adopted and describes the method of data dissemination to be used in the organization.

#### **4.7 Capacity Building in Monitoring and Evaluation and Implementation of Core Banking System Project**

The study sought the magnitude to which capacity building in monitoring and evaluation enhances implementation of core banking system project at NBK LTD, Nairobi County.

#### **4.7.1 Training of project team in implementation of core banking system project aid in project success**

The respondents were requested to indicate whether training of project team in implementation of core banking system project aid in project success.

**Table 4.13: Whether training of project team in implementation of core banking system project aid in project success**

<b>Training</b>	<b>Frequency</b>	<b>Percentages</b>
<b>Yes</b>	115	100
<b>Total</b>	<b>115</b>	<b>100</b>

From the findings shown Table 4.13, all the respondents were in agreement that training of project team in implementation of core banking system project aided in project success. This in turn implies that the personnel involved in the project implementation need to be highly trained so as to guarantee the effectiveness of M&E. This concurs with Foresti (2007) that the best practice with positive effects on the evaluation process is to adopt M&E training through the learning approach.

#### **4.7.2 Acquisition of skills and knowledge influence implementation**

The respondents were requested to indicate whether the acquisition of skills and knowledge by the project team influences implementation of core banking system project.

**Table 4.14: Extent to which acquisition of skills and knowledge Influence Implementation of Core Banking System project**

	Frequency	percentages
Very great extent	64	56
Great extent	51	44
<b>Total</b>	<b>115</b>	<b>100</b>

The study sought the degree to which acquisition of skills and knowledge among the project team influence implementation of core banking system project. The findings reveal that a majority 56% of the respondents revealed that acquisition of skills and knowledge among the project team influences implementation of core banking system project to a very great extent, as shown in Table 4.14. However, 44% of respondents revealed that acquisition of skills and knowledge among the project team influence implementation of core banking system project to a great extent. This implies that properly trained project team members who have the relevant experience are vital for the achieving M& E desired results. This concurs with Koffi-Tessio (2002), that competent project staff is a major determinant of achieving effective selection of monitoring and evaluation systems.

#### **4.7.3 Capacity Building in Monitoring and Evaluation and implementation of core banking system project**

The respondents were requested to indicate whether capacity building in M&E influences implementation of core banking system project.

**Table 4.15: Capacity Building in Monitoring and Evaluation and implementation of core banking system project**

<b>Statements</b>	<b>Mean</b>	<b>Standard deviation</b>
The project team members are provided with technical skills and expertise	4.68	0.73
There is increase in training of project staff to enhance understanding and competency in monitoring and evaluation	4.37	0.55
There is increase in interaction among the stakeholders	4.31	0.33
There is increase in Strengthening awareness in M&E	4.53	0.57
The Monitoring and Evaluation practical training foster success implementation of the project	4.43	0.52
The Skilled and knowledgeable inform on new innovation easing implementation of core banking system project	4.04	0.35
Training informed new monitoring and evaluation learning approach that enhances implementation of the core banking system project	4.56	0.66

The study sought the magnitude to which respondents agreed with the given statements on capacity building in monitoring and evaluation and implementation of core banking system project. From Table 4.15, majority of respondents strongly agreed that capacity building in monitoring and evaluation influence project team members being provided

with technical skills and expertise, and that training informed new monitoring and evaluation learning approach that enhances implementation of the core banking system project and there is increase in strengthening awareness in M&E by a mean of 4.68, 4.56 and 4.53 with standard deviation of 0.73, 0.66 and 0.57. Most respondents concurred that capacity building influence the monitoring and evaluation practical training fostering success implementation of the project and increase training of project staff to enhance understanding and competency in monitoring and evaluation by a mean of 4.43 and 4.37 with standard deviation of 0.52 and 0.55. Most respondents also concurred that capacity building increase interaction among the stakeholders and the skilled and knowledgeable inform on new innovation easing implementation of core banking system project by a mean of 4.31 and 4.04 with standard deviation of 0.33 and 0.35. This implies that capacity building in monitoring and evaluation influences implementation of core banking system project. This supports Nabris (2002) that capacity building is critical in the implementation of an effective M&E plan and it emphasizes the need for the project staff to be adequately trained in addition to possessing skills in research and project management.

This concurred with Nabris (2002), that capacity building is critical in the implementation of an effective M&E plan and it emphasizes the need for the project staff to be adequately trained in addition to possessing skills in research and project management.



## **CHAPTER FIVE**

### **SUMMARY OF THE FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The summary of the findings, conclusions of the study and recommendations of the study are presented in this chapter. The recommendations were based on the study findings and the conclusion of this study as explored using specific questions in the questionnaire. The appropriate response rate derived the inferences of influence of monitoring and evaluation practices and implementation of core banking system project in National Bank of Kenya.

#### **5.2 Summary of the findings**

The following is the summary of the key findings of this study:

##### **5.2.1 Leadership in Monitoring and Evaluation and Implementation of Core Banking System Project**

The objective of this study was to determine the influence of leadership in M&E on implementation of core banking system project at NBK LTD. The study revealed that project leaders were effective in allocation of resources as demonstrated by a mean of 4.87 and were determined to achieve success in the core banking system project. The study also revealed that leaders were involved in setting monitoring and evaluation

objectives by a mean of 4.72 and that they have been fully responsible for core banking systems project objectives as it affects every step of the project life cycle.

From the findings, a mean of 4.89 indicated that leaders motivated project team members; a mean of 4.87 indicated that leaders provided adequate resources for monitoring and evaluation and a mean of 4.86 indicated that leaders ensured instituting effective project team staff and control. Through leadership there is effective setting of objectives for monitoring and evaluation, accountability and transparency in core banking system implementation and enhancement of coordination of core banking system implementation activities as well a provision support required for implementation of core banking system. This is shown by a mean of 4.72, 4.62, 4.61 and 4.46 . The study further found that leadership in M&E enabled monitoring of the core banking system project plan, actual plan and work and completed work value to examine if the core banking system project is on track. It was revealed that quality management, communication, and documentation influence implementation of core banking system project in bank.

### **5.2.2 Communication in Monitoring and Evaluation and Implementation of Core Banking System**

The second objective was to establish the influence of communication in M&E on implementation of core banking system project at National Bank of Kenya. From the findings, communication and information sharing in monitoring and evaluation enhances implementation of core banking system project to a very great extent. This is evidenced by increased awareness creation, effective reporting of project progress and effective

decision making that promotes implementation of core banking system project demonstrated by means of 4.68, 4.64 and 4.57 respectively. Communication in monitoring and evaluation was further found to promote resolving of conflicts for smooth implementation of core banking system project shown by a mean of 4.56 and promote a sense of responsibility, provided clarity of expectations and increased risk management in the implementation of core banking system project indicated by a mean of 4.51, 4.41 and 4.33.

### **5.2.3 Planning in Monitoring and Evaluation**

The third objective was to examine the influence of Planning in M&E on implementation of core banking system project at National Bank of Kenya. The study established that assigning of responsibility influenced implementation of core banking system project demonstrated by a mean of 3.65. The study found that planning in monitoring and evaluation role aided in the identification of stakeholders, thus influencing implementation of core banking system project in National Bank of Kenya. This was evidenced by improved monitoring and evaluation designs, allocation of resource and time for various monitoring and evaluation activities and reporting schedules of implementation progress with a mean of 4.56, 4.54 and 4.51 respectively. It was revealed that planning in monitoring and evaluation promotes project information analysis informing the direction to be carried out and promote utilization of feedback schedules and clear stakeholder engagement as shown by a mean of 4.46, 4.21 and 4.17.

#### **5.2.4 Capacity Building in Monitoring and Evaluation**

The fourth Objective of the study was to assess the Influence of capacity building in M&E on implementation of core banking system project at National Bank of Kenya. The study established that training of project team in implementation of core banking system project aided in project success as demonstrated by a mean of 4.56. Acquisition of skills and knowledge among the project team influenced implementation of core banking system project to a very great extent with a mean of 4.68. From the findings, capacity building in monitoring and evaluation influence project team members being provided with technical skills and expertise, and that training informed new monitoring and evaluation learning approach that enhanced implementation of the core banking system project and there is increase in strengthening awareness in M&E. The study revealed that capacity building influenced the monitoring and evaluation practical training fostering success in implementation of the project and increased training of project staff to enhance understanding and competency in monitoring and evaluation as well as increasing interaction among the stakeholders and the skilled and knowledgeable inform on new innovation easing implementation of core banking system project. This is reflected by the mean of 4.43, 4.37, 4.31 and 4.04

#### **5.3 Discussions of the findings**

This section presents the discussion of the study's findings based on the research's objectives.

### **5.3.1 Leadership in Monitoring and Evaluation Practices on Implementation of Core Banking System Project**

The study examined the Influence of leadership in M &E practices on the implementation of core banking system in National Bank of Kenya. Correlation results revealed that a strong, significant and positive correlation between leadership in M&E and implementation of core banking system project. A unit increase in effectiveness in leadership in monitoring and evaluation would result into an increase in implementation of core banking systems. The results were supported by Faqih, (2010) that core banking system project implementation achieve success due to effective leadership in monitoring and evaluation.

Descriptive results indicated that effective leadership in monitoring and evaluation, leaders motivate project team members, provide adequate resources for monitoring and evaluation, instituting effective project team staff, effective setting of objectives for monitoring and evaluation, enhance accountability and transparency in core banking system implementation and there is enhancement of coordination, provision of support required contribute to successful implementation of core banking system. This is in line with Kerzner, (2006) that implementation of IT project in banks is dependent on effective leadership in monitoring and evaluation process. The results concurred with Williams (2013) that leadership is critical in motivation of monitoring and evaluation project team members and influence success in the implementation of the project. Further, Faqih, (2010) indicated that commitment of senior management plays a critical responsibility in

motivating the project team, provide feedback of project progress and enhance control of project execution hence achieve success implementation of the IT project.

### **5.3.2 Communication in Monitoring and Evaluation and implementation of Core Banking System**

Correlation results indicated that a significant, strong and positive correlation between communication in M&E and implementation of core banking system project in National Bank of Kenya. This revealed that an increase in effective communication in monitoring and evaluation would lead to an increase in implementation of core banking system. This clearly demonstrated that effective communication in monitoring and evaluation results in increase in awareness creation of importance of monitoring and evaluation, provision of effective reporting of core banking system implementation progress and provision of effective decision making that promotes implementation of core banking system project . Further, communication in monitoring and evaluation promotes resolving of conflicts for smooth implementation of project and promote sense of responsibility, through communication in monitoring and evaluation there is clarity of expectations of implementation of the Core Banking project and increased management of risk in the implementation of core banking system project. The results concurred with Kahura (2013) that the use of communication in monitoring and evaluation in the implementation of core banking system generates quality information needed.

### **5.3.3 Planning in Monitoring and Evaluation and Implementation of Core Banking System Project**

There was a positive and strong correlation between planning in M&E and implementation of core banking system project. The correlation was statistically significant at 95% confidence level. The implication is that an increase planning in monitoring and evaluation would lead to increase in implementation of core banking system project. The finding concurred with USAID (2016), that the aim of the M&E plan is to aid in assessing and reporting project progress and how well the project is obtaining the desired outputs and outcomes. The plan also identifies the evaluation questions to be addressed during project evaluation, defines the indicators to be noted, defines the people mandated to collect them, defines the tools and forms to be adopted and describes the method of data dissemination to be used in the organization.

The study found that M&E plan details the basic assumptions on which the goals of the project depend on, the anticipated relationships between project activities, outcomes and outputs. The respondents further stated that planning in monitoring and evaluation involves practically planning the project activities so as to be able to monitor and evaluate the project. This implies that planning in monitoring and evaluation influence implementation of core banking system project. This concurred with Bernard (2015) that the influence of the scope M&E designing and planning positively affected on performance of Multinational Project.

### **5.3.4 Capacity Building in Monitoring and Evaluation and Implementation of Core Banking System Project**

The results indicated that there existed significant, strong and positive correlation between capacity building in Monitoring and Evaluation and implementation of core banking system project in National Bank of Kenya. This clearly demonstrated that an increase in capacity building in M &E would lead to a rise in implementations of core banking system project at the National Bank of Kenya Limited. The results concurred with Faqih, (2010) that build capacity of the team leaders execute their monitoring and evaluation activities effectively yielding success in the implementation of the banking system projects. This also concurred with Nabris (2002) that capacity building is critical in the implementation of an effective M&E plan and it emphasizes the need for the project staff to be adequately trained in addition to possessing skills in research and project management. This also concurred with Foresti (2007) said that the best practice with positive effects on the evaluation process is to adopt M&E training through the learning approach.

### **5.4 Conclusions**

Core banking system project being a massive system for a bank is not an easy task. The study concluded that National Bank of Kenya has a number of Monitoring and evaluation practices that enable the project team in having successful implementation of core banking system project. The study concludes that leadership in monitoring and evaluation plays a critical role in planning, setting out objectives and charting out the course of



action needed to achieve the set objectives, the project organization, project team staffing control and monitor and assesses performance of the IT project implementation.

The study concludes that communication in monitoring and evaluation in projects is crucial as it provides guidance on the roles and the responsibilities and expectations, in addition to providing feedback on project performance and progress. It enhances effective decision making for planning, monitoring and implementing projects ensuring the quality of the projects.

The study concludes that planning in monitoring and evaluation influence implementation of core banking system project. It defines the indicators to be noted, defines the people mandated to collect them, defines the tools, forms to be adopted, and describes the method of data dissemination to be used in the organization. It helps in identifying resource stakeholders who can facilitate the implementation of Core Banking system in banks.

This study concludes that Capacity building in monitoring and evaluation influence implementation of core banks system in banks. Project staff with relevant experience and training is critical for the production of M&E results. And that the best practice with positive effects on the evaluation process is to adopt M&E training through the learning approach.

## 5.5 Recommendations

M&E practices have emerged as a key determinant of project implementation success. Commercial banks should adopt M&E practices in efforts to achieve success in the implementation of core banking system projects.

1. The findings clearly demonstrated that implementation of a core banking system project is dependent of effective leadership and that leadership in monitoring and evaluation processes in organization is a critical element to learn the proper implementation and areas for improvement, the study recommends that management in National Bank of Kenya should continue supporting and being involved in the M&E activities for effective and successful implementation of core banking system.
2. The study recommends that bank management should institute effective communication channels and foster communication during monitoring and evaluation as it is important in enabling exchange information among the project stakeholders to achieve improvement and implementation of core banking system project. The study recommends that management in National Bank of Kenya should enhance use of communication in monitoring and evaluation in the implementation of core banking system as it generates quality information needed.
3. For orderly and coordinated project implementation and elimination of the overlapping activities, the study recommends that there should be a project

plan that is properly documented and shared among all project stakeholders in the bank.

4. Capacity building in monitoring and evaluation is critical in the implementation. Therefore the study emphasizes on the need for the project staff in National Bank of Kenya to be adequately trained in addition to possessing skills in research and project management. The study recommend for the support to the staff in project implementation to enhance their output. The study recommends for a bank to successfully implement core banking systems, the implementation staff needs to have the necessary support in terms of resource and skill, have a clear plan based on the project scope.

To improve on the implementation of core banking systems, the management should provide project staff with numerous reference materials such as training manuals, toolkits and handbooks which when well utilized, improves result based management through heightened awareness in M&E on core banking system implementation.

## **5.6 Suggestions For Further Research**

The study focused on determining influence M&E practices have on the implementation of core banking system project at National Bank of Kenya in Nairobi County. The study suggests a further study to be conducted to examine factors affecting monitoring and evaluation practices in the implementation of core banking system in commercial banks.

Different monitoring and evaluation systems could contribute to implementation of core banking systems. The study also suggests that a further study could be conducted to examine influence of monitoring and evaluation systems on implementation of core banking systems in commercial banks.

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## APPENDICES

### Appendix I: Questionnaire

#### INFLUENCE OF MONITORING AND EVALUATION PRACTICES ON IMPLEMENTATION OF CORE BANKING SYSTEM PROJECT AT THE NATIONAL BANK OF KENYA IN NAIROBI COUNTY

My name is Irene Kinya Mutuma and I am undertaking research on The Influence of Monitoring and Evaluation Practices on Implementation Of Core Banking System Project At The National Bank Of Kenya In Nairobi County for the Award of a Masters Degree in Project Planning and Management. Kindly fill the questionnaire. Please don't write your name on the questionnaire. Your assistance will be highly appreciated.

#### Section A: Demographic Information

1. Kindly indicate your gender

Female      [   ]

Male        [   ]

2. Please Indicate your age bracket

20-30 yrs    [   ]

31-40 yrs    [   ]

41-50 yrs    [   ]

51 and above [   ]

3. Kindly indicate your highest level of education attained

Primary level [ ]

Secondary level [ ]

College [ ]

University [ ]

Postgraduate [ ]

Others (explain) .....

4. For how long have you worked in the banking industry?

Less than 1 years [ ]

1 to 3 years [ ]

4 to 6 years [ ]

Above 6 years [ ]

**SECTION B: Influence of Monitoring and Evaluation Practices on Implementation of Core Banking System Project in National Bank of Kenya- Core Banking System Project**

**Part A: Leadership in Monitoring and Evaluation and Implementation of Core Banking System Project**

5. Are project leaders effective in allocation of resources in core banking system project in your bank?

Yes [ ]

No [ ]

Give reason for your answer.....

6. To what extent are leaders involved in setting monitoring and evaluation objectives?

Very great Extent [ ]

Great Extent [ ]

Moderate Extent [ ]

Less Extent [ ]

No Extent [ ]

Kindly explain your answer

.....

7. To what extent do you agree with the below statements on Leadership in Monitoring and Evaluation and implementation of core banking system project in your bank? (1= Strongly Disagree, 2= Disagree, 3 = Neutral, 4= Agree, 5 = Strongly Agree.)

S/no.	Statements	1	2	3	4	5
1.	The leaders provide adequate resources for monitoring and evaluation					
2.	There is effective setting of objectivesfor monitoring and evaluation					
3.	Instituting effective project team staff and control					
4.	Leaders motivate project team members					

5.	There is accountability and transparency in core banking system implementation					
6.	Enhancement of coordination of core banking system implementation activities					
7.	Project leaders provide support required for implementation of core banking system					

8. In your own opinion, indicate other ways through which Leadership in Monitoring and Evaluation influence implementation of core banking system project

i.....

ii.....

**Part II: Communication in Monitoring and Evaluation and Implementation of Core banking System Project**

9. To what extent does Communication in Monitoring and Evaluation enhance implementation of core banking system project?

Very great Extent [ ]

Great Extent [ ]

Moderate Extent [ ]

Less Extent [ ]

No Extent [ ]

10. Does information sharing influence implementation of core banking system project.

i. Yes [ ]

ii. No [ ]

Explain your answer.....

12. To what extent do you agree with the below statements on Communication in Monitoring and Evaluation influence of implementation of core banking system project at National Bank of Kenya? (1= Strongly Disagree, 2= Disagree, 3 = Neutral, 4= Agree, 5 = Strongly Agree.)

S/no.	Statements	1	2	3	4	5
1.	There is effective reporting of core banking system implementation progress					
2.	There is clarity of expectations of implementation of the core banking project					
3.	There is effective decision making that promotes implementation of core banking system project					
4.	There is increase in awareness creation of importance of monitoring and evaluation					
5.	Promote sense of responsibility					
6.	Creation of awareness among stakeholders on the core banking system project					
7.	Promote resolving of conflicts for smooth implementation of project					
8.	Increase risk management in the implementation of core banking system project					

13. Indicate other ways through which Communication in Monitoring and Evaluation influences implementation of core banking system project

.

i.....

ii.....

iii.....

**Part III: Planning in Monitoring and Evaluation and Implementation of Core Banking System Project**

14. Does assigning of responsibility influence implementation of core banking system project?

Yes [ ]

No [ ]

15. Does Planning in Monitoring and Evaluation role aid in the identification of stakeholder influence in implementation of core banking system project?

Yes [ ]

No [ ]

Give reason for your answer.....

16. To what extent do you agree with the below statements on planning in Monitoring and Evaluation and implementation of core banking system project? (1= Strongly Disagree, 2= Disagree, 3 = Neutral, 4= Agree, 5 = Strongly Agree.)

S/no.	Statements	1	2	3	4	5
1.	There is assigning of activities to be executed during project implementation progress					
2.	There is allocation of resource and time for various Monitoring and evaluation activities					
3.	There is reporting schedules of implementation progress					
4.	There is utilization of feedback schedules					
5.	There is Monitoring and evaluation designs for effective project implementation					
6.	There is clear stakeholder engagement					
7.	Promote project information analysis informing the direction to be carried out					

**Part IV: Capacity Building in Monitoring and Evaluation and Implementation of Core Banking System Project**

17. Does training of project team in implementation of core banking system project aid in project success?

Yes [ ]

No [ ]

Give reasons for your answer.....

18. To what extent does acquisition of skills and knowledge among the project team influence implementation of core banking system project?

Very great Extent [ ]

Great Extent [ ]

Moderate Extent [ ]

Less Extent [ ]

No Extent [ ]

Give reasons for your answer.....

19. To what extent do you agree with the below statement on Capacity Building in Monitoring and Evaluation and implementation of core banking system project? (1= Strongly Disagree, 2= Disagree, 3 = Neutral, 4= Agree, 5 = Strongly Agree.)

S/no.	Statements	1	2	3	4	5
1.	The project team members are provided with technical skills and expertise					
2.	There is increase in training of project staff to enhance understanding and competency in monitoring and evaluation					
3.	There is increase in interaction among the stakeholders					
4.	There is increase in Strengthening awareness in M&E					
5.	The Monitoring and Evaluation practical training foster success implementation of the project					
6.	The Skilled and knowledgeable inform on new innovation easing implementation of core banking system project					
7.	Training informed new monitoring and evaluation learning approach that enhances implementation of the core banking system project					

**THANK YOU**



## **Appendix II: Interview guide**

1. In your opinion, how does leadership in Monitoring and Evaluation influence core banking system implementation?
2. How does the banks' leadership ensure staff involvement during the core banking system project?
3. How does planning during Monitoring and Evaluation ensure the success of the core banking system implementation project?
4. To what extent does communication in Monitoring and Evaluation influence core banking system implementation?
5. What measures has National Bank of Kenya taken to ensure that information on the core banking system project is communicated effectively to all staff?
6. In your view, does capacity building in Monitoring and Evaluation influence successful implementation of core banking system?
7. What challenges are faced in identifying the correct level of knowledge and skills of resources involved in project implementation?
8. What corrective action is taken if there is knowledge and skills gap in the project implementation team?
9. What recommendation would you give to improve on the implementation of core banking systems in commercial banks in Kenya?

**Appendix III: Table for determining sample size for a given population**

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size  
 "S" is sample size.

Source: Krejcie & Morgan, 1970

## Appendix IV: Research Permit



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

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NAIROBI-KENYA

Ref No. **NACOSTI/P/18/98508/26859**

dt: **16<sup>th</sup> November, 2018**

Irene Kinya Mutuma  
University of Nairobi  
P.O. Box 30197-00100  
NAIROBI

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on "*Influence of Monitoring and Evaluation practices on implementation of core banking system project at the National Bank of Kenya in Nairobi County, Kenya*" I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **15<sup>th</sup> November, 2019**.

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a **copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

**GODFREY P. KALERWA MSc., MBA, MKIM  
FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Nairobi County.

The County Director of Education  
Nairobi County.

*National Commission for Science, Technology and Innovation | P.O. Box 30623-00100 | Nairobi*