

**ORGANIZATIONAL CAPABILITIES AND PERFORMANCE OF AUTOMATED  
LOANS' COLLECTION PROJECTS IN COMMERCIAL BANKS IN KENYA**

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## **DECLARATION**

This project is my original work and has not been presented for a degree in any other University.

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## **DEDICATION**

This research project is dedicated to my departed parents and grandparents, my wife and children, workmates, and my team leader who have inspired me to finish this project.

## **ACKNOWLEDGEMENTS**

I would like to express my gratitude to my family for their unwavering support over the several days I was away working on this project. For my parents, family, and sister, as well as my peers, who helped in different ways, your messages of affirmation moved mountains. I appreciate you.

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## LIST OF ABBREVIATIONS

<b>ANOVA:</b>	Analysis of Variance
<b>CBK:</b>	Central Bank of Kenya.
<b>CEO:</b>	Chief Executive Officer
<b>HR:</b>	Human Resource
<b>ICT:</b>	Information and Communication Technologies
<b>IT:</b>	Information Technology
<b>NPD:</b>	New Product Development
<b>NPLs:</b>	Non-performing Loans
<b>PM:</b>	Project Management
<b>PMIS:</b>	Project Management Information System
<b>RBV:</b>	Resource-based view
<b>SACCOS:</b>	Savings and Credit Cooperatives
<b>SMEs:</b>	Small and Medium-Sized Enterprises
<b>SPSS:</b>	Statistical Package for Social Sciences
<b>UK:</b>	United Kingdom

## ABSTRACT

A significant number of banks in Kenya have experienced dismal performance of automated loan collection projects since the credit facilities supplied to customers are often paid late or not paid at all rendering the banks at risk of incurring losses. The major objective of this study was to investigate the ways in which organizational competencies influence the success of automated loan collection operations carried out by commercial banks in the African nation of Kenya. In order to accomplish this objective, the research was designed to accomplish a number of particular objectives, one of which was to investigate the influence that management capability, financial competence, human resource capability, and information system capability have on the execution of automated loan collection initiatives in commercial banks in Kenya. The research was conducted using a descriptive survey approach, and the population of interest was comprised of 42 commercial banks in Kenya that were actively participating in banking automated loan collection. Since the population under this study was small, census approach was adopted. Therefore, all the employees that is the management personnel, technical staff, and project team members working for Kenya's 42 commercial banks were the unit of analysis. Semi-structured questionnaires were utilized to obtain primary data for this study. Descriptive and inferential statistics were used in this study. The findings indicated that managerial capability significantly impacted project success when  $p < 0.05$  was employed ( $p = 0.00001$ ,  $\beta = 0.818$ ). Results indicated that financial capabilities significantly impacted project success ( $\beta = 0.805$ ,  $p = 0.00001$ ) at the  $p < 0.05$  level of significance. Additionally, the capability of the human resources had a favorable and large effect on the project's outcome ( $\beta = 0.702$ ,  $p = 0.00001$ ) at the  $p < 0.05$  level of significance. There was also a positive linear relationship between the capability of the information systems and the project's performance ( $\beta = 0.563$ ,  $p = 0.00001$ ) at the  $p < 0.05$  level of significance. The study recommended that bank management should implement transparency and accountability in management of funds. Also, the management should improve communication between managers and project specialists to enhance project performance. Senior administration should also ensure the recruitment of competent and qualified personnel to handle projects in the bank. For further research, other external factors that influenced variation of the loans' project performance should be studied.

## DEFINITION OF OPERATIONAL TERMS

**Financial Capability:** this is the potential of a corporation that can be identified in bill of quantities, transparency and accountability and material prices.

**Human resource capability:** this is the potential of a corporation that can be identified through training offered, project experience, qualifications, health, and recruitment.

**Information System Capability:** this is the potential of a corporation that can be measured through technological infrastructure, process, people, and structure.

**Managerial Capability:** this is the potential of a corporation that can be measured through nature of support, type of support, communication, scheduling, and scope.

**Organizational capabilities:** refers to the potential of a corporation to successfully leverage capital to build sustainable competitive advantages and achieve a benefit over its rivals such as personnel. These include financial capability, managerial capability, information technology capability and human resource capability.

**Project performance:** It is part of the preparation and development of a project, which consists of the project duration, the planned budget and customer satisfaction.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Project management inspires people by providing them with a wealth of tools that improve their abilities to plan, achieve, and implement ambitious objectives (Gezu, 2014). They continue to represent all work fields, including design, consulting, automobile, and social projects. Social problems and complex concerns are tackled by forming work teams to solve a daunting task and turn it into a splendid effort by project management and control. Projects aren't usually started by chance; they're deliberately thought through and organized, which is why it's important to consider the project plan. There is a beginning and an end to a mission. Many of these phases are crucial to a project's progress and cannot be ignored.

Leadership is the backbone of project performance. The delegation of the leadership into improper hands may result in a project that fails to adhere to the cardinal law of project management that demands that consistency, punctuality, and expenditure be adhered to, (Mutua, 2014). Many businesses have attempted to implement projects and have been surprised as the costs have increased fourfold, the output has remained below standard, and the estimated time spent has been excessive. When the corporate community thinks a major undertaking is being worked out, these program obstacles calls for strategic planning. The business world does not want to jeopardize consumer satisfaction in any way. System improvements, on the other hand, have disrupted the reputation that most of these firms have had for a lengthy moment, causing significant issues in these businesses (Pinprayong and Siengtai, 2012).

Gryger, Saar and Schaar (2010) argued developing capabilities in different organizations, such as improving leadership or legit operational functions, is a primary concern for most firms in North America and China. In reality, few companies concentrate their training programs on capacity building that contributes the most value to the organization success of their businesses. By laying foundational capacities which includes logistics and management of project, businesses may achieve a competitive advantage.

Adoption of effective systems of payment electronically in the financial banking industry is becoming an important element in economic and commercial activities in Ghana. Owusu (2012) reported that Ghana's central bank has established a firm that will enhancing co-working between different companies across the nation and provide a wide variety of strategies in that are technologically enabled and related services that enable and add to the achievement of effectiveness in payment methods that have been in use in of Ghana and provide citizens with efficient and reliable and convenient access to financial services.

According to Nyongesa (2014), both the knowledge and resources and the way they are used by companies will continually change and this transition would result in the development of continuously evolving temporary benefits. This therefore implies that the sustainable competitive advantage is the way capabilities are designed. Banks in Kenya are differentiated in terms of breadth of scope, impact as well as public accountability. Organizational capacity in the commercial banks and their operations needs to be improved by the introduction of information technology, skilled personnel and the creation of committees that are capable of effectively performing their duties. Chen et.al (2021), notes that organizational capabilities is the capacity of a team or organization to refresh and reinvent its strategic abilities to meet an increasing environment's requirements. A constantly evolving environment allows an enterprise to adapt quickly to maintain its competitive edge.

According to Costantino, Gravio and Nonino (2015) the vital factors that facilitates projects success include: project operation, senior management support to be committed in providing the required resources and oversight in running of the project, project schedule / plan, stakeholder discussions: information exchange, deliberation, and effective listening, personnel, problem resolution, active investors, supervision and assessment and fault detection. This research aimed to build from the work of these studies while focusing solely on loan Collection Systems in Kenyan Commercial Banks.

### **1.1.1 Performance of Automated Loans' Collection Projects in Kenyan Commercial Banks**

Projects are the basic components in an organization's planning and implementation of plans, and they offer an operational emphasis to conceptualize, plan and develop new or enhanced goods, services, and organizational operations (Njau, 2012). When timely done and implemented, on budget and in reasonable condition, a project is deemed good. According to Ayele (2012), the initial two phases of a project are crucial to project progress on a wide scale. The two steps are identification, examination, and planning of the project management plan in an organization. Both phases should discuss the important components that are vital to the successful implementation of the projects, strategic decision - making processes, company direction, executive support, information sharing and operation process. There are other listed components in addition including, professional team leaders, quality control, project management, system development, progress monitoring, project planning, work climate, user interaction and information transfer. The project context should be specified as precisely as possible such that all members of the team are mindful of whatever is being done and consent on it. The following events should be used in the culture and meaning evaluation: define and assess the predominant norms and traditions of all market divisions affected, as well as the IS category; determine the attributes of cultures and values suitable for the effective execution of the project's level of change; formulate a change management strategy to shift the company slowly towards action.

This research is specific focused on debt recovery automation projects. A debt recovery automation project is an information technology project that collects overdue loan payments from borrowers and supports retail banks by tracking, executing, storing, and analyzing data. A comprehensive, consolidated debt recovery database can increase customer loyalty by reducing the number of individuals consumers have to contact to fix payment problems. The fast and reliable availability of supporting documents would make the dealing with the bank much simpler for customers. Collection technology removes many of these clerical duties or facilitates the duties to a minimum, allowing the collector to spend more time on follow-up. Once collection automation is in operation, it is not uncommon for a collector's efficiency to double, triple or even quadruple.

In the last few years, however, Kenya's banking industry has continued to document incredible growth. For instance, overall profitability of the sectors increased by 30 per cent in the year ending December 2014, while an increase of 26.1 percent on the asset portfolio was witnessed over the past financial year (Abuga and Manyange, 2015). Performance metrics for the banking industry changed, recording lower rates of balance due to non-performing loans and an improvement in the capital adequacy levels mainly due to fresh money.

Commercial banking institutions are regulated by the cap (489) corporate banking law cap (488) and the CBK cap (491) and prudential guidelines for risk mitigation and management. Throughout 1995, commercial banks were liberalised, and currency restrictions abolished. There are 42 banking institutions, 12 microfinance banks taking deposits, 30 non-regulated micro - finance entities only, 199 registered SACCOs, and 5 mobile money banking operators. CBK has put two commercial banks, Imperial, and Dubai, under formal receivership. Additionally, 10 banks were identified in the NSE after completing the registration criteria. CBK's prudential regulations safeguard commercial banks from liquidity conditions that can lead to financial hardship resulting in a banking sector financial crisis. CBK Licenses both local banks and new entrants to promote economic growth of the country.

According to the 2019 Banking Survey in Kenya, the country's commercial banks can be broken down into three distinct groups, with the first tier comprising eleven institutions with an asset base of at least Ksh.40 billion, the second tier eleven institutions with an asset base between Ksh.40 billion and Ksh.10 billion, and the third tier twenty-two institutions have a less than Ksh.10 billion asset base.

### **1.1.2 Organizational Capabilities**

Chen et.al (2021), notes that organizational capabilities are the abilities of an institution to refresh and reinvent the ability to adapt strategically to an ever-evolving global environment. Maintaining an advantage in a competitive market requires a company to be able to respond swiftly to changes in the surroundings. Nyongesa (2014) argues that organizational capacities are the strategic capacities that gain competitive advantage under these complex conditions. Concentrating on raising organizational capacities includes the improvement of the mutual capabilities within the institution of various team dynamics. For the success of an organization to

meet objectives, including the main goal of good performance, the organization needs to make several considerations: managerial capacity, financial capacities, human resource capacities and capacities of the data and information system.

Management skills dominate as a consequence, according to Parnell, Long and Lester (2015), of the strategic competencies exhibited by the corporate leaders, the workforce and personnel, particularly top-level administration. It comes from advanced professional experiential abilities through the training and learning. Relevant organizational capacities have long been regarded as an effective source for its institution to start generating foregoing-normal rent (Hunt & Madhavaram, 2012). Management capabilities within an institution are generally designed to interact and implement strategies, creates lasting relationships with a wide range relevant party (Asia, 2015), and participate in distribution and integration of resource available to organizations, such as entrepreneurship and creative systems (Faraci & Basile, 2015), and incentive schemes (Sohal, Simon & Klobas, 2015). Specifically, some scholars argue that, for there to be improvement in employees' management functions effectively, they must have firm-specific information that is based on experience or gained through acquiring knowledge (Teeter, Preston; Sandberg & Jorgen, 2016).

Financial capacity is the blend of attitude, understanding and skills required to make and workout financial planning ad strategical actions that are based to align the situations of a person's life, within a facilitating condition that is inclusive of, but is not restricted to, obtaining adequate financial services. On the other hand, human capital potential is valuable, special, and hard to replace; thus, it is important to build strategical and competitive advantages that are viable. Human resource resources can be effectively used to boost an organization's efficiency (Chuang, Liu & Chen, 2015).

The capacities of information systems are abilities that should not be contracted when organizations plan to outsource the IS facilities and services. Feeny and Willcoks (2012) assert that information management capabilities are the ones needed to withstand obstacles in the corruption of information technology that a business should be able to manage effectively throughout times; a firm must retain the base IS capacities to establish itself smartly in the dynamic business environment.

### **1.1.3 Commercial Banks in Kenya**

Commercial banks are financial institutions with the legal right to accept payments from and make loans to both individuals and corporations. They serve organizations, companies, and people and are open to the public. The central bank controls, oversees, and issues licenses for their operations. Kenyan lenders understood that using credit reference, as a measure of risk was necessary to create a robust and internationally competitive financial sector (Central bank of Kenya Report, 2016). The Central Bank of Kenya served as the industry's regulator in Kenya's banking sector, 41 banks, 8 foreign bank representative offices, 12 microfinance banks, 3 credit reference agencies, 80 foreign exchange bureaus and 15 money transfer businesses as of the end of 2016. Thirty-nine of the banks were privately held, while the government of Kenya held a majority stake in three others (Central Bank of Kenya, 2016).

### **1.2 Statement of the Problem**

Commercial banks in Kenya would have well-developed organizational capabilities, including managerial, financial, human resource, and information systems capabilities, that are necessary to enhance the performance of their automated loan collection projects. However, some commercial banks in Kenya lack the required organizational capabilities to support the implementation of automated loan collection projects, which result in poor performance of these projects. The poor performance lead to increased loan default rates, reduced profitability, and customer dissatisfaction. Out of a loan book worth KES 3.255 trillion in 2021, 460 billion according to the bank supervision annual report (2021), were non-performing loans. The Kenya Bankers Association has also raised concern about the risk of default by borrowers because of previously observed rising interest rates. This has led to dismal performance of loans collection projects. The credit facilities supplied to customers are often paid late or not paid at all rendering the bank at risk. It is obvious that given the rigorous screening conducted in the loan evaluation process, which involves proof of credit commitments, account performance tracking, revenue sustainable growth, protection, and payment efficiency, among other challenges in the recovery of loans extended by banks to customers. The performance question relates to weak organizational structures according to (Kithaka, 2014). While in some banks the projects were cited to enhance loan collections, in others this was not the case (Ayele, 2012). The expectation

has been that the projects would reduce the loan loss provision, the loan write offs, the cost of collection per unit loan among others. These project deliverables have not been met by all commercial banks and this casts doubt as to the performance of automated loan collection projects. The Central Bank of Kenya has been forced to place several of Kenya's banks into statutory receivership as a result of the erratic financial performance of a number of the country's financial institutions. Failure by such projects to meet their performance targets impacts on the banks negatively through increased loan provisions and poor profitability (Biedenbach and Müller, 2012). This in turn affects the shareholders, the banks, the customers and the government. However, the performance of these systems falls below expectations, leading to increased operational costs, customer dissatisfaction, and loan defaults. This performance gap may be due to a lack of organizational capabilities or a mismatch between the capabilities and the requirements of the systems.

Literature indicates many factors are affecting project efficiency. Ondieki (2013) provide a detailed list of performance factors. The Project Management Handbook (2012) of the Project Management Institute addresses similar key performance indicators: project goal, top management support: commitment of upper management to supply the requisite project resources and obligation / power, project schedule / plan, stakeholder contact, engagement and effective listening, staff, technical tasks and stakeholder's engagement. However, the identified studies (Gezu (2014); Project Management Institute's Project Management Handbook, 2014) did not focus on organization capabilities and how they influence project performance. The problem is that the performance of automated loan collection projects in Kenyan commercial banks falls below expectations, leading to increased operational costs, customer dissatisfaction, and loan defaults. This problem may be due to a lack of organizational capabilities, which includes managerial capability, financial capability, human resource capability, and information systems capability. It is therefore important to examine the influence that organization capabilities may have on automated loan collection project performance in commercial banks with an emphasis on Kenyan banks specifically. The study will explore whether a lack of managerial capability, financial capability, human resource capability, or information systems capability is contributing to the suboptimal performance of automated loan collection projects.

### **1.3 Objectives of the study**

#### **1.3.1 General objectives**

The general objective of the study is to examine the influence of organizational capabilities on performance of automated loan collection projects of commercial banks in Kenya.

#### **1.3.2 Specific objectives**

The study sought to:

- i. Establish the influence of managerial capability on performance of automated loans' collection projects of Kenyan commercial banks.
- ii. Examine the effect of financial capability on performance of automated loans' collection projects of Kenyan commercial banks.
- iii. Determine how human resource capability affects the performance of automated loans' collection projects of Kenyan commercial banks.
- iv. Establish the relationship between Information systems capability and performance of automated loans' collection projects performance of Kenyan commercial banks.

### **1.4 Research Questions**

The study was guided by the following research questions;

- i. How does managerial capability influence performance of automated loans' collection projects of Kenyan commercial banks?
- ii. What is the effect of financial capability on performance of automated loans' collection projects of Kenyan commercial banks?
- iii. To what extent does human resource capability influence performance of automated loans' collection projects of Kenyan commercial banks?

- iv. What is the relationship between Information system capability and performance of automated loans' collection projects of Kenyan commercial banks?

### **1.5 Significance of the Study**

The findings of this research should be beneficial to the management of financial banks in regard to performance of automated loans' collection projects. The outcome of this study can be used by decision makers, researchers, and scholars to provide a basis for reinforcing current concepts of project execution.

### **1.6 Scope of the study**

The research looked at ways in which organizational capabilities influenced performance of automated loan collection projects of commercial banks in Kenya. The organizational capabilities issues given more attention include managerial capability, financial capability, human resource capability and Information system capability. The respondents were staff members of the Kenya commercial banks that are charged with the banking system project management.

### **1.7 Study Limitations**

Throughout the course of doing this research, the researcher came into a variety of roadblocks, each of which posed its own set of hurdles. To begin, there was the risk that the staff members working in commercial banks would not cooperate with the investigation. This may have been the result of a reluctance to share information due to a fear of the potential consequences that could be imposed on them in the event that they disclosed sensitive and confidential information. This could have been caused by the fear of potential consequences that could be imposed on them in the event that they disclosed sensitive and confidential information. The researcher overcame this issue by seeking agreement from the individuals engaged in the study at an early stage and establishing a rapport with them.

The second constraint concerned the enormous size of the population that was being studied (the employees of commercial banks), which may have resulted in an insufficient amount of people being represented in the study. The researcher overcame this particular issue by employing

questionnaires and requiring that respondents self-administer them. Because of this, we reached more respondents in less time supported by our improved outreach strategy.

### **1.8 Organization of the study**

The study project is divided into five sections. The first chapter provides an overview of the research plan, including the study's history, problem definition, and purpose. It also explores the different causes of the problem and outlines the research questions that will guide the analysis. The chapter covers the scope, relevance, and breadth of the study. The second chapter summarizes the literature relevant to the research topic, while the third chapter describes the methodology that will be employed for the analysis. Chapter four reports on the research findings, including an analysis of the results and a description of the discoveries made. In chapter five, the researcher discusses the results, conclusions, and suggestions.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter deals with the concept theories relevant for the study. Literature relating to the project was also checked in order to find gaps in the existing literature. The review of the literature directed the pertinence of the results in the report

#### **2.2 Theoretical Review**

According to Muro et.al (2013), the review of theoretical materials requires the collection of pertinent literature on pre-existing theories and models that serve to ground the conceptual framework and, as a result, give knowledge about the issue that is being investigated. The Transformational theory of project management and the Resource-based view (RBV) theory are going to be utilized in this research study.

##### **2.2.1 Transformational theory of project management**

Project management integration theory advocates for the conversion of raw substances into processes resulting in outputs. This revolutionary involvement advocates for even more synchronized collaboration in projects management towards achieving the finished product aimed at. Project theory uses the transformation or conversion of tasks into sections that eventually contribute to a full whole need for autonomous handling of tasks and the management of uncertainty to maintain the progress of the project (Bakker & Knobens, 2012).

Owing to the challenges posed by global developments related to recent technological shifts, project management has increasingly taken on a leading role. Such dynamic developments have called for a need for a cohesive manner of addressing the complexities in order to achieve an appropriate deliverable. Jaafari (2015) equivalently experience the absence of conceptual personification of project management in their study.

Crawford & Pollack (2013) believes that project management is improvement due to multifaceted architecture in specific operations that necessitate the planning, scheduling, and

supervision of numerous and dynamic functions that the current innovations become incapable of managing. Dangers and vulnerabilities incorporate the administration and oversight of the exercises that will add to the fruitful achievement of the occasions or projects. Chan & Chan (2014) respected undertakings the executives to get exclusively from the requirement for organizations to envision and estimate deterrents and perils that could disrupt the general flow of work being effectively completed. Subsequently, the executives' task is to create, supervise, monitor, and examine these hurdles in order to ensure the company's success without breaking up the efficiency, costs and time periods of the group.

The Transformational theory of project management focuses on the leadership and management aspects of project management. It suggests that effective project management requires transformational leadership that inspires and motivates team members to achieve project objectives. This theory is relevant to the study's focus on the influence of managerial capability on the performance of automated loan collection projects. It provides a theoretical framework for understanding how effective leadership and management can influence project performance.

### **2.2.2 Resource-based view (RBV) theory**

According to RBV theory, a company is a cognitive system with its own set of unique, situation-specific competences that are essential to developing effective strategy. These are established by the hierarchical expertise, or sets of procedures, necessary to manage the essential business processes that contribute to value creation. Companies can get stuck in a short- to medium-term trajectory that is difficult to shift if they don't have the competencies that enable the development of specialized knowledge (Barney, Ketchen & Wright, 2011). The resource-based view postulates that successful businesses create unique capabilities often distinctive or specific to each company upon which to establish their long-term competitiveness. Building resources that are just unclear in a passing sense, cognitively challenging, and hard to mimic over time is a smart strategy for organizations looking to build a competitive edge (Wang & Kwan, 2013).

According to Teece (2014) one way of developing such a tool is through constructive contact with primary stakeholders. For example, companies that are capable of engagement of parties

outside of traditional market exchanges develop highly integrated tools that aren't time-sensitive but are instead focused on building trust and credibility. Additionally, Zheng, Xie & Huo (2016) demonstrate that organizations that develop relationships based on mutual cooperation and trust with key stakeholders are in a more favorable position to benefit advantage over the other firms. This is because it takes much effort to build loyalty and collaboration of the firm and the stakeholders, which in turn contributes to exchanges of mutual beneficial interest. Such exchanges contribute to better results for the business.

Advocates of the RBV claim that it is not the setting but the organization's capital that should be treated as the strategy's cornerstone (Barney, Ketchen & Wright, 2011). There is one thing that all of these different approaches of strategy have in common, despite the fact that they are meant to be different: they all attempt to maximize production by increasing one organization's position in the same competitors' environment in relation to other institutions and that is how the institution differentiates itself from its competitors. Each company creates its own capability configuration which is embedded in the specifics of its competitive environment, prior obligations and upcoming needs (Zhang et.al, 2019). The company's resource-based view explains how companies are allocating their limited resources to acquire and use competitive advantages. Consequently, the company that has the resources and capabilities to make the best use of its capabilities and invests in capabilities that support and sustain capacity structure will be able to leverage its distinctive capabilities.

The RBV theory is highly applicable to the four variables examined in this study: managerial capability, financial capability, human resource capability, and information systems capability. According to RBV, an organization's resources and capabilities, including these four variables, can create a competitive advantage that lasts over time. In this study, the RBV theory provides a structure for recognizing and evaluating the vital internal resources and capabilities that could impact the effectiveness of automated loan collection projects in commercial banks in Kenya.

The study was based on the Resource-based view (RBV) theory, which emphasizes the significance of internal resources and capabilities of an organization in creating a competitive advantage that endures. The primary objective of the research was to investigate how various organizational capabilities such as managerial, financial, human

resource, and information systems capabilities impact the performance of automated loan collection projects in commercial banks in Kenya. Therefore, the RBV theory was chosen as the theoretical framework for this study because it helps identify the critical internal resources and capabilities that could potentially affect project performance.

## **2.3 Empirical Review**

### **2.3.1 Managerial Capability and Project Performance**

Bahemia & Squire (2011) carried out a study on handling innovation process at a project level in management capability perspective. The empirical findings were collected through a survey of 205 NPD projects in the UK production sector. There is increasing interest in the concept of dynamic managerial skills, which sheds light on the significance of strategic actions of administrators to 'develop, incorporate and reconfigure organizational resources and skills.' It is claimed that discrepancies in managerial actions lead to heterogeneity in success in orchestration of assets to generate capital. The idea of dynamic management capabilities is a refinement of the overall organizational capabilities that are broadly defined as capabilities allowing an organization to 'integrate, build and reconfigure competencies'.

Oh, Yang, and Kim (2014) led investigation on information and communication innovation abilities and firm effectiveness execution. Information was gathered from 142 production organizations in Korea and utilized in the examination. With the expansion of different gadgets, for example, the type of e-procurement framework, there is a more grounded impact when relations are considered between IT capacity and firm execution. Since e-procurement has a component of restricted data sharing and a solid market-production presence, more prominent commitment to financial stability has been made to the potential for cooperation. In the opposite side, where there are confined pursuit capacities in an e-procurement system, the dynamic usefulness makes a more prominent commitment to financial efficiency.

A Yin (2012) study aimed at identifying the path of changing competitive edge development in the Chinese travel and two resource-based frameworks in the tourism sector, managerial capacity and organizational culture investigated their association with financial performance and customer experience of the hotel. In two North-East cities in China, data were obtained from senior

executives of the luxury resorts from three stars and higher. It was reported by the Municipal Tourism Bureau that the census sample method was used in both cities. 411 hotels had exceeded the sampling criterion and distributed the same volume of questionnaires. The results demonstrated that the relationship between managerial ability and financial performance had been statistically insignificant.

Ahmed's (2017) study aimed to explore the correlation between creation, management capacity, and leadership effectiveness and how it impacts a company's performance, taking into account factors such as company size and ownership. The study utilized a random sampling technique to select service and manufacturing sector organizations. A structured questionnaire was developed to obtain structured and comprehensive responses for statistical analysis. Both survey forms and one-on-one interviews were employed. The findings of the study revealed a connection between managerial skills, managerial efficiency, and organizational success.

Aduloju et al. (2014) conducted research to see if IT innovations and IT management abilities may explain variations in the quality of service provided to customers among Nigerian insurance firms. The three assumptions were derived from data obtained from 402 managerial-level employees at chosen insurance organizations in Nigeria, which are of the biggest IT shareholders and situations when providing excellent service to customers is a priority. To analyze the data, a linear regression model was employed. The results from this study suggest that IT is crucial to providing superior customer service, but that it is not enough to guarantee success on its own. The analysis showed that disparities in customer service performance are mostly explained by the relationship between IT managerial skills that are implicit, path-dependent, and company-specific.

### **2.3.2 Financial Capability and Project Performance**

Fonseka, Tian and Li (2014) carried out research into the impact that a company's financial capabilities have on its profitability and sustainability of companies. Hierarchical regression analysis methods were utilized to assess the examination model, dependent on 4,530 organization year encounters in a panel regression finding. It has been expressed that organizations' interior financing limits don't give a significant bit of leeway over outside

subsidizing capacities; firms' initiative and strategy to gather capital from current financial investors, the organization and basic accessibility to banking services subsidizing are unequivocally associated with an advantage on firms' advantage inside a segment. This gives associations flexibility by allowing them to make concessions to current speculative investors, sell non-convertible and prospective bonds, and have long-term bank funding.

Turyakira, Kasimu, Turyatunga and Kimuli (2019) did an exploration in Kampala Uganda, aimed at distinguishing the mutual impact of access to financing and firm productivity on independent company accomplishment. A cross-sectional methodology was actualized in the report, with a sample of 384 firms. The investigation uncovered that there is a positive correlation between's entrance to fund, organization capacity and firm proficiency. Linear regression likewise found that an expansion of 41.8 percent in the production of small business accounted similarly for financial stability and firm performance. Access to finance, on the other hand, was distinguished to be the most significant factor in anticipating organizational performance rather than firm capacity.

Shigang and Guozhi (2016) carried out an empirical study for infrastructure companies in China on core capacity and foreign results. Chinese construction companies face the challenges of staying competitive as a significant player on the global building industry. This work provides a conceptual model for exploring the association between core capabilities and global investment within Chinese construction businesses to help establish firms maintain and improve their competitiveness. This study has confirmed the importance of marketing strategies, financial capabilities, project management capabilities, innovation capabilities, HR management abilities, and reputation / brand to attain their higher performance, based on the data collected from infrastructure companies in China.

Casalino et.al (2014) characterize financial flexibility adaptability as the way toward overseeing and checking incomes into and out of a business, just as the money adjusts kept at a specific time point. According to Mazzarol (2014) cash flow management can be portrayed as the goal of deciding an ideal money related position that would permit an organization to satisfy its continuous obligations while controlling its liabilities. Kitonga (2014) found that money planning influences firm effectiveness in a positive manner. Baños-Caballero (2012) reported

discoveries that feature the significance of giving an inventive system to working capital administration. Nevertheless, the discoveries of (Mugo et.al, 2012) recommend that even past such a wide based strategy, organizations need a money balance strategy that would coordinate overflow money speculation and cash investment.

Menike (2018) conducted a study to determine the effect resulting from Knowledge of Money Management on the production of Sri Lankan SMEs. The research tests financial literacy of Sri Lankan SME owners and evaluates the degree of financial awareness and organizational efficiency of these SMEs as a measure of economic progress in the enterprise. A review of questionnaires was carried out by 378 respondents from around the country. While there is a favorable correlation between financial literacy, financial muscle, and financial behavior and SME performance, there is no statistically significant correlation between financial activity and SME success. It also shows that they are aware of the dimension of financial reporting and are more interested in following individuals' social abilities, and what they have managed to keep on records, mainly for better results in the business.

A company's financial planning normally derives from the company's financial status and structure. The statement on the financial transactions and processes, which is the measuring stick for measuring and tracking results, derives the information. Business managers use financial statements in coming up and drafting a detailed financial plan to optimize shareholder capital and minimize future pre-existing risks. In general, financial statements measure a firm's financial condition and efficiency. They are manufactured for outside stakeholders such as shareholders, government entities, lenders etc. Such documents are created to meet city councils and its financial reporting agencies' specifications (Haabazoka, 2018)

Ngugi and Mwangi (2014) researched on the determinants that facilitate electricity projects development legislation in Kenya. In arriving at a random sample of 45 respondents, the analysis targeted on reaching out to 450 respondents obtained through simple random sampling process. The research produced quantitative data in which data gathered was encoded and incorporated into social scientists' statistical packages (SPSS version 21) and statistically analyzed. The analysis revealed that Kenya's senior management activities, policy preparation and execution are essential to developing and through electricity projects. Similarly, the study also found that

donor reliance on capital for electrification growth hindered the progress of the project thus affecting the effectiveness of the company. A conceptual analysis difference exists between this research and the study above. The previous research concentrated on regulatory determinants for the growth of electricity projects at REA while the present study emphasizes on the impact that organizational capabilities have on project performance with a particular emphasis on automated loan collection projects at Kenyan commercial banks.

### **2.3.3 Human Resource Capability on Project Performance**

In an analysis of the real success drivers in projects, Ngumi (2014) found that it is important to remember that the personal dimension of the execution of the project has been overlooked. This might seem surprising that none of the 12 key success factors examined are specifically associated with "human factors," even though people execute projects, not processes and structures, is quickly becoming recognized. Many separate branches of an organization invest in IT ventures, and banks and finance entities are no exception. To develop the technical skills needed for preparation and execution, the project implementation group should be dynamic, collaborative, and include a blend of external consultants and staff.

Chuang, Liu, and Chen (2015) carried out the investigation on the effects on organization performance of human resource capabilities. The capacity of human resources is valuable, rare, irreplaceable, and inimitable and non - substitutable; therefore, it is essential to create sustainable comparative benefits. Human resource capacity should be properly used to enhance the efficiency of a company. This research took a comprehensive approach to developing an integrated model that exhaustively integrates the essential aspects of human resource skills and organizational success. In addition, empirical research was done using an illustration of a state-owned company. Service-profit chain theory argues that internal consumer satisfaction and service quality influence customer recognition with a long-term effect on the company's profitability and growth. Based on research results, insightful and practical advice is proposed to maximize the potential of human capital to boost the organizations' performance.

Chiteli (2013) suggested that the management of human resources is a crucial and essential aspect endowed within an institution's management. With regard to this role, the company fulfills its obligation of being a good employer; aims to ensure employee engagement; and

encourages and manages employees to give their skills exhaustively to offer their expertise in improving a firm's performance. The necessity of response to dynamic markets ensures that the role of handling the workforce successfully is critical than ever before and having a mindset oriented towards client service and performance is gradually emerging with a new perspective on workforce management. Furthermore, we propose that human resources organization is a systematic strategy to handling employees successfully for results. This attempts to develop a more open, agile, and caring model of leadership to inspire, grow and handle staff in a manner they can and will do their utmost to promote the objectives of departments. In this situation, the task of departments is to enforce core banking structure.

Nzuve and Omolo (2012) conducted a research on HR capabilities' impact on the performance of organizations. Capacity of human resources is the most critical resource in improving the performance of a firm. First, the set of human resources practices employed by a company result from the procedures of the entire organization beliefs and cultures of how individuals are organized most effectively as a result of the HR capability of the company. Second, the dynamic environment indicates that static assets such as HR bundles alone cannot generate sustainable competitive advantages. Alternatively, as companies adapt to economic crises, technological advances, modernization and increased competition, they need to change their strategies and realign their spectrum of approach to achieve these increasing needs.

Königstorfer and Thalmann (2020) evaluated the effect of HRC in organizational performance and sustainable competitiveness in global organizations across India. The investigation indicated a positive association between limits of HR and execution of associations. The examination discoveries uncovered that limit with respect to human capital is a decent indicator of supported upper hand. Human asset esteem relies upon its ability for adding to the upper hand or center competency of the firm. Consequently, the monetary estimation of HR is a relative concern. At the other hand, the degree at which employee abilities engage a firm to execute procedures that improve proficiency and productivity, amplify open doors for advancement, and kill possible dangers.

Muia (2017) investigated the impact of human capital capability on business outcomes in relation to the UK electronic industry. The observations were based and derived from empirical

survey of the CEOs and their impression of HR engagement in high-tech SME strategy growth. The study revealed that the best element for success of the analyzed SMEs was to increase the company's core competencies, in particular human resource capabilities.

#### **2.3.4 Information System Capability on Project Performance**

In addition to developing a robust project management strategy as a foundation, an operating systems ICT program may also help collect critical information for strategic purposes. Kambua (2015) conducted a survey Brunei owners, consultants and project managers and stated that delayed decision-making is one of seven major influential factors delaying construction projects. Umar and Dikko (2018) found that in line with the technological pressure and cultural pull, the acceptance of the firm's new ICT-driven corporate practices is primarily dictated by the decision-maker's behaviour, which shifts over time. Building firms need to develop in order to win contracts and boost the financial performance from these contracts, and the successful application of new technologies enhanced major competitive edge for the companies that are in construction industry (Chiteli, 2013).

Pinprayong and Siengtai (2012) have seen client fulfillment as one of the most broadly utilized performance pointers of the exhibition of an information system framework. Project System is the productive trade of information among venture colleagues and in this manner, when the program use is reached out among all clients, and not restricted to explicit clients, there is impacts increment. In different terms, the positive consequences of upgraded proficiency of the Project Management Information System would mean motivation behind use, not confined to consistence with its use, hence broadening its utilization; at that point proficient trade of information and systematic management and deliberate administration of data was permitted, in this way improving viable and productive aspects of development.

Caldwell argues that a Project Management Information System (PMIS) would not automatically mean a cutting-edge technical approach that allows functionality for each project, because each project has varying quality and volume specifications. Each project needs varying degrees of technology to meet its specific needs for information systems, a simple project with limited needs can cope with less complicated technologies, but major projects with broad data requirements gains from more comprehensive technical solutions (Wachira, 2013)

Makau, Lagat and Bonuke (2017) did an overview to assess the impact of capacity empowering aspects of IT's Impact on Nairobi, Kenya's Hotel Industry utilizing consumer loyalty as the intervening element. A descriptive study model was created in the examination, and information were gathered utilizing a poll. The study was comprised of 324 participants, chose from top hotel laborers. The outcomes demonstrate that the capacity to enhance information system has a substantial bearing on the situation on inn productivity. Hence, the nature of data has a noteworthy directing effect on the relationship here between inn yield and the ability enhancing information. The examination prompts that administration associations, and explicitly hoteliers, need to upgrade data frameworks to advance profitability and improve the nature of information as they are fundamental factors that impact hotel execution.

Aydiner, Tatoglu, Bayraktar and Zaim (2019) took into consideration the relationship between the information system (IS) capacities and their impact on firm outcomes. The data accomplished helps the showed sequentially directing model concerning which dynamic limit and business-process effectiveness play a crucial supporting effect on human asset and IS-connected authoritative capacities and business-execution relations.

In addition, as pointed out by Wang and Feng (2012), a company's ability to access and analyze its database of consumer information improves thanks to the introduction of IT. The IT capacity may categorize customer profiles and evaluate client contributions to the business. In addition, it personalizes goods and services to better attract and keep customers (Herhausen & Schogel, 2013). As a result, businesses and their customers are able to build stronger, more lasting bonds that are more likely to generate long-term profits (Ogar et.al, 2014). According to Wang and Feng (2012), a company's ability to collect and analyze useful customer data, to foster productive and successful customer-to-customer interactions, to personalize products and services, and to attract and retain clients depends on the company's information and technology infrastructure.

#### **2.4. Summary and Gaps to be filled by the Study**

Aduloju et al (2014) tried to see if IT investment and IT managerial skills would account for differences in the quality of customer relations among Nigerian insurance companies. In Nigeria the research was performed thus revealing a difference in the study scope. The current research is to be carried out in Kenya. Wainaina (2017) performed a project success report on air strips in

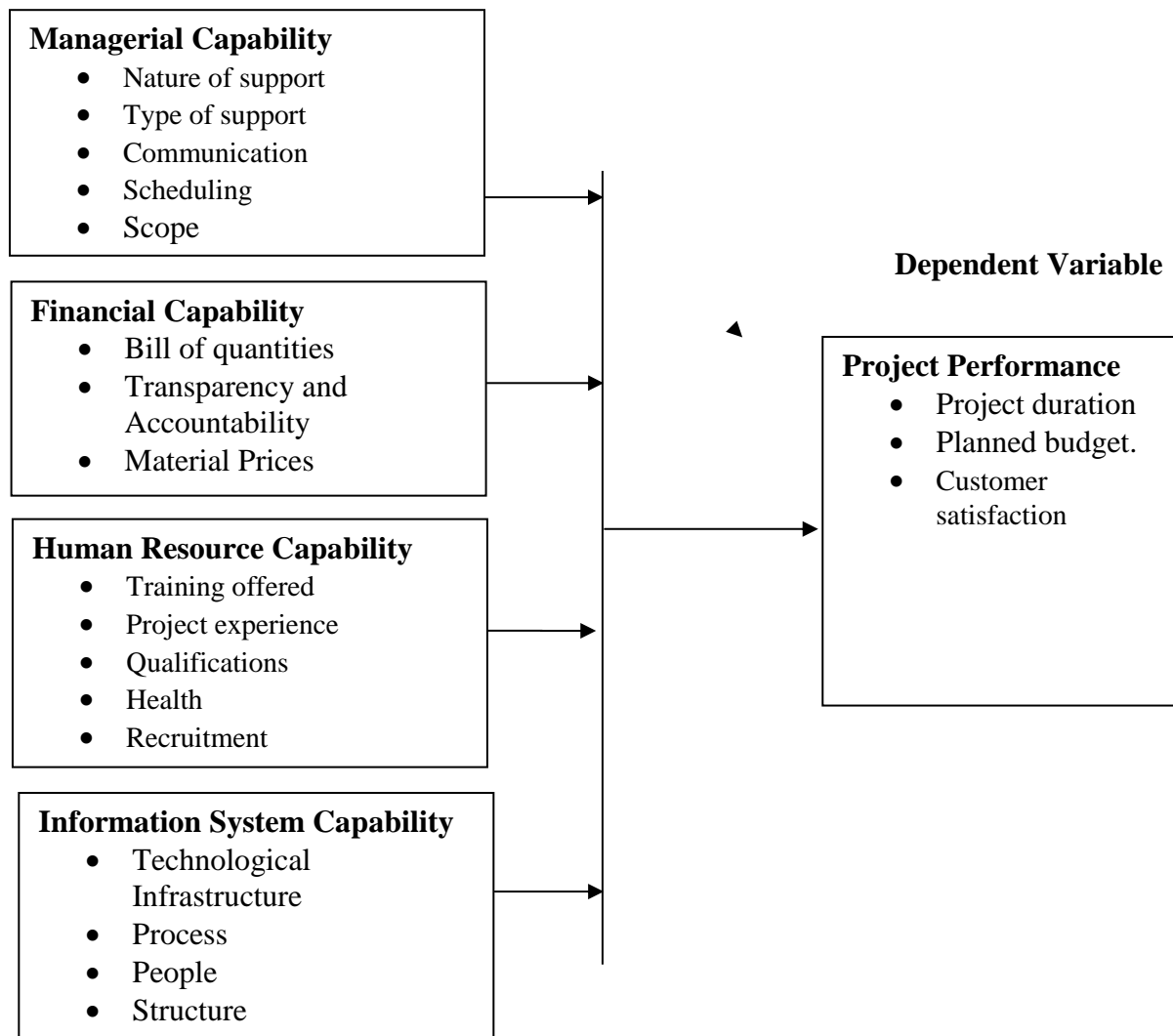
Gaza. This research poses a conceptual discrepancy as it focused based on the achievements of the Gaza air strip program. The present research focuses on automated loan collection projects. Mwangi and Ngugi (2014) did a study on the determining factor of the electricity projects development legislation in Kenya. The project focused on regulatory determinants for the development of electricity projects at REA while the current research based on the impact that organizational skills have on project success with a particular emphasis on automated loan collection projects at Kenyan commercial banks.

## **2.5 Conceptual Framework**

A concept is a hypothetical or nonexclusive thought got or extricated from explicit occurrences (Muro et.al, 2013). A reasonable structure is an assortment of explicit thoughts and ideas that are taken from various enquiry areas and used to frame a resulting framework. Smith (2004) characterize a conceptual framework as conjectured connections portraying the model under exploration and the association between the factors. The motivation behind a reasonable structure is to order and clarify ideas that are critical to the relationship between them in examination and diagram. Such a structure assisted researchers with recognizing the idea, map the field or applied extent of study, arrange reasonable connections, and distinguish gaps in the literature (Lufumbu and Njihia, 2017).

## Independent Variables

### Organizational Capabilities (Independent Variable)



**Figure 2.2: Conceptual Framework**

**Source: Author (2022)**

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

The aim of this study was to assess the impacts that organization capabilities have on performance with a particular spotlight on automated loan collection projects in Kenya's commercial banking sector. This section gives a conversation of the exploration techniques. The part unequivocally addresses the idea of the exploration, the number of the population in the examination, the testing outline, the procedure for gathering data and conducting statistical analysis.

#### 3.2 Research Design

A research approach design can be described, as per Snyder (2019), as the strategy to get answers to research problems being researched and to handle some of the challenges associated during the research study. Subsequently, it is the set-up method for the data assortment and investigation that tries to consolidate significance with the end goal of the examination with pertinence to the exploration reason.

A descriptive study design was used in this report. A study method, as indicated by Upagade and Shende (2013), is basically worried concerned meaning of study details. It is a self-report including test choice of equivalent data Pandey & Pandey (2021). With no influence of the factors used in this evaluation, which is a constraint, a simple discovery setup is suitable for this analysis whose purpose is to resolve a situation, what people really think, and what is being seen by people currently. The design is considered acceptable as it makes the capabilities of an in-depth research organization and project performance; a survey of automated loan collection projects in Kenyan commercial banks.

#### 3.3. Target Population

According to Patel & Patel (2019), a population refers to a collection of individuals, items, or things from which a sample is selected for analysis. It can also refer to a general group of people or components that have at least one member. For this study, the target population comprised the

42 commercial banks in Kenya that engage in banking automated loan collection. It included employees involved in automated loan collection projects in commercial banks in Kenya. They included management personnel, technical staff, and project team members who have direct involvement and knowledge of the projects.

### **3.4 Sample size and Technique**

According to Mohajan (2018), a sample is a portion of a population that is chosen for analysis. Since the population for this study is relatively small, a registration approach was adopted. A census method was employed due to the limited size of the sample population. The sample population consisted of 42 individuals, comprising management personnel, technical staff, and project team members responsible for the banking system project management in the 42 commercial banks in Kenya.

### **3.5 Data Collection Instruments**

To collect data for this study, a questionnaire was utilized, and primary data was gathered. The questionnaire consisted of a five-point Likert scale that used expressions of strongly disagree, disagree, neutral, agree, and strongly agree to measure the degree of agreement or disagreement with various statements. Likert scales are commonly used to measure perceptions, attitudes, values, and behaviors and are an accepted method for gathering quantitative data. It may not be useful to give open-ended queries as the information gathered may not really be imparted as respondents are not restricted to a standard capacity to address questions. Besides, open-ended queries are generally submitted unfilled, and the same number of members consider it to be an exhausting assignment when participating in the survey. So, this investigation bolsters the size of Likert. There are scales in the Likert scale that help make an interpretation of subjective information into quantitative information.

### **3.6 Pilot Study**

A preliminary examination of the survey was carried out as part of the pilot test. This was done with the expectation that those surveyed wouldn't have any trouble in providing responses to the questions, and that there won't be any hiccups in releasing the information. In addition to this, it made it possible to make an opinion regarding the veracity of the problem at hand as well as the

dependability of the information that was to be gathered. The information from the pilot test should be utilized in preliminary analyses, and these analyses should be directed toward ensuring that the information provides responses to the analytical questions (Saunders, et al., 2012). 10 % of the total amount of people who made up the sample size participated in the pilot study. The pilot study results helped in addressing any difficulties in understanding and responding to questionnaires. The findings from the preliminary study weren't incorporated in the subsequent, more extensive study.

### **3.6.1 Validity of the Research Instrument**

The term validity refers to what extent a questionnaire evaluates what it is intended to represent (Kumar, 2018). According to its definition, validity is attained when an explanation for an event is in line with the complexities of reality. Even though it is difficult to put a definition on absolute validity, when it comes to research, it is of the biggest importance that it demonstrates the validity of an emerging measure (Gupta & Gupta, 2022).

This exploration utilized validity just as validity of substance. The survey is partitioned into different segments for build validity to guaranteeing that each segment tests details pertaining to a particular explanation, and furthermore to check to see that the equivalent is firmly connected to the applied setting for this examination. The overview was widely investigated by two arbitrarily picked project managers and the supervisor to guarantee validity of the material. They were required to decide the pertinence of the respondents to the survey and whether they have been important, clear and hostile stacked. Before the instrument was turned in for the data collection process, it was checked to ensure that it was suitably balanced, in light of the assessment. Their survey responses were utilized to help support the nature of the material.

### **3.6.2 Reliability of the Instrument**

Reliability refers to the consistency or reproducibility of a research instrument or survey (Mishra & Alok, 2022). In this study, Cronbach's alpha was used to assess the reliability of the questionnaire items (Cronbach, 2015). According to Mukherjee (2019), Cronbach's alpha is particularly useful for multi-item scales and provides a quantitative measure of a scale's

internal consistency. Additionally, it requires only one administration of the questionnaire, making it a practical and efficient method for assessing reliability.

The data collected through questionnaires was screened on 10 percent of the respondents to ensure it was fitting and valuable. The reliability was checked utilizing appropriately addressed surveys by five (5) chosen respondents. The alpha worth lies midway between 0 and 1, with the unshakable quality increasing in proportion to the increase in worth. A coefficient in the range of 0.6-0.7 is generally accepted as a key guideline that demonstrates desirable steadfast quality, while a coefficient in the range of 0.8 or higher exhibited exceptional dependability (Babii, 2020). These results were excluded from the consideration in the final results.

### **3.7 Data Analysis and Presentation**

Information handling is a strategy for masterminding and sorting out primary information with the goal that significant data can be gotten out of it (Zangirolami-Raimundo et.al, 2018). Data processing was done utilizing measurements, for example, mean and frequencies. The mean scores are utilized so as to survey the factors as per their significance. After data is gathered through review questions, statistical programs for examination were readied prepared for appraisal by coding, managing clear answers, coding, arranging, and entering it into statistical package for social sciences (SPSS).

Descriptive statistics were summarized using measures that include means, standard deviations, frequencies, and percentages. To investigate the relationship between the organizational capabilities (independent variables) and the performance of automated loan collection projects (dependent variable), regression analysis was employed. The outcomes of the research will be presented in a comprehensible and succinct manner, supported by tables, graphs, and charts to exhibit the results. The following multiple regression analysis model was used to create a relationship between the independent variables and the dependent variable;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu$$

Where;

Y = Automated Loan Collection Project performance

$X_1$  = Managerial Capability

$X_2$  = Financial Capability

$X_3$  = Human Resource Capability

$X_4$  = Information System Capability

In the model,  $\beta_0$  = the constant term

$\beta_{ii} = 1 \dots 4$  -> measure of how sensitively a dependent variable can change, Y, to an individual unit change in each of the predictor variables,  $X_1$ ,  $X_2$ ,  $X_3$ , and  $X_4$ .

$\mu$  is the error term.

### **3.8 Ethical Considerations**

Ethical concerns allude to the moral standards which the specialist must discover at all phases of an exploration venture structure in all approaches. After the University's presentation letter for leading the examination is gotten, clearance was obtained from Commercial Banks Administration. In order to carry on with the process of data collection for the study, NACOSTI issued a research permit, which was obtained by the researchers. Three moral rules that were utilized in this examination, in particular helpfulness, regard of human rights and equity. It was communicated to the participants that the information they provide is wasted on us in any capacity to profit the researcher but utilized for academic and exploitative individual advantage for instructive purposes. Absolute straightforwardness, equivalent privacy and protection likewise applied.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This section presents the study's findings, along with an analysis of those outcomes and a discussion of the research's implications. The chapter discusses the rate of response, provides a summary of the demographic features, and analyzes the data descriptively and inferentially on the basis of study objectives.

#### 4.2 Sample Characteristics

##### 4.2.1 Response Rate

The overall number of questionnaires sent out in the study was 42, and this number serves as the sample size for the investigation. Table 4.1 displays the results from the 40 completed questionnaires that were submitted.

**Table 4.1: Response Rate**

<b>Response Rate</b>	<b>Frequency</b>	<b>Percent</b>
No of Questionnaires sent out	42	100%
Questionnaires returned	40	95.2%
Questionnaires not returned	2	4.8%

*Source: Survey Data (2022)*

According to Table 4.1, there were a total of 40 out of the targeted 42 respondents who properly filled out and sent back the survey forms. This results in a return rate of 95.2%. According to Rindfuss (2015), an adequate response rate for data analysis is one that is greater than 50 percent. As a result, the rate of response was considered to be satisfactory.

#### 4.3 Demographic Information

The next sections present the collected and analyzed demographic data, including gender, age, education level, and years of service, of the respondents.

### 4.3.1 Respondents' Gender

Gender of senior administration specialists in the commercial banks in Kenya under study was sought and findings are shown in Table 4.2.

**Table 4.2: Respondents' Gender**

	<b>Frequency</b>	<b>Percent</b>
Female	14	35
Male	26	65
Total	40	100

**Source: Survey Data (2022)**

Male respondents made up 65% of the sample, as shown in Table 4.2, while female respondents made up 35%. This suggests that males predominate over their female counterparts as top administrative professionals in commercial banks. The study's findings suggest that participants of both genders were fairly represented, which suggests that there is no gender bias in commercial banks.

### 4.3.2 Age

The age in years of senior administration specialists in the commercial banks under study was categorized as follows: between 25 to 34 years, between 35 to 44 years, and 45 years and above. Table 4.3 details the findings and presents them to the reader.

**Table 4.3 Respondents' Age**

	<b>Frequency</b>	<b>Percent</b>
25-34	1	2.5
35-44	26	65

45 years and above	13	32.5
Total	40	100

### Survey Data (2022)

The data presented in Table 4.3 indicates that the majority of the survey participants fall within the age range of 35 to 44 years (65%), followed by those aged 45 years and above (32.5%). Only a small percentage of respondents (2.5%) were between the ages of 25 and 34 years. According to Chiteli (2013) indicated that age have impact on the operational results of the company and growth. The more the manager get old the more in their career experienced they become.

### 4.3.3 Education level

The researcher's goal was to obtain information on the respondents' educational backgrounds in order to determine the level of knowledge that various senior administration professionals at commercial banks had regarding the respondents' educational backgrounds. The examples can all be found in Table 4.4.

**Table 4.4 Education level**

	Frequency	Percent
Tertiary college	2	5
University	38	95
Total	40	100

From the findings, the majority (95%) of the respondents had reached university education of degree, masters level and PhD level whereas 5% had attended tertiary college for their education. This reveals that a number of senior administration specialists in the commercial banks had attained a degree in various fields. It's possible that highly educated workers may be more invested in the success of the business and will make more analytical judgments, helping it acquire a competitive edge. (Basile & Faraci, 2015).

#### 4.4.4 Years of Operation

This research collected the details of the number of years the various individuals have been employed in commercial banks as project managers. This was for the purpose of discovering the experience that a number of commercial banks have in the field. The results are revealed in Table 4.5 below.

**Table 4.5 Years of Operation**

	Frequency	Percent
4 to 5 years	3	7.5
6 to 10 years	6	15
Less than 3 years	1	2.5
More than 10 years	30	75
Total	40	100

The results reveal that most of the commercial banks' project managers (75%) have been in working as project managers for more than 10 years. 15% of the respondents revealed further that they have been working as project managers between 6 to 10 years, 7.5% of the respondents revealed further that they have been working as project managers between 4 to 5 years whereas 2.5% indicated to be senior administration specialists for less than 3 years in their respective positions. This implies that the project managers in the senior administration unit specialization had been active participants in the operation for considerable a certain amount of time. According to Dangol & Kos (2014), it is important to think about implementing a number of systems that keep the flow of information and operations closely monitored and, in turn, eliminate managerial loopholes.

#### 4.4 Descriptive Statistics

##### 4.4.1 Managerial capability

Participants were given statements on the effect that managerial capability had on project performance and asked to pick the degree of agreement or disapproval with each statement using a Likert scale that ranged from 1 to 5. The results were presented in Table 4.6

**Table 4.6 Descriptive Statistics for Managerial capability**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Deviation</b>
Management competence and experience contributes so much on project performance in banks	0.00%	2.50%	22.50%	32.50%	42.50%	4.15	0.86
The nature of support our banks management gives is consistence with project performance	2.50%	0.00%	35.00%	35.00%	27.50%	3.85	0.92
The managerial communication between managers and project specialist affects project performance	5.00%	0.00%	20.00%	42.50%	32.50%	3.98	1.00
In our bank, the managers are able to schedule time and budget for the project and thus enhancing project completion	0.00%	2.50%	32.50%	30.00%	35.00%	3.98	0.89
In our bank, the managers are able to schedule the scope for the project and thus enhancing project completion	5.00%	5.00%	17.50%	35.00%	37.50%	3.95	1.11
<b>Average</b>						<b>3.98</b>	<b>0.96</b>

Source (Survey, 2022)

The extent of Managerial capability by the senior administration in commercial banks was established based on five indicators namely nature of support, type of support, communication, scheduling, and scope according to Table 4.6. Factors that largely determine the managerial capability were shown to be management competence and experience contributing so much on project performance in banks as shown by the average score of 4.15 and a standard deviation of 0.86. A high agreement (75.00%) was noted that the managerial communication between managers and project specialists affect project performance, 20.00% neither agreed nor disagreed that the managerial communication between managers and project specialists affect project performance while 2.50% disagreed with the statement as shown by the average score of 3.98. The results from the survey indicate that 62.50% of respondents agreed that the nature of support provided by their bank's management is consistent with project performance, while 35.00% neither agreed nor disagreed, and 2.50% disagreed with the statement. The mean score for this item was 3.85, with a standard deviation of 0.92. Additionally, 75.00% of respondents agreed that managerial communication between managers and project specialists affected project

performance, while 20.00% neither agreed nor disagreed, and 5.00% disagreed with the statement. The mean score for this item was 3.98, with a standard deviation of 1.00. Furthermore, 65.00% of respondents agreed that in their respective banks, managers are able to schedule time and budget for the project, thus enhancing project completion, while 32.50% neither agreed nor disagreed, and 2.50% disagreed with the statement. The mean score for this item was 3.98, with a standard deviation of 0.89. Finally, 72.50% of respondents agreed that in their respective banks, managers are able to schedule the scope for the project, thus enhancing project completion, while 17.50% neither agreed nor disagreed, and 10.00% disagreed with the statement. The mean score for this item was 3.95, with a standard deviation of 1.11.

3.98 as a mean, with a standard deviation of 0.96 specifies senior administration of commercial banks offer high quality managerial capability in aspects support, communication, scheduling, and scope which are crucial for project performance. This implies that project performance strategies have been utilized in a variety of the commercial banks.

Consistent with Ahmed's (2017) research that set out to determine whether or not there is a relationship between creation, managerial capacity and leadership effectiveness and its effect on the organization's performance: in the setting of company size and possession. The results showed a relationship between managerial skills, managerial efficiency, and success of the organization.

#### 4.4.2 Financial capability

Participants were given statements on the effect that financial capability had on project performance and asked to pick the degree of agreement or disapproval with each statement using a Likert scale that ranged from 1 to 5. The results were summarized in Table 4.7.

**Table 4.7 Descriptive Statistics for financial capability**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Deviation</b>
Transparency and accountability in the management of funds influences implementation of projects in banks	5.00%	2.50%	35.00%	32.50%	25.00%	3.7	1.04
Bills of quantities influences outcome project performance	2.50%	2.50%	20.00%	40.00%	35.00%	4.03	0.95

in banks								
Escalation of material prices influences project performance in banks	2.50%	7.50%	32.50%	32.50%	25.00%	3.7	1.02	
Failure to track project expenses has negative effect performance of projects in banks	2.50%	5.00%	15.00%	42.50%	35.00%	4.02	0.97	
Project time overruns influences project performance in banks	0.00%	10.00%	27.50%	35.00%	27.50%	3.8	0.97	
<b>Average</b>						<b>3.85</b>	<b>0.99</b>	

**Source: Research Data (2022)**

Indicators of financial capability was established based on three aspects namely bill of quantities, transparency and accountability and material prices according to Table 4.7. A survey was conducted and the results showed that 57.50% of the respondents agreed that transparency and accountability in the management of funds influenced implementation of projects in banks. 35.00% neither agreed nor disagreed with the statement while 7.50% of the respondents disagreed with the statement. The average score was 3.70 with a standard deviation of 1.04. 75.00% of the respondents agreed that bills of quantities influenced outcome project performance in banks. 20.00% neither agreed nor disagreed with the statement while 5.00% of the respondents disagreed with the statement. The average score was 4.03 with a standard deviation of 0.95. 57.50% of the respondents agreed that escalation of material prices influenced project performance in banks. 32.50% neither agreed nor disagreed with the statement while 10.00% of the respondents disagreed with the statement. The average score was 3.70 with a standard deviation of 1.02. A high agreement (77.50%) was noted that the failure to track project expenses has negative effect performance of projects in banks. 15.00% neither agreed nor disagreed with the statement while 7.50% of the respondents disagreed with the statement. The average score was 4.02 with a standard deviation of 0.97. 62.50% of the respondents agreed that the project time overruns influence project performance in banks. 27.50% neither agreed nor disagreed with the statement while 10.00% of the respondents disagreed with the statement. The average score was 3.80 with a standard deviation of 0.97.

3.85 as a mean, with a standard deviation of 0.99 indicates that financial capability of the administration in aspects bill of quantities, transparency and accountability and material prices

which are crucial for project performance. This implies that financial strategies have been utilized in a variety of the commercial banks.

This study agrees with Fonseka, Tian and Li (2014) research on the effect of financial capability on the profitability and sustainability of companies. It has been expressed that organizations 'interior financing limits don't give a significant bit of leeway over outside subsidizing capacities; firms' initiative and strategy to gather capital from current financial investors, the organization and basic accessibility to banking services subsidizing are unequivocally associated with an advantage on firms' advantage inside a segment. This gives associations flexibility by allowing them to make concessions to current speculative investors, sell non-convertible and prospective bonds, and have long-term bank funding.

#### 4.4.3 Human Resource Capability

The study used a Likert scale, ranging from 1 to 5, to assess the degree of agreement or disagreement of the participants with statements related to the impact of human resource capabilities on project performance. The collected data was presented in Table 4.8.

**Table 4.8 Descriptive Statistics for Human resource capability**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Deviation</b>
The training offered on our bank technical team is effective on our project performance	2.50%	0.00%	12.50%	47.50%	37.50%	4.17	0.84
Our consultant have adequate experience on projects performance	0.00%	2.50%	17.50%	35.00%	45.00%	4.23	0.83
Our bank recruit competent personnel on this projects	2.50%	2.50%	20.00%	37.50%	37.50%	4.05	0.96
The bank establishes a healthy work environment for the staff and thus leading to better project performance	2.50%	0.00%	12.50%	42.50%	42.50%	4.23	0.86
<b>Average</b>						<b>4.17</b>	<b>0.87</b>

**Source: Research Data (2022)**

The extent of human resource capability by the senior administration in commercial banks was established based on five indicators namely training on offer, project experience, qualifications, health, and recruitment according to Table 4.6. Majority of the respondents (85.00%) agreed that

the training offered on their bank technical team was effective on our project performance, 12.50% neither agreed nor disagreed with the statement while 2.50% of the respondents disagreed with the statement as shown by a mean of 4.17 and a standard deviation of 0.84. Majority of the respondents (80.00%) agreed that their consultants had adequate experience on projects performance, 17.50% neither agreed nor disagreed with the statement while 2.50% of the respondents disagreed with the statement as shown by the average score of 4.23 and a standard deviation of 0.83. Majority of the respondents (75.00%) agreed with the statement that their bank recruited competent personnel on this projects, 20.00% neither agreed nor disagreed with the statement while 5.00% of the respondents disagreed with the statement as shown by a mean of 4.23 and a standard deviation of 0.86. A high agreement (85.00%) was noted that the bank establishes a healthy work environment for the staff and thus leading to better project performance, 12.50% neither agreed nor disagreed with the statement while 2.50% disagreed with the statement as shown by the average score of 4.23 and a standard deviation of 0.86.

4.17 as a mean, with a standard deviation of 0.874 indicates senior administration practice high quality human resource qualities in aspects training on offer, project experience, qualifications, health, and recruitment that are essential for project performance. Since this is the case, it follows that human resource capability aspects have been utilized in a variety of the commercial banks.

The study concurs with a study by Königstorfer and Thalmann (2020) with regards to the results of human resource capability in organizational performance and sustainable competitiveness in global organizations across India. The investigation indicated a positive association between limits of HR and execution of associations.

#### **4.4.4 Information Systems Capability**

Participants were given statements on the effect that information systems capability had on project performance and asked to pick the degree of agreement or disapproval with each statement using a Likert scale that ranged from 1 to 5. The results were summarized in Table 4.9

**Table 4.9 Descriptive Statistics for Information systems capability**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std. Deviation</b>
There has been an increase in the	5.00%	7.50%	35.00%	35.00%	17.50%	3.53	1.04

number of customers attended to as a result of the bank adopting information technology								
Customization of services has improved as a result of adapting the latest technology	7.50%	0.00%	12.50%	37.50%	42.50%	4.07	1.12	
The technology structure adopted are effective for project performance	0.00%	10.00%	15.00%	37.50%	37.50%	4.03	0.97	
The information process is swift and enhance performance of the projects	5.00%	5.00%	12.50%	30.00%	47.50%	4.10	1.13	
The people handling the technology are competent ensuring effective performance of the projects.	5.00%	5.00%	20.00%	27.50%	42.50%	3.98	1.14	
<b>Average</b>						<b>3.94</b>	<b>1.08</b>	

**Source: Research Data (2022)**

Indicators of information systems capability was established based on four aspects namely technological infrastructure, process, people, and structure according to Table 4.7. Majority of the respondents (52.50%) agreed that there has been an increase in the number of customers attended to as a result of the bank adopting information technology, 35.00% neither agreed nor disagreed with the statement while 12.50% of the respondents disagreed with the statement as shown by a mean of 3.53 and a standard deviation of 1.04. Majority of the respondents (80.00%) also agreed that customization of services has improved as a result of adapting the latest technology, 12.50% neither agreed nor disagreed with the statement while 7.50% of the respondents disagreed with the statement as shown by a mean of 4.07 and a standard deviation of 1.12. Majority of the respondents (75.00%) also agreed that the technology structure adopted were effective for project performance, 15.00% neither agreed nor disagreed with the statement while 10.00% of the respondents disagreed with the statement as shown by a mean of 4.03 and a standard deviation of 0.97. Majority of the respondents (77.50%) agreed that the information process was swift and enhancing performance of the projects, 12.50% neither agreed nor disagreed with the statement while 10.00% of the respondents disagreed with the statement as shown by the average score of 4.10 and a standard deviation of 1.13. Majority of the respondents (70.00%) agreed that the people handling the technology were competent ensuring effective performance of the projects, 20.00% neither agreed nor disagreed with the statement while 10.00% of the respondents disagreed with the statement indicated by the mean score of 3.98 and a standard deviation of 1.14.

3.94 as a mean, with a standard deviation of 1.08 indicates that financial strategies of the administration in aspects of technological infrastructure, process, people, and structure which are crucial for project performance. This implies that information systems strategies have been put into practice by a good number of the commercial banks.

A study by Makau, Lagat and Bonuke (2017) on the impact of capacity empowering information technology on the performance of hotels in Nairobi Kenya utilizing consumer loyalty as the intervening element concurs with the findings. The outcomes demonstrated that the capacity to enhance information systems has a significant impact on inn productivity.

#### 4.5 Correlation Analysis

Table 4.10 displays the findings from a correlation study, which was conducted to ascertain the degree of association between the two sets of data. By tallying up the responses to each item and dividing by the sum total of all of the items in each category, we were able to determine the aggregate response for managerial capability, financial resource capability, human resource capability, information system capability, and automated loan collection projects. Results of a correlation analysis between the success of automated loan collection initiatives and the availability of adequate management, financial, human, and informational resources are shown in Table 4.10.

**Table 4.10: Overall Correlation Results**

		<b>Manage rial Capabil ity</b>	<b>Financial Resources Capability</b>	<b>Human Resource Capability</b>	<b>Information al System Capability</b>	<b>Project Perfor mance</b>
Managerial Capability	Pearson Correl ation	1				
	Sig. (2-tailed)					

Financial Resources Capability	Pearson Correlation	.778**	1			
	Sig. (2-tailed)	0.000				
Human Resource Capability	Pearson Correlation	.670**	.511**	1		
	Sig. (2-tailed)	0.000	0.001			
Informational System Capability	Pearson Correlation	.428**	.355*	.444**	1	
	Sig. (2-tailed)	0.006	0.025	0.004		
Project Performance	Pearson Correlation	.818**	.805**	.702**	.563**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

**Source: Survey Data (2022)**

Table 4.10 shows that all of the correlation coefficients were positive, and that their associated p-values were all less than 0.05. A linear positive correlation between project success and managerial skills, financial resources, human resources, and informational system capabilities (with respective coefficient values of 0.818, 0.805, 0.702, and 0.563) was found, according to the analysis. Ahmed's (2017) research aims to examine the effects of company size and ownership on the connection between innovation, management competence, and leadership efficacy, as well as on organizational success. The findings indicated a connection between management

competence, managerial effectiveness, and organizational achievement. A study conducted by Biedenbach and Müller (2012) demonstrated a positive and statistically significant association between resource orientation and the success of youth-owned enterprises in Kenya. Human resource indicators were found to have a favorable correlation with organizational performance, as determined by research conducted by Chen, You, and Chang (2021). Dangol and Kos (2014) conducted research on the impact of IT procurement practices on business results, and they found that IT had a favorable impact on procurement effectiveness by facilitating continuous quality improvement.

#### 4.6 Regression Analysis

The premise of the research was that the organizational strengths of Kenya's commercial banks wouldn't make much of a difference to the efficiency of their automated loan collection processes. Regression analysis, with a significance threshold of  $P < 0.05$ , was utilized in order to put the hypothesis to the test. The comprehensive model, which is depicted by equation (i) was used in order to determine the effect that organizational capabilities have on the performance of projects. In this model,  $X_1$  represents the managerial capability,  $X_2$  represents the financial resources capability,  $X_3$  represents the human resource capability, and  $X_4$  represents the informational system capability

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu \dots \dots \dots \text{equation (i)}$$

The model summary of the multiple regression that was performed on organization capabilities is presented in Table 4.11.

**Table 4.11: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.905 <sup>a</sup>	.819	.798	.399

a. Predictors: (Constant), Informational System Capability, Financial Resources Capability, Human Resource Capability, Managerial Capability

**Source: Survey Data (2022)**

The findings, which are reported in Table 4.11, are as follows: the adjusted R Square value of 0.798 indicates that the organization capabilities variables (managerial capability, financial resources capability, human resource capability, and informational system capability) explained 79.8 percent of the variation in the dependent variable, which was the performance of loans' collection projects. This information is based on the fact that the adjusted R Square value was calculated. As per results of a study that Costantino et al. (2015) conducted on the subject of the effects of appropriate resource allocation based on the performance of publicly-owned companies in terms of the collection of loans, resource allocation is an essential component of ensuring the success of organizational projects. Similarly, Abuga and Manyange (2015) investigated the impact of resource orientation on the efficiency with which loan repayments were made by Kenyan businesses owned by young people. They discovered a relationship that is both positive and significant existed between resource orientation and the performance of youth owned firms. Additionally, they found that the existing connection between resource orientation and performance of youth owned firms was positively correlated.

As a result, it indicates that other external variables that were not a part of the study were responsible for explaining 20.2% of the variation that was found in the variable that was being studied.

In order to determine whether or not the model is significant, an analysis of variance was carried out, and the results are included in Table 4.12.

**Table 4.12: ANOVA Results**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	25.207	4	6.302	39.609	.000 <sup>b</sup>
1 Residual	5.568	35	.159		
Total	30.775	39			

a. Dependent Variable: Project Performance

b. Predictors: (Constant), Informational System Capability, Financial Resources Capability, Human Resource Capability, Managerial Capability

**Source: Survey Data (2022)**

As per results of the ANOVA, which are presented in Table 4.12, the variables managerial capability, financial resources capability, human resource capability, and informational system capability are significant predictors of the performance of automated loan collection projects. Each of these variables has a p-value of 0.000, which is significantly lower than the threshold for statistical significance of 0.05 that has been determined for data with a normal distribution. In addition, the findings demonstrated that the F-ratio of the model was 39.609, which is significant at the 5% statistical significance level. This finding indicates that, at a significance level of 5%, the overall regression model is statistically significant and suitable for prediction. This further suggests that the managerial capability, financial capability, human resource capability, and information system capability independent variables employed are statistically significant as factors of the performance of automated loan collection initiatives.

The findings are summarized in Table 4.13 of a regression analysis conducted to identify the impact of organization capabilities on the success of automated loan collection operations.

**Table 4.13: Regression Coefficients of organization capabilities Variables**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.904	.410		-2.206	.034
Managerial Capability	.259	.140	.247	1.849	.043
Financial Resources Capability	.483	.131	.423	3.692	.001
Human Resource Capability	.266	.115	.230	2.303	.027
Informational System Capability	.198	.079	.205	2.502	.017

a. Dependent Variable: Project Performance

**Source: Survey Data (2022)**

Results in Table 4.13 illustrate those variables namely, managerial capability, financial resources capability, human resource capability, and informational system capability had p-values of 0.000

at a  $p < 0.05$  significance value, on automated loan collection projects performance, organization capabilities had significant influence.

The standardized beta coefficients of managerial capability, financial resources capability, human resource capability, and informational system capability were 0.247, 0.423, 0.230 and 0.205 respectively. According to the findings, a single unit shift in the independent variables that is managerial capability, financial resources capability, human resource capability, and informational system capability created an increase of 0.247, 0.423, 0.230 and 0.205 on automated loan collection projects performance. Regression analysis yielded a model equation with standardized beta coefficients as displayed below.

$$Y = -0.904 + 0.247 \text{ Managerial capability} + 0.423 \text{ Financial resources capability} + 0.230 \text{ Human resource capability} + 0.205 \text{ Informational system capability}$$

In table 4.13, findings show that managerial capability standardized beta coefficient  $\beta = 0.247$ , 1.849 t-statistic with a 0.000 corresponding value. In conclusion, a unit change in managerial capability creates a 0.247 change in project performance. Moreover, p-value is less than 0.05 therefore project performance is significantly affected by managerial capability. The null hypothesis is rejected by the study and thus it is concluded that managerial capability significantly influences automated loan collection project performance of Kenyan commercial banks.

These results line up with Basile & Faraci (2015), whose study investigated handling innovation process at a project level in management capability perspective. According to the findings of their research, firm performance was positively affected by dynamic managerial skills. In addition, Ahmed (2019) conducted research that aimed at investigating the relationship between creation, managerial capacity and leadership effectiveness and its impact on performance on the organization in setting of company size and possession. This study's conclusion was consistent with our results since he concluded that managerial skills significantly influenced the performance of the organization.

Results findings from table 4.13 indicate that financial capabilities had standardized beta coefficient  $\beta = 0.423$ , 3.692 t-statistic with an associated value of 0.000. In conclusion, a unit change in financial capabilities creates a 0.423 change in project performance. At  $p < 0.05$ , it's

evident that there was a significant and positive linear relationship between financial capabilities and project performance. The null hypothesis is disapproved by the study, and it is concluded that financial capabilities significantly influence automated loan collection projects performance of commercial banks in Kenya.

These results are in agreement with those of Fonseka, Tian, and Li (2014), who studied the relationship between financial capabilities and company profitability and sustainability and found a positive correlation.

From table 4.13 findings, the human resources capability had standardized beta coefficient  $\beta=0.230$ , 2.303 t-statistic with a 0.000 corresponding value. To sum up, we find that a change of one capability unit in human resources creates a 0.230 change on project performance. At  $p<0.05$ , t-statistic  $> 2$  at the 0.05 level of significance hence human resource capability significantly affected project performance. The null hypothesis was rejected by the study and the conclusion states that human resource capability influences the automated loan collection projects commercial banks' performances in Kenya significantly.

Chuang, Liu & Chen (2015) conducted research on HR capabilities' influence on the performance of organizations. Their results are similar to ours which concluded that human resource capabilities significantly influenced organizations' performance.

Result findings from table 4.13 show that information system capability had standardized beta coefficient  $\beta=0.205$ , 2.502 t-statistic with a 0.000 corresponding value. In conclusion, a unit change in information system capability creates a 0.205 change on project performance. At a significance level of 0.05, the P value is lower than 0.5 and the t-statistic is higher than 2, respectively revealing that project performance is significantly influenced by information system capability. The null hypothesis was disapproved, and it was determined that the information system had a major impact on the success of the automated loan collection operation.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

In this final section, the researcher draws together what they have learned and offers suggestions for further study. Suggestions for future study are included as well in this chapter.

#### 5.2 Summary of the Study

The main goal of this investigation was to look at the effect that organizational competencies have on the efficiency with which Kenyan commercial banks carry out automated loan collection projects. The managerial, financial, human resource, and information systems capabilities of the Kenyan commercial banks were included in the organization capabilities that were focused on the performance of automated loan collection initiatives. The census methodology was the method that was used for this research project. The number of respondents who participated in the survey was 42. The research was based on primary source material gathered from participants through the use of questionnaires.

##### 5.2.1 Managerial capability and project performance

The purpose of this study was to examine the role that managerial capability plays in the success or failure of automated loan collection systems at Kenyan commercial banks. Management competence and experience was evaluated and proved to be a major contributor to managerial capability. Managerial communication between managers and project specialists also contributed to project performance. The majority agreed that in their respective banks, managers are able to schedule time and budget for project. Also, the nature and support bank management give proved to be consistent with project performance. The findings indicated that managerial capability positively and significantly affected project's performance ( $\beta=0.818$ ,  $p=0.00001$ ) at  $p<0.05$ .

##### 5.2.2 Financial capability and project performance

The second objective was to analyze the influence of financial capability on the performance of automated loan collection projects in Kenyan commercial banks. Bills of quantities was the main

contributor to financial capability. Transparency and accountability in the management of funds is another factor that influences implementation of projects in banks. In the analysis, project time overruns and escalation of material prices also proved to influence project performance. The findings showed that financial capability has had a significant and beneficial influence on the performance of the project ( $\beta=0.805$ ,  $p=0.00001$ ) at  $p<0.05$

### **5.2.3 Human resource capability and project performance**

The third objective was to determine the effect of human resource capability on the performance of automated loan collection projects in Kenyan commercial banks. Senior administration practice high quality human resource qualities by training on offer, recruiting competent personnel, establishing healthy work environment for the staff and consultants having adequate experience on project performance. The regression findings indicated that human resource capability positively and significantly affected project's performance ( $\beta=0.702$ ,  $p=0.0001$ ) at  $p<0.05$

### **5.2.4 Information systems capability on project performance**

The final objective aimed at analyzing the impact of information systems capability on the performance of automated loan collection projects in Kenyan commercial banks. Information technology has been adopted in banks, therefore improving customization of services, and increasing number of customers attended. People handling technology have proved to be competent hence ensuring effective project performance. The information system is swift enhancing performance of projects. Based on the findings, information systems capability had a tremendous impact, positive on linear association with the subject of the project performance ( $\beta=0.563$ ,  $p=0.00001$ ) at  $p<0.05$

## **5.3 Conclusion**

Based on the results obtained, we conclude that managerial capability, financial capability, human resource capability and information systems capability had a substantial impact on one's overall performance of automated loans' collection projects of commercial banks in Kenya.

## **5.4 Recommendations**

Managerial capability had a positive and significant linear relationship to project performance. This concludes that proper managerial capability, which include; management competence and experience, the nature and support our bank management gives, managerial communication between managers and project specialist, managers ability to schedule time and budget, managers ability to schedule scope for the project enhancing project completion, will improve project performance.

The findings pointed to the fact that financial capability has an impact that is both positive and significant on project performance. In conclusion, transparency and accountability in management of funds, bill quantities and material prices are crucial in the implementation of projects in banks. Failure to track project expenses has an impact that is detrimental to performance of projects in banks. It is necessary for bank management to incorporate these skills to enhance performance in the projects in banks.

Human resources capability which includes training on offer, project experience, qualifications, health, and recruitment are crucial for project performance. The results indicated that human resources capability positively and significantly affect project performance. Consultants should have adequate experience on the bank's project to improve performance. A healthy work environment established by the bank for the staff would lead to better project performance. Training is essential for respective bank technical teams to enhance project performance. In order to improve project performance, the bank recruit competent and qualified personnel on these projects.

Information systems capability is crucial for project performance. Information capability is based on technological infrastructure, process, people, and structure. Findings indicate that information systems capability has a positive and significant linear relationship with project performance. Adopting of latest technology has improved customization of services enhancing performance of projects. The personnel handling technology are competent in ensuring performance of projects. The information system has also proved to be swift enhancing project performance. As a result, there has been a positive increase of consumers served as a result of banks adopting information technology.

## **5.5 Recommendation for Further Research**

The goal of this study was to analyze the organizational capabilities on automated loans' collection project performance in Kenyan commercial banks. The adjusted R square was found to be 0.798 hence the independent variables counted for 79.8 percent of the dependent variable. For further research, the external factors that explained a variation of 20.2 percent of the loans' project performance should be studied.

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## APPENDICES

### Appendix I: Letter of Introduction

Dear Respondent,

I am carrying out a research in order to examine the influence that organization capabilities have on automated loan collection projects performance with a specific focus on commercial banks in Kenya. This is in partial fulfillment for the award of degree in Master of Business Administration of Kenyatta University.

Appended is a survey, if you don't mind answer all the inquiries with your own actual consent to each. There are no irrational answers to any of these claims. The information included in the questionnaire will be handled with absolute secrecy and used only for the purposes of this investigation.

Appreciate your for spending the effort to complete the survey.

Greatly appreciate your consideration.

Yours sincerely,

Fedinand Mang'eni

### Appendix II: Research Questionnaire

Answer the following questions as honestly and accurately as possible. The information provided will be classified extensively. Please don't add your name anywhere on this vote. You are strongly encouraged to contribute valid information.

#### **SECTION A: DEMOGRAPHIC CHARACTERISTICS**

1. What is your gender?

Male ( )

Female ( )

2. What is your age in years?

18-24 ( )      25-34 ( )      35-44 ( )      45 years and above ( )

3. What is your highest level of education?

Primary school ( )    Secondary school ( )    Tertiary college ( )    University ( )

4. How many years have you been working in commercial bank as a project manager?

Less than 3 years ( )    4 to 5 years ( )

6 to 10 years ( )    More than 10 years ( )

**SECTION B: MANAGERIAL CAPABILITY**

This part explores the effect of managerial capability on project performance, with a special emphasis on automated loan collection projects in Kenyan commercial banks. Please check the box that best represents your agreement or dissatisfaction with any of the points below.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Management competence and experience contributes so much on project performance in banks					
The nature of support our banks management gives is consistence with project performance					
The managerial communication between managers and project specialist affects project performance					
In our bank, the managers are able to schedule time and budget for the project and thus enhancing project completion					
In our bank, the managers are able to schedule the scope for the project and thus enhancing project completion					

### **SECTION C: FINANCIAL RESOURCES CAPABILITY**

This part explores the effect of managerial capability on project performance, with a special emphasis on automated loan collection projects in Kenyan commercial banks. Please check the box that best represents your agreement or dissatisfaction with any of the points below.

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
Transparency and accountability in the management of funds influences implementation of projects in banks					
Bills of quantities influences outcome project performance in banks					
Escalation of material prices influences project performance in banks					
Failure to track project expenses has negative effect performance of projects in banks					
Project time overruns influences project performance in banks					

### **SECTION D: Human Resource Capability**

This part explores the effect of managerial capability on project performance, with a special emphasis on automated loan collection projects in Kenyan commercial banks. Please check the box that best represents your agreement or dissatisfaction with any of the points below.

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
The training offered on our bank technical team is effective on our project performance					
Our consultants have adequate experience on projects performance					
Our bank recruit competent personnel on this projects					
The bank establishes a healthy work environment for the staff and thus leading to better project performance					

**SECTION E: INFORMATIONAL SYSTEM CAPABILITY**

This part explores the effect of managerial capability on project performance, with a special emphasis on automated loan collection projects in Kenyan commercial banks. Please check the box that best represents your agreement or dissatisfaction with any of the points below.

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
There has been an increase in the number of customers attended to as a result of the bank adopting information technology					
Customization of services has improved as a result of adapting the latest technology					
The technology structure adopted are effective for project performance					

The information process is swift and enhance performance of the projects					
The people handling the technology are competent ensuring effective performance of the projects.					

**SECTION F: PROJECT PERFORMANCE**

This part explores the effect of managerial capability on project performance, with a special emphasis on automated loan collection projects in Kenyan commercial banks. Please check the box that best represents your agreement or dissatisfaction with any of the points below.

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
The end users of our products are satisfied					
The developed systems meets the objectives of the bank					
The projects are completed within the time frame					
The project completed projects are within the budget					
The completed projects are of high quality and meets customer specifications.					

### Appendix III: Research Authorizations

KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 810901 Ext. 4150

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

Internal Memo

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FROM: Dean, Graduate School

DATE: 10<sup>th</sup> June 2021

TO: Fedinand Mang'eni  
C/o Management Science Dept.

REF: D53/OI/24003/2014

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

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This is to inform you that Graduate School Board at its meeting of 2<sup>nd</sup> June, 2021 approved your Research Project Proposal for the MBA Degree Entitled, "Organizational Capabilities and Automated Loan Collection Projects Performance in Commercial Banks in Kenya".

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and Progress Report Forms per semester. The forms are available at the University's Website under Graduate School webpage downloads.

Thank you.



JACKSON LUVUSI  
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Management Science Department.

Supervisor:

1. Dr. David Nzuki  
C/o Department of Management Science  
Kenyatta University



Ref No: 786058

RESEARCH LICENSE



This is to Certify that Mr. FERDINAND KALAFWERI MANG'ENI of Kenvatta University, has been licensed to conduct research in Nairobi on the topic: Organizational Capabilities and Automated Loan Collection Projects Performance in Commercial Banks in Kenya for the period ending : 02/July/2022.

License No: NACOSTUP/21/11520

Applicant Identification Number

Walter Wambui

Director General

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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