

**ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE**



**ASSESSMENT OF PRACTICE AND CHALLENGES OF PROJECT PLANNING
IN COMMERCIAL BANK OF ETHIOPIA**

By: Yimarilign Tadesse

*A Project work Submitted To Addis Ababa University School Of Commerce In Partial
Fulfillment Of The Requirements For The Award Of The Degree Of Master Of Arts In
Project Management*

Advisor: Abdurezak Mohammed. (PhD)

September, 2019

Addis Ababa, Ethiopia

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By: Yimarilign Tadesse

Approved by the Board of Examiners:

Advisor

Signature

Examiner

Signature

Examiner

Signature

DECLARATION

I, the undersigned, declare that this research project is my own work and effort and it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

Name of Candidate: Yimarilign Tadesse

Signature: _____

Place: Addis Ababa, Ethiopia

Date: September, 2019

CERTIFICATION

This is to certify that Yimarilign Tadesse Nesibu has carried out his research work on the topic entitled “An Assessment of practice and challenges of project planning in Commercial Bank of Ethiopia”. The study is an original work and is suitable for the submission for the reward of MA Degree in Project Management.

Advisor: Abdurezak Mohammed

(PhD): _____

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Abstract

The study assesses the practice and challenges of project planning in the Commercial Bank of Ethiopia. The study was conducted based on the data gathered from commercial bank of Ethiopia project management office. Since the number of the staffs of project management office is manageable, census is used. A mixed research approach was employed to answer the research questions that emerged through the review of existing literature. The data obtained through questionnaire has been analyzed using descriptive statistics. To acquire the intended information the researcher used structurally designed questionnaire. The result of the study indicated that most of the projects planning processes are practiced poorly in commercial bank of Ethiopia. The finding also reveals the major challenges that the Commercial Bank of Ethiopia faces in the project planning process. These are: Lack of adequate and effective project time management, lack of integration between projects, lack of experienced project managers, lack of qualified and experienced project teams, lack of project management training, inefficient and insufficient communication between project managers and team member and absence of documenting lessons learned and best practices. The study recommended the bank more effort should be made at the planning stage of the project, more advanced project planning tools and techniques should be applied while preparing the project plan, the Project management offices need to have project planning department to conduct the project planning activities and to provide training about project planning practice to project managers and project team members on regular basis.

Key Words -: project planning practice, challenge of project planning, commercial bank of Ethiopia

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Acronyms

CBE	Commercial Bank of Ethiopia
CRM	Customer Relationship Management
ERP	Enterprise Resource Planning
HR	Human Resource
IT	Information Technology
ITIL	Information Technology Infrastructure Library
PMI	Project Management Institute
PMO	Project Management Office/ Program Management Office
SPSS	Statistical Package for Social Science

CHAPTER ONE

INTRODUCTION

1.1. Background of study

A project is a temporary effort undertaken to create a unique product, service or result and a unique venture with a beginning and an end, conducted by people to meet established goals within parameters of cost, schedule and scope (PMI, 2008).

Projects play a major role in the economic development of a country. They are the building blocks for generating additional capital and for ensuring a flow of goods and services. The objective of the project management is to realize the planned project objectives (economic development, generation of additional capital, etc.). The success of any project is measured by its completion time, within the budget cost and meets the planned performance based on the initial plan. In order to accomplish all these projects objectives successfully, each of them have to undergo different phases where the level of efforts and impacts to the project success depends on the phases (PMI, 2008).

Among these different phases of the project, project planning is one of the most important phases. Project planning will address how the project team will manage the project elements. It will provide a high level of confidence in the organization's ability to meet the scope, timing, cost, and quality requirements by addressing all aspects of the project. With planning comes deliverables and poor planning results in delayed project completion, cost overruns and poor quality work among other things. It is therefore important that the team in charge of the project accurately and appropriately plans prior to execution of activities to ensure smooth flow of works, value of money and timely completion. Therefore planning was identified as extremely important project management function for the successes of project outcome (Atkinson, 1999)

Hence, this study is particularly concerned with the practice and challenges of project planning with the focus of different projects undertaken in commercial bank of Ethiopia.

1.2. Background of the organization

The history of the Commercial Bank of Ethiopia (CBE) dates back to the establishment of the State Bank of Ethiopia in 1942 E.C. CBE was legally established as a share company in 1963 E.C. In 1974, CBE merged with the privately owned Addis Ababa Bank. Since then, it has been playing significant roles in the development of the country. For instance it is serving as a finance source of the country's mega projects like hydroelectric projects condominium housing projects and those projects that are engaged on manufacturing industry etc. The CBE, which is striving to become a world-class bank, is rendering state-of-the-art and reliable services to its millions of customers, both at home and abroad. The business strategies of the Bank focus on the interest of the public it serves (CBE, 2018).

The state-owned CBE still dominates the market in terms of assets, deposits, capital, and customer base and branch network, despite the growing competition from private banks over the last 25 years. CBE has more than 33,365 employees, more than 1,235 branches, and more than 1,576 ATM throughout the country (CBE, 2018). Currently CBE is also expanding its branches aggressively throughout the country and all the existed branches and the newly opened branches are all networked (CBE, 2018). This creates a good opportunity to expand E banking technology. The bank, with the assumption of opening 500 new branches during the strategic period, deploying of 400ATMS and 2000 POSES per year, and opening of two million accounts, has planned to have additional 2000 ATMS, 10,000 POSES five million mobile banking users and 12.4 million card users at the end of the strategic year (the bank's corporate strategy of 2015/16-2019/20).

This makes it one of the most reliable and strong commercial banks in the country and the region.

1.3. Statement of the problem

Projects are needed to be completed within the time frame, budgeted cost and required quality. However, unfortunately many projects take longer time to complete, cost more

than necessary and some projects are cancelled because of inefficient planning and related challenges directly and/or indirectly related with it (Richard A. 2012).

If the project takes longer time than anticipated, it requires additional resources, and budgets. This consequently increases labor, material, machinery and equipment cost. This affects the budget of other projects and in general, it affects the economy of the country. Project failure is also the main challenge of our country's projects. The performance problems of project (cost overrun, time delay, quality deficiency) are caused by either in selection, planning, execution or control phase of the project and other factors. However, according to Richard A. (2012) planning is often cited as the most critical of the management functions in determining the overall project performance. And it is also considered the most important and critical phase to the success of an organization in meeting its goal and objectives.

According to Antvik & Sjöholm (2007) the planning processes are highly important, and project execution without proper development of a project plan often causes delays, high cost and general execution problems in the project. The lack of an implemented project plan has caused problems in all project management areas and has made it impossible for the management team to have the required control of project activities. The study by Wang and Gibson (2008), shows that time spent on project planning activities will reduce risk and increase project success.

Effective project planning processes gets better the performance problem of project outcomes; Griffith, Gibson (1995) and Griffith et al. (1998) and the study by Hamilton and Gibson (1996) have shown the importance of project planning on projects and its influence on project success. Findings of their study have proven that higher levels of project planning effort can result in significant cost and schedule savings. Therefore planning was identified as awfully important project management function for the successes of project outcome.

According to Idoko (2008) many projects in developing countries encounter considerable time and cost overruns, fail to realize their intended benefit or even totally terminated and neglected before or after their completion. One of the main reasons for the failure of

projects in developing countries is lack of effective planning processes. Research works by [(Whittaker 1999), (Dvir, Raz and Shenhar 2003) and others] have indicated poor project planning to be one of the reason for project failure in developing countries.

Commercial Bank of Ethiopia has the vision of becoming world class commercial bank in the year 2025. In order to achieve its vision, the bank is undertaking various projects to enhance its service delivery and equip its operations in state of the art technology. It has been implementing many large projects in the past ten years. Some of the major ones are: -EDRMS, CRM, Core Banking, Network & IT Infrastructure, Enterprise Resource Planning (ERP), CBE Birr, Contact/Call center project and so on (CBE's 75th Adversary Profile, 2017).

Therefore, the success of such projects becomes vital for the achievement of the bank's vision. In line with this, the bank has established a Program Management Office to oversee the successful undertaking of various projects. The aforementioned studies shows inadequate analysis and planning will lead to a failed project but the more planning there is in a project, the more successful the project will be. Therefore according to this evidence even if all the resources are available, poor project planning will result to project failure. The researcher believed that project success in commercial bank of Ethiopia requires careful study of the project planning before the project is undertaken or implemented. Since there is no extensive empirical study regarding project planning practice and its challenge in commercial bank of Ethiopia, this study focuses on identifying and assessing the project planning practices and problem areas in Commercial bank of Ethiopia and eventually helps the company to provide a better recommendation on project planning practices and take corrective actions and prevents project failure by producing dependable project plan.

1.4. Research questions

In light of the above mentioned problem statement, the following basic research questions will be addressed:

1. What is the current project planning practice in commercial bank of Ethiopia?

2. What are the common problem areas of project planning activities in commercial bank of Ethiopia?

1.5. Objectives of the Research

1.5.1. General Objective

The general objective of the study is to assess the current practice and challenges of project planning in Commercial Bank of Ethiopia.

1.5.2. Specific Objectives

1. To assess the existing project planning practice in commercial bank of Ethiopia
2. To identify the common problem areas exhibited in the project planning process

1.6. Significance of the Study

The bank industry should understand the practice and challenges of project planning. Thus, the results and recommendations obtained from this study serve as an input for the banking sectors. Commercial bank of Ethiopia set the vision to become world class commercial bank, the outcome of this study will serve as input to come up with more effective project planning practice in order to have effective project management practice in the organization and to achieve its vision. The finding of this study may also be useful for policy makers, practitioners and others who are dealing with project management to direct their efforts in the right path. Moreover, the research will serve as additional referencing material for researches who want to conduct further study in this area and investigations in other related studies.

1.7. Scope of the Study

This study covered the Project planning practices and challenges of commercial bank of Ethiopia. The major target population of the research is staffs of project management office of the organization. The study considers current projects that have been under taken by PMO of commercial bank of Ethiopia. Conceptually this study assessed only the project planning practices of the organization under study even if there are many concepts related with project management and should be assessed.

1.8. Limitations of the Study

There were time constraint that the researcher face to collect the relevant data and to conduct the necessary theoretical as well as empirical analysis. Since project management concept is in infant stage in Ethiopia, there is little information available about the subject matter.

1.9. Organization of the Paper

The study is organized in five chapters with different sections and sub-sections. Chapter one deals with background of the study, statement of the problem, specific and general objectives, methodology of the study, research questions, and significance of the study and limitation of the study. Chapter Two discusses the review of relevant literatures and included prior research works on topic area. The third chapter will explains the research design, data sources, sampling techniques and data analysis techniques. results are discussed in the fourth chapter. In the fifth and last chapter, conclusion, recommendations are provided.

CHAPTER TWO

2. LITERATURE REVIEW

This chapter presents relevant literature review and prior studies to support the objective of the study. Under this chapter, theoretical background on basic concepts, empirical reviews and conceptual framework of the study also presented.

2.1. Theoretical Literature Review

2.1.1. Definition and Concepts of project and Project Planning

2.1.1.1. What is a Project?

According to the Project Management Body of Knowledge (PMBok,2004), a project is a plan or proposal consisting of a sequence of unique, complex, and connected activities having one goal or purpose and that must be completed by a specific time, within budget, and according to specification. A project comprises a number of activities that must be completed in some specified order, or sequence. The activities in a project must be unique. A project has never happened before, and it will never happen again under the same conditions. Something will always be different each time the activities of a project are repeated. The activities that make up the project are not simple, repetitive acts, such as mowing the lawn, painting the house, washing the car, or loading the delivery truck. They are complex. For example, designing an intuitive user interface to an application system is a complex activity.

2.1.1.2. Project Management

The application and integration of modern management and project management knowledge, skills, tools and techniques to the overall planning, directing, coordinating, monitoring and control of all dimensions of a project from its inception to completion,

and the motivation of all those involved to produce the product, service or result of project on time, within authorized cost, and to the required quality and requirement, and to the satisfaction of participants. [(Atkinson R, 1999), (Kerzner, 2003)] project management deals with mainly with coordinating resources and managing people and change. Generally managing a project includes: identifying requirements, establishing clear and achievable objectives, balancing the competing demands for quality, scope, time and cost; adapting specifications, plans, and approach to the different concerns and expectations of the various stakeholders (PMI, 2004).

2.1.1.3. Project Management Process

The functions of project management include defining the requirements, establishing the extent of work, allocating the resources required, planning the execution of the work, monitoring the progress and adjusting deviations from the plan (Munns and Bjeimi, 1996). As described in Project Management Body of Knowledge Guide (PMBOK, 4th edition), there are five phases of project management processes: initiating, planning, executing, controlling and closing (PMI, 2000). These processes are described below.

1. Initiating processes: To initiate a project or just the concept phase of a project, someone must define the business need for the project, must sponsor the project and take on the role of project. Therefore; you cannot equate process groups with project phases. Recall that there can be different project phases, but all projects will include all five process groups.

2. Planning processes: include devising and maintaining a workable scheme to ensure that the project addresses the organization's needs. There normally is no single "project plan." There are several plans, such as the scope management plan, schedule management plan, cost management plan, risk management plan, and so on, defining each knowledge area as it relates to the project at that point.

3. Executing processes: include coordinating people and other resources to carry out the various plans and produce the products, services, or results of the project or phase.

4. Monitoring and controlling processes: include regularly measuring and monitoring progress to ensure that the project team meets the project objectives. The project manager

and staff monitor and measure progress against the plans and take corrective action when necessary. A common monitoring and controlling process is performance reporting, where project stakeholders can identify any necessary changes that may be required to keep the project on track.

5. Closing processes: include formalizing acceptance of the project or project phase and ending it efficiently. Administrative activities are often involved in this process group, such as archiving project files, closing out contracts.

2.1.1.4. Planning

By definition, planning is an orderly (step by step proposal on how an end product) goal will be achieved. (Jemima, N. 2015). Planning, in general, can best be described as the function of selecting the enterprise objectives and establishing the policies, procedures, and programs necessary for achieving them. Planning is concerned with the future.

According to Jemima, whether documented (as should ideally be the case) or not, a project plan should address the following areas with regard to the project;

- The scope of the project i.e. time and cost – within what time do you want to complete your construction and working within what budget?
- Objectives of the project – what kind of structure are you setting up and what will be the necessary requirements needed to be put in place to ensure that the project meets its intended objectives?
- Milestones – what activity or stage of the project will signify substantial progress?
- A work schedule and breakdown structure – given the different tasks, it is important to clearly indicate when each of these tasks will be carried out and the systematic sequence that the different tasks will follow.
- Progress tracking – with respect to the schedule, one should be able to track the progress of the project based on actual output against planned output and determine whether the project is on course or lagging.

2.1.1.5. Project Planning

Before the commencement of any project, the first thing that we need to do is project planning. Any reasonable project manager certainly understands the importance of planning a project well.

Carefully planned project takes into account necessary aspects of a project (e.g. tasks, milestone, schedule, risks, communication, quality, etc.) and provide a plan which project team can refer during execution (PMBOK, 2004).

According to PMBoK (2004), a project plan expresses the objectives and requirements of the project in terms of:

- Project Scope
- Project schedule
- Resource requirement
- Project cost estimation
- Project quality and
- Project risk management

A project planning enables project manager to translate project requirement into work break down Structure (WBS), tasks list, Gantt Charts, resource assignments and risk register, etc.

Therefore, in this study project planning is defined as the systematic arrangement of resources and processes of defining project objective and determining the framework to achieve project objective.

2.1.2. PROJECT PLANNING KNOWLEDGE AREAS

In Project Management body of Knowledge nine knowledge areas of project management are identified namely: - scope, time, cost, risk, quality, human resources, communications, procurement and integration knowledge areas (PMI, 2008). Each knowledge area in PMBOK is composed of processes that are expected to be addressed to attain the objective of the knowledge areas.

2.1.2.1. Project Integration planning knowledge areas

Project integration planning knowledge areas coordinates the various elements of the project and it is an important part in planning processes. Prioritizing between competing objectives and alternatives are an important task in the integration management. The objective of the development of the project plan is used to create a consistent, coherent document that can be used to guide project execution and control. The plan should include general plans regarding all areas of the project such as; project objectives, time schedule, budget, etc. (PMBOK, 2004). Since project plan is the main document developed in the planning process and it is very important to allocate sufficient amount of time and resources for this process. A project with a poor developed project plan is most likely to be poorly executed with high costs and delays as a result (Antvik & Sjöholm, 2007). The integration between the different elements of the plan is a complex process and is therefore often required to be iterated several times in order to reach a complete and integrated project plan (Antvik & Sjöholm, 2007).

2.1.2.2. Project Scope planning knowledge areas

Project scope management planning is a process to ensure that the project includes all the work required, and excludes the work that is not required, to complete the project successfully. This planning knowledge area consists of scope planning, scope definition, and creates WBS (PMBOK, 2004). The importance of a well formulated scope of work has been shown several times in different projects. It is not unusual that a project is rushed into start without the proper planning and preparation. This often leads to problems as extra costs and delays are likely to occur (Antvik & Sjöholm, 2007). A clear project scope facilitates for the project organization to realize the actual magnitude of the work and creates an understanding for the achievements that are required in the project.

Scope planning is the process of elaborating the work that is needed to deliver the product of the project. It should be based on the product/output/ description and

requirements from the customer (PMBOK, 2004). The outcome from the scope planning is the scope management plan that mainly describes how the project scope will be managed and how scope changes will be integrated into the project. Defining the project scope significantly influences the projects overall success. The development of the project scope management plan and the detailing of the project scope begin with analysis of information contained in the project charter, the preliminary project scope statement, the latest approved version of the project management plan, historical information contained in organizational process assets, and any relevant enterprise environmental factor.

In the scope definition, the projects major deliverables/products/ and conditions documented in the scope statement are analyzed. The analysis should be based on needs and expectations from stakeholders, and thereby generate requirements of the project. When more specified requirements are known, the deliverables are subdivided into smaller, more manageable groups, through the use of a Work Breakdown Structure. By dividing major tasks into smaller work packages, the accuracy of cost, time and resource estimates are improved. A WBS also makes it easier to assign clear responsibility to each group of tasks, which is necessary in order for the project organization to gain control of the project (Antvik&Sjoholm, 2007).

2.1.2.3. Project Time planning knowledge areas

Project time planning knowledge area includes all planning processes that are required to ensure a timely completion of the project The planning processes in time knowledge area are activity definition, activity sequencing, activity resource estimating, activity duration estimating and schedule development (PMBOK, 2004). The time schedule is one of the most important plans in a project. The development of time schedules should be based on the previously developed WBS. According to (Antvik & Sjöholm, 2007) in order to develop realistic and achievable schedules, it is important that activities are sequenced accurately. The activity sequencing involves identifying logical relationships and dependencies between the project activities (Guoli, 2010). The process of activity resource estimation involves determining what resources and what quantity of each

resource that will be used in the project. Required resources can be personnel, equipment and material. This process also includes determining when each resource will be available to the project (PMBOK, 2004). There are in general two methods of resource estimation; top-down and bottom-up. If the project has limited detailed information, the top-down method is often used. It is carried out by the higher management of the project and is based on experience from similar projects. The bottom-up method is also called qualitative based estimations and involves each specific work category in the process.

The bottom-up method is more time consuming to perform, but often generates a more accurate result (Guoli, 2010). The activity duration estimation should be based on the project scope, required types of resources, estimated resource quantities and the availability of resources. The result of the process is later used to develop schedules. To get an accurate estimation of duration it should be carried out by a person or group who is familiar with the specific activity (Antvik & Sjöholm, 2007). The development of schedules is often carried out through the use of project management software. If the previous estimations are made correctly the schedule development mostly consists of aggregating the information into one document (Antvik & Sjöholm, 2007). To develop an efficient schedule it is important that the critical chain is identified and that the lags in the schedule is used to allocate the projects resources effectively (PMBOK, 2004).

A time schedule without control is fairly useless to the project organization. The control must be carried out regularly and relatively often in order to detect deviations early. This makes it possible for the project team to take necessary actions to avoid longer delays (Antvik & Sjöholm, 2007). The schedule control and development must be an iterative process in order for the project team to have updated schedules throughout the project (Guoli, 2010). Estimating schedule activity durations uses information on scope of work, required resource types, estimated resource quantities, and resource calendars with resource availabilities. Inputs originate from the person or group on the project team who is most familiar with the nature of the work content in the specific schedule activity. Duration estimates are progressively elaborated, and the process considers the quality and availability of input data.

2.1.2.4. Project Cost planning knowledge areas

Project cost planning knowledge area includes the processes of cost estimating and cost budgeting. The main objective of cost planning knowledge area is to complete the project within the approved budget (PMBOK, 2004). The project budget is very important and influences all areas in both planning and execution of a project. It is important to keep track of total costs as well as costs for different work packages in a project (Guoli, 2010). A professional developed budget does not only control the project costs, but also creates good conditions for development of a well-functioning cash flow in the project. The consequence of insufficient cash flow in a project is often connected to large extra costs and delays, as there is a high risk for a temporary stop of the whole project (Antvik & Sjöholm, 2007). The cost estimation should be based on the project scope, the WBS and be connected to the project plan. To reach a correct estimation it is important that each activity is estimated based on the conditions of the execution of the specific activity. Since there often are several factors that are uncertain in a project, a reserve cost can be assigned to activities with a low level of detailed information or work packages with potential high financial risks (Adisa Olawale & Sun, 2010).

Cost budgeting involves aggregating the estimated costs of individual schedule activities or work packages to establish a total cost baseline for measuring project performance. The project scope statement provides a summary budget. However, schedule activity or work package cost estimates are prepared prior to detailed budget requests and work authorizations. Management contingency reserves are budgets reserved for unplanned, but potentially required, changes to project scope and cost.

2.1.2.5. Project Quality planning knowledge areas

Project quality planning knowledge area involves all processes and activities in the project organization to determine quality policies and control that the performed work is of a satisfying quality. The major processes in quality management are quality planning, quality assurance and quality control (PMBOK, 2004). The project team must identify

which quality standards those are relevant in the project in order to perform quality control. The identified standards should be considered the baseline in the development of a quality plan. It is important that the quality plan not only consist of required levels of quality in different activities, but also methods to achieve the requested quality (Wei & Yang, 2010).

2.1.2.6. Project Human Resources planning knowledge areas

Human resource planning knowledge areas is the processes used to ensure that the project organization is established in a way that provides the project with good conditions to succeed. Major processes in human resource management are human resource planning, acquire project team, develop and manage project team (PMBOK, 2004). In the early phases of a project it is necessary for the project management to plan how the project team should be organized and determine what roles that is required (Al-Maghraby, 2008). Each role in the project team should be assigned with areas of responsibility, authority and required competence (Antvik & Sjöholm, 2007). It is important that a role with a defined area of responsibility also has the authority to make decisions within that area. Responsibility without authority makes it very hard for middle management to influence the work, which most likely will affect the project negatively (Walker, 2007). Human resource planning Determining project roles, responsibilities, and reporting relationships culminating in the staffing management plan Acquire project team Process of obtaining the human resources needed for completing the project

2.1.2.7. Project Communication planning knowledge areas

Project communications management planning is the processes used to ensure that required information is distributed to the right person at the right time. The major planning processes in communications management are communications planning (PMBOK, 2004). How communication in a project is handled must be planned in order to perform effective work and minimize the risks. A communication plan is necessary to ensure that both internal and external project communication is carried out effectively.

The plan should contain details regarding what type of information that need to be distributed, who needs to receive the information, the purpose of the information, the frequency of the distribution and the responsible person to issue the information (Ramsing, 2009). The communication plan should also include what meetings are required within the project and a specification of participants, purpose and frequency for each type of meeting (PMBOK, 2004).

It is important that the project management performs frequently progress reports, mainly to inform clients and other stakeholders of the status of the project but also for the management team to keep control of all areas of the project. A progress report should focus on deviations from the project plan and contain current status of the project, executed and planned actions, uncertainties and forecasts regarding cost and time (Antvik & Sjöholm, 2007). When deviations from the baseline are identified in the progress report, the management team should include recommended corrective actions in order to bring the project in line with the project plan (Ramsing, 2009). As stated in the Project Management Book of Knowledge (PMBOK) from the Project Management Institute, communication planning involves “Determining the information and communications needs of the stakeholders: who needs what information, when will they need it, and how will it be given to them.

2.1.2.8. Project Risk planning knowledge areas

The main objectives of project risk management is to increase the probability and impact of events that are positive to the project and decrease the probability and impact of events that are negative to the project. Risk planning includes risk identification, qualitative and quantitative risk analysis, and risk response planning, (PMBOK, 2004).

All projects have uncertainties that can either turn out to be an opportunity or a risk. Uncertainties often occur in areas where the management has little information of the current conditions. By effective management many uncertainties can be evolved into an opportunity rather than a risk (Antvik & Sjöholm, 2007). Risk analysis is often carried out early in a project when the information is highly limited within several areas. To

manage risks and opportunities effectively, the analysis must be iterated throughout the project as more and more information becomes clear to the management team (Kululanga & Kuotcha, 2010).

The purpose of a risk analysis is to gain control of the uncertainties in the project. When risks are identified it is therefore important that a strategy is developed in order to response to the risk (PMBOK, 2004). A response strategy can be to eliminate the probability or impact of a risk, or to accept the risk and calculate with a potential extra cost if the risk occurs (Kululanga & Kuotcha, 2010). A common and effective approach to analyze risks is to estimate the probability and impact of a risk. The risk response is then based on the combined value of each risk, which leads to a risk management where the response is in relation to the magnitude of the risk (Briner, Hastings, & Geddes, 1996). Risk identification determines which risks might affect the project and documents their characteristics. All persons associated with a project should be encouraged to identify risks. It is important to have the project team involved in the identification process so that they can develop and maintain a sense of ownership and responsibility for the project risks and associated risk response actions. Quantitative risk analysis is performed on risks that have been prioritized by the qualitative risk analysis process as potentially and substantially impacting the projects competing demands. Quantitative risk analysis assigns a numerical rating to risks and applies quantitative approaches to making decisions in the presence of uncertainty using such techniques as Monte Carlo simulation and decision tree analysis.

2.1.2.9. Project Procurement planning knowledge areas

Procurement management planning is the processes to control and administrate contracts and purchase orders from sources external to the project organization. The major processes in procurement management planning are developing procurement (identifying which project needs can be best met by procuring products or services outside the project organization) and solicitation planning (preparing the documents needed to support solicitation/request) (PMBOK, 2004).

The planning of procurement management should be carried out early in the project and focus on analysis of which products or services that need to be purchased. After the initial planning a procurement plan should be developed that includes all major procurements that are needed in the project (PMBOK, 2004). The procurement plan is an important tool for efficient procurements throughout the project. It should be developed based on the project's WBS and time schedule in order to include all procurements and to be timely integrated in the project. The procurement plan includes budgeted cost and required finished date for procurement (Eriksson & Westerberg, 2011). A poorly developed procurement plan is likely to cause high procurement costs and in worst case even force the production to be stopped (Antvik & Sjöholm, 2007).

In larger projects there are often a procurement manager assigned to control and handle procurement activities. The procurement manager is responsible to plan and execute purchases. An important part of the procurement manager's work is to evaluate quotes in order to achieve cost effective contractors (Eriksson & Westerberg, 2011). To keep control of the cost forecasts in the project the procurement manager must follow-up the actual cost in relation to budgeted cost for each purchase (Antvik & Sjöholm, 2007).

2.1.3. Benefits of Developing a Project Plan

One of the main objectives of project planning is to completely define all work required (possibly through the development of a documented project plan) so that it will be readily identifiable to each project participant (Kerzner, Harold. 2006). According to the authors, this is a necessity in a project environment because:

- If the task is well understood prior to being performed, much of the work can be preplanned.
- If the task is not understood, then during the actual task execution more knowledge is gained that, in turn, leads to changes in resource allocations, schedules, and priorities
- The more uncertain the task, the greater the amount of information that must be processed in order to ensure effective performance.

According to the authors, these considerations are important in a project environment because each project can be different from the others, requiring a variety of different resources, but having to be performed under time, cost, and performance constraints with little margin for error. Careful & detailed planning help us to reduce risk and in turn uncertainty in any given project. In a well-planned project, project planner attempts to make a provision for potential occurrences of uncertainties in advance.

Meredith, J. and Mantel, S.J. 2010, on the other hand put the benefits of project planning as follows:

Planning reduces uncertainty: Even though we would never expect the project work to occur exactly as planned, planning the work allows us to consider the likely outcomes and to put the necessary corrective measures in place.

Planning increases understanding: The mere act of planning gives us a better understanding of the goals and objectives of the project. Even if we were to discard the plan, we would still benefit from having done the exercise.

Planning improves efficiency: Once we have defined the project plan and the necessary resources to carry out the plan, we can schedule the work to take advantage of resource availability. We can also schedule work in parallel; that is, we can do tasks concurrently, rather than in series. By doing tasks concurrently we can shorten the total duration of the project. We can maximize our use of resources and complete the project work in less time than by taking other approaches.

According to Annie, I. (2003), project planning yields the following importance for construction projects in particular:

- ✓ Planning helps to minimize the cost by optimum utilization of available resources.
- ✓ Planning reduces irrational approaches, duplication of works and inters departmental conflicts.
- ✓ Planning encourages innovation and creativity among the construction managers.
- ✓ Planning imparts competitive strength to the enterprise.

2.1.4. Challenges of Project Planning Activities

Project plan development is more than opening a project plan and typing tasks that need to be completed to get the job done. It requires thoughtful activity definition, sequencing, and resource estimating and their direct integration with the program's detailed development life cycle. Developing and using standard estimating models and templates aligned to the program's development life cycle is critical and one of the first steps in successfully building a plan that can provide true status of progress (Brisgone, A. 2007).

According to Brisgon, A. (2007), there are number of challenges that affect the quality of project planning and consequently the entire project performance. These are:

- ✓ Time Management
- ✓ Determining budget
- ✓ Prioritizing Project tasks
- ✓ Getting up-to-date information
- ✓ Availability of qualified personnel
- ✓ Meeting the required quality
- ✓ Identifying risks
- ✓ Coordinating the various stakeholders, etc.

2.1.5. The planning process

Planning is a systematic and scientific way of doing things and forecasting of the future. When we plan in a given project we have to follow some systematic and scientific ways. There are different processes that are used by different scholars for planning. According to Alexander (2010) the planning process involves the following major steps.

a. Understanding the existing situation: The influence of the external environment is of great concern in planning. As a result, it is essential to be aware of the external opportunities and threats that can affect the planning process. Thus, the organization is

required to analyze the following and other environmental situations while involving in the planning process.

- Analyze the economic situation (competition, price, demand, supply, etc.).
- Analyze the political situation (government policies, taxation, peace and stability etc.).
- Analyze the social and cultural situations (culture of the society, direction of culture change, attitude of the society towards different products etc.).

Moreover, it is important to examine the internal situations and determine the existing strengths and weaknesses of the organization. Thus, planning requires a realistic diagnosis of the existing strengths, weaknesses, opportunities and threats of the organization.

b. Forecasting Planning is deciding about what is to be done in the future. As a result, it becomes essential to have information about what the future would look like. Thus, the manager is required to make certain assumptions based on forecasts of the future in order to plan properly.

c. Establishing objectives/goals: The next step of the planning process is to identify the objectives/goals of the organization. The objectives fixed must clearly indicate what is to be achieved, where action should take place, who will perform it, how it is to be undertaken, and when it is to be accomplished. Objectives also need to be measurable. Thus, scheduled completion dates, quantity standards, cost limitations, quality specifications, should be established in advance while trying to achieve the objectives.

d. Determine and evaluate alternative plans (course of actions): Next to the establishment of objectives, alternative plans are developed and thoroughly evaluated. Thus, once alternative courses of action are determined, they must be evaluated. Usually, alternative plans or course of actions are evaluated against such factors like cost, risks, benefits, organizational facilities, etc.

e. Selecting the plan (course of action) and formulate derivative plans: This step of the planning process involves selection of the most desirable plan and the development of

derivative plans. Selection of one course of action to face future challenges introduces inflexibility in the planning process. Therefore, since the future is uncertain, adoption of several courses of actions becomes essential. Once a choice is made and a master plan prepared, derivative plans must be developed to support it. Within the framework of the basic plan, derivative plans are formulated in each functional area. The division of master plan into departmental, sectional and individual plans provides a realistic picture of things to come in future. In order to be effective, the planning process should also provide for a feed-back mechanism.

f. Implementing the plan: After the optimum alternative plan or course of action has been selected, the manager is required to develop an action plan to implement it. At this stage of the planning process, the manager must decide on the following issues: Who is going to do what? When will the tasks be initiated and completed? What resources (human and non-human) will be available for the process? How will the plan be evaluated? What are the reporting procedures to be used? And what type and degree of authority will be granted to achieve these ends?

g. Controlling and evaluating the results: Once the plan is implemented, the manager is responsible to monitor and evaluate the progress made. He/she may be required to make the necessary modifications based on the evaluation results. It is likely for plans to be affected by environmental factors. In such a situation, modification of plans becomes very essential

According to Bender (2008) planning involves the following major nine steps.

a. Identify overall objectives

Before doing anything we need to identify our objectives. When we try to do something we actually have something in mind. So we need to specify and determine what we want to achieve.

b. List the assumptions

There are things that we will consider them as things that will have an impact on our plan. So we should list all the factors that we assume they will have an impact on our plan.

c. Define the work effort

We have to clearly define the amount and type of effort that we need in order to achieve the plan that we have set to meet our objectives.

d. Define the tasks and products in detail

After we specifically determine the effort needed we also have to specify the type of activities that we have to accomplish to achieve the planned objectives and to do work specified.

e. Estimate the work effort

This is all about estimating the work effort that we need to exert while implementing of the plan.

f. Select resources

We need also resources to accomplish the works and efforts that we defined and specified. So we have to identify and select the amount and type of resource that we are needed to achieve our plan.

g. Develop the schedule

Having identified the resources that we need to implement the plan we also have to develop a time table for each activity that we will do and for the objective that we will achieve.

h. Estimate costs

We need to estimate the cost that we will incur in implementing the plan. So after we identify the budget we also have to estimate the cost of implementing the plan to achieve the objective.

i. Secure approval and funding.

Finally we have to get the approval of the concerned party and we have to ask for a fund to implement the plan. So the above planning processes are the most commonly used ones in any management system.

2.1.6. Project planning tools and techniques

One of the most important phases of project management is the “Planning phase”, in which all work to be done is determined and defined. Planning is the most time consuming set of activities but valuable if done properly. In this phase, many different techniques are used, work breakdown structure (WBS), Gantt charts and networks, Program Evaluation and Review Technique (PERT), critical path method etc.

Work Breakdown Structure

Work Breakdown Structure is used to divide projects into individually planned subprojects/phases, which can then be planned and executed individually. The potential uses of WBS include:

- Dividing the project into phases
- Dividing the project into responsibility areas within the organization
- Dividing the schedule of the project into sub-schedules whose interrelations are known
- Giving grounds to following the cost of the project by defining clear targets (work packages) to it
- Giving hierarchical outlining and coding for the work to be done
- Enabling integration planning and managing of the project from both financial and scheduling perspective (Pelin, 1996;116)

Finding out the best use of WBS in different organizations and different situations is always an iterative and heuristic process; there are no generic answers that apply to all

situations. WBS (Work Breakdown Structure) is an organizational chart that breaks the project into sub systems, components and tasks that can be readily accomplished. It is used for scheduling, pricing and resource planning. It simplifies summarizing and reporting progress and costs. Organization Breakdown Structure (OBS) is a model that organizes resources into groups for better management. It can be used to keep track of resource allocation and specific work assignments. There is a strong interdependency between OBS and WBS (Badiru and Pulat, 1995).

Gantt chart

A Gantt chart is a matrix, which lists on the vertical axis all the tasks to be performed. Each row contains a single task identification, which usually consists of a number and name. The horizontal axis is headed by columns indicating estimated task duration, skill level needed to perform the task, and the name of the person assigned to the task, followed by one column for each period in the project's duration. Each period may be expressed in hours, days, weeks, months, and other time units. In some cases it may be necessary to label the period columns as period 1, period 2, and so on. The graphics portion of the Gantt chart consists of a horizontal bar for each task connecting the period start and period ending columns. A set of markers is usually used to indicate estimated and actual start and end. Each bar on a separate line, and the name of each person assigned to the task is on a separate line. In many cases when this type of project plan is used, a blank row is left between tasks. When the project is under way, this row is used to indicate progress, indicated by a second bar, which starts in the period column when the task is actually started and continues until the task is actually completed. Comparison between estimated start and end and actuals start and end should indicate project status on a task-by-task basis. (Pelin, 1996)

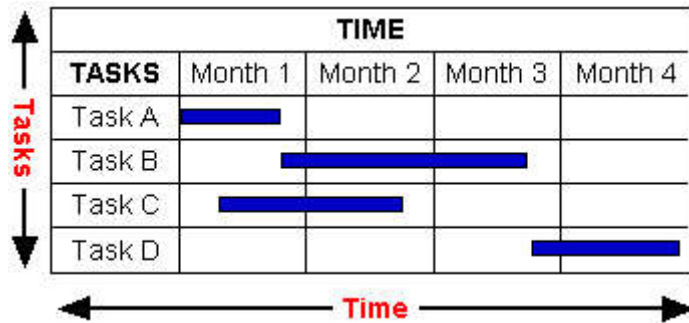


Figure 2.1 Simple Gantt chart

Gantt charts give a clear illustration of project status, but one problem with them is that they don't indicate task dependencies - you cannot tell how one task falling behind schedule affects other tasks. The PERT chart, another popular project management charting method, is designed to do this. Automated Gantt charts store more information about tasks, such as the individuals assigned to specific tasks, and notes about the procedures. They also offer the benefit of being easy to change, which is helpful. Charts may be adjusted frequently to reflect the actual status of project tasks as, almost inevitably; they diverge from the original plan.

Program Evaluation and Review Technique (PERT)

Program evaluation and review technique (PERT) charts depict task, duration, and information. Each chart starts with an initiation node from which the first task, or tasks, originates. If multiple tasks begin at the same time, they are all started from the node or branch, or fork out from the starting point. Each task is represented by a line, which states its name or other identifier, its duration, the number of people assigned to it, and in some cases the initials of the personnel assigned. The other end of the task line is terminated by another node, which identifies the start of another task, or the beginning of any slack time, that is, waiting time between tasks (Pelin, 1996).

A PERT chart is a project management tool used to schedule, organize, and coordinate tasks within a project. PERT is a methodology developed by the U.S. Navy in the 1950s to manage the Polaris submarine missile program. A similar methodology, the Critical

Path Method (CPM), which was developed, for project management in the private sector at about the same time, has become synonymous with PERT, so that the technique is known by any variation on the names: PERT, CPM, or PERT/CPM. Project Evaluation and Review Technique (or PERT) is designed for research and development type projects when activity completion times are uncertain.

Critical Path Method

Critical Path Method (CPM) type project planning networks are characterized by estimates of normal time for task completions. CPM is appropriate when activity times can be accurately predicted such as construction or maintenance work. Charts are similar to PERT charts and are sometimes known as PERT/CPM. In a CPM chart, the critical path is indicated. A critical path consists of that set of dependent tasks (each dependent on the preceding one) which together take the longest time to complete. Although it is not normally done, a CPM chart can define multiple, equally critical paths. Tasks, which fall on the critical path, should be noted in some way, so that they may be given special attention. One way is to draw critical path tasks with a double line instead of a single line. (Pelin, 1996)

2.2. Empirical Literature Review

Getting the planning stage of the project right, helps to succeed poor planning will contribute towards an unsuccessful project where as good planning practice leads to successful projects. It is impossible to determine what is needed for projects to be completed as per the defined budget, cost, time and quality if there is no a properly defined project plan. When we come to the empirical literature review, a paper by Lemma (2012), Sadik (2017), Andineh (2017) and Endalkachew (2018) indicates that project success is highly determined by the quality of the project plan. The probability of successfully completing a given project will be high if it has a well-established plan. A research paper by Garg and Yadav (2014) states that project planning and management is a key framework for successful completion of any project. Planning is very essential for any project with its tools and techniques. A research paper by researchers Morardet et al (2005) proves that weakness in planning and implementation have been identified as one

of the main reasons for the disappointing results of agricultural water development and management projects. According to Antvik & Sjöholm (2007) the planning processes are highly important, and project execution without proper development of a project plan often causes delays, high cost and general execution problems in the project. The lack of an implemented project plan has caused problems in all project management areas and has made it impossible for the management team to have the required control of project activities. The study by Wang and Gibson (2008), shows that time spent on project planning activities will reduce risk and increase project success.

Effective project planning processes gets better the performance problem of project outcomes; Griffith, Gibson (1995) and Griffith et al. (1998) and the study by Hamilton and Gibson (1996) have shown the importance of project planning on projects and its influence on project success. Findings of their study have proven that higher levels of project planning effort can result in significant cost and schedule savings. Therefore planning was identified as awfully important project management function for the successes of project outcome.

According to Idoko (2008) many projects in developing countries encounter considerable time and cost overruns, fail to realize their intended benefit or even totally terminated and neglected before or after their completion. One of the main reasons for the failure of projects in developing countries is lack of effective planning processes. Research works by [(Whittaker 1999), (Dvir, Raz and Shenhar 2003) and others] have indicated poor project planning to be one of the reason for project failure in developing countries. So from the reviewed literature preparing a sound project plan is a very important factor for successfully completing of any project. Even though project planning is the most important and critical concept for the successful implementation of a given project, little has been done on the practice and role of project planning on project success in financial sectors.

CHAPTER THREE

3. RESEARCH METHODOLOGY

This chapter of the research report provides an outline of the research methodology that is employed in the measurement of the Project Management Maturity level and project management practices of the Program Management Office for the success of internal projects of Commercial bank of Ethiopia. This part describes the research design, Source of Data, Sampling and sampling techniques, Instrument of data collection and methods and procedures of data analysis. Ethical considerations are also described in this chapter.

3.1. Research design and research approach

Qualitative and quantitative research approach is used in the study. A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2004). According to Robson (2002), the three purposes of conducting research are generally the following: exploratory, descriptive and explanatory. Explorative research is characterized as the seeking of new insights, the looking around, and the asking of questions or the bringing of some phenomenon into new light. Explanative research aims at gaining an explanation of a specific situation or problem, generally in the form of causal relationships. Finally, Descriptive research is a type of research that is mainly concerned with describing the nature or condition and the degree in detail of the present situation.

The purpose of this research is to assess the project planning practices and challenges of the organization under study. Descriptive research design is applied to describe what the current project planning practice looks like in the study organization. The researcher has chosen this design because the major purpose of descriptive research is description of the state of affairs as it exists at present and it reports what has happened or what is happening Kothari (1990). So as justified above the major reason for conducting this

study is to assess the planning practice and challenges of the organization under study. For such type of studies the recommended research design is the descriptive one.

3.2. Data type and source

The study is conducted by using both primary and secondary data sources. Primary data are those which are collected a fresh & for the first time & happen to be original in character (Kohtari, 2004). Primary data is collected from the respondents based on a structurally designed questionnaire. It included both closed ended and open-ended questions. Secondary source of data are those which are made available i.e. data which have already been collected & analyzed by someone else (Kohtari, 2004). Secondary data was collected from the annual reports and published articles, previous studies, books etc.

3.3. Methods of Data Collection

To acquire the intended information the researcher used different data collection instruments like distributing questionnaire with open-ended and close-ended questions. According to Yin (1989), structured questionnaires are important method for collecting primary data and that it further allows the researcher to be well focused on the specific research topic. The questionnaire was used because the researcher considered it to be more convenient as respondents could answer at their convenience. The questionnaire was developed by the researcher based on the research questions and the literature. The researcher used open and closed-ended type of questionnaires, which gives the respondents an opportunity for adequate expression of their view on the questions. The questionnaire begins with an introductory statement, which specified the purpose of the research as purely academic. Respondents were encouraged being objective in their responses since they were assured of confidentiality.

3.4. Population of the study

The population for this study is staff of project management office of commercial bank of Ethiopia. There are one hundred three staff in project management office. Since, it is manageable to assess the whole population of the study; census is used to collect the data from this staff of project management office.

3.5. Methods of data analysis

Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence, to address the initial proposition of a study Yin (1989). The data collected via questionnaires was analyzed with descriptive statistics using statistical package for social scientists (SPSS).

3.6. Ethics of Research

The respondents were told the purpose of the study and asked their permission in the questionnaire. The data collected only used for this study purpose and it is not accessible for any other purposes.

However, the study result will be presented and accessible both for the graduating school and the organization. To ensure that the in trust of all parties have been protected & respondents were informed about the objective of the interview prior to each interview.

3.7. Reliability

The reliability of a measuring instrument is defined as its ability to consistently measure the phenomenon it is designed to measure. Cornbach's alpha is a coefficient of reliability used to measure the internal consistency of a scale; represented as a number between 0 and 1. Cronbach alpha is used to determine the consistency of scales used to measure study variables. The internal consistency reliability is higher if the Cronbanch's alpha is closer to 1. The most common techniques used in the literature to assess the scale's reliability and stability is use of Cronbach Alpha Statistics.

CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

This chapter deals with the presentation, interpretation and analysis of the data gathered. The chapter has four sections, section 4.1 presents introduction to the chapter, section 4.2. Demographic information of the respondents related to personal and professional characteristics and section 4.3 presents the result and discussion regarding the practice of project planning in CBE. Results and discussions regarding the challenges of project planning in CBE is presented in section 4.4.

4.1. Introduction

Data collected through different techniques were analyzed in this chapter. In the analysis, a total of seventy nine (79) questionnaires were distributed to all staff of project management office in CBE. Out of the seventy nine (79) questionnaires distributed, seventy two (72) were successfully completed, returned and used for the study. The response rate was approximately 91% of the total questionnaires distributed. In order to analyze the research results, SPSS (statistical package for social scientists) V.23 tool software was used. Descriptive measures of each question response presented in the following sections.

4.2. Background information of the Respondents

The study participants on survey questionnaire have different personal information. The background profile of respondents, participated in this study was shown in table 4.1 as follows.

Table 4.1, Respondents' background Profile

Variables	Classification of variables	Frequency	Percentage
Educational Level	Degree	51	70.08
	Masters	21	29.20
	PhD.	0	0
Job title	Project manager	2	2.77
	Project team leader	3	4.17
	Technical officer	14	19.44
	IT officer	27	37.5
	Associate quality assurance	13	18.05
	Senior banking business officer	13	18.05
Project related experience	Have project related experience	25	34.7
	Have no project related experience	47	65.3
Project management educational background	Have PM background	13	18.1
	Have no PM background	59	81.9

Project management training	Who take PM related training	18	25
	Who do not take PM related training	54	75

Source: own survey result 2019

As it is shown on the above table, the highest percentages of the participants have bachelor degree that is 51 which is 70.08% of the total participants. Regarding job title, the highest percentages of participants are an IT officer which is 27 out of 72 which is 37.5% . When we come to project related experience, most of the participants have no work experience related to project which is 47 out of 72 (65.3%). In the case of classification of respondents by project management educational background 81.9% of the respondents do not have project management educational background and 75% of them do not take project management training. All of the project planning team must have a common understanding on the importance and process of the project planning. Therefore, awareness must be created among the project planning team through short term and long term trainings.

4.2.1. Reliability test

SPSS version 23 was used to calculate Cronbach's alpha in order to determine how reliable the data collection instrument (questionnaire) was over the data the study collected. Most of the constructs are good. Cronbach's alpha (α) < 0.6 indicates unsatisfactory internal consistency reliability (Malhotra& Birks, 2007) and Cronbach's alpha (α) > 0.6 indicates satisfactory internal consistency reliability (commonly accepted level) (Nunnally & Berstein, 1994). The finding showed that overall Cronbach's Alpha value was 0.911 which was acceptable for the study

Table 4.2: Cronbach's Alpha

Cronbach's Alpha	N of Items
.911	10

Sources: Researcher's Survey

4.3. Analysis of project planning practice and challenges in commercial bank of Ethiopia

In a 5-point Likert scale the possible score ranges from 1-5 and 3 become the hypothetical average score. A calculated mean score less than 3, which is hypothetical average, can be considered as low mean score whereas greater than 3 can be considered as high mean score. Therefore the analysis will be made based on this assumption. In this part the planning processes are descriptively analyzed. The main problem areas from the knowledge areas are identified by comparing their mean and standard deviation. The lower the mean of the knowledge areas indicate that they are poorly performed. In order to assess the current planning practice and its challenge in commercial bank of Ethiopia, analysis is made based on the project planning inputs that are widely applied by PMI. In the following tables the current planning practices of the commercial bank of Ethiopia is analyzed.

Table 4.3 Descriptive statistics for project planning practices

Project planning practices	Strongly disagree	Disagree	neutral	agree	Strongly agree	Mean	Std.
Project Scope planning practice	3 (4.2)	22 (30.6)	32 (44.4)	13 (18)	2 (2.8)	2.91	0.817

Project time planning practice	14 (9.4)	24 (33.4)	23 (31.9)	11 (15.3)	0	2.58	0.930
Project communication planning practice	1 (1.4)	18 (25)	27 (37.5)	25 (34.7)	1 (1.4)	3.13	0.838
Project integration planning practice	1 (1.4)	5 (7)	41 (57)	25 (34.6)	0	3.18	0.62
Project quality planning practice	2 (2.8)	31 (43)	31 (43)	8 (11.2)	0	2.81	0.713
Project risk planning practice	2 (2.8)	17 (23.6)	37 (51.4)	16 (22.2)	0	2.95	0.681
Project cost planning practice	8 (11.2)	26 (36)	24 (33.4)	13 (18)	1 (1.4)	2.75	0.957
Project HR planning practice	3 (4.2)	9 (12.5)	24 (33.3)	34 (47.3)	2 (2.8)	3.2	0.78
Project procurement planning practice	2 (2.8)	18 (25)	23 (31.9)	28 (38.9)	1 (1.4)	3.11	0.897

Source: Own survey, 2019 2=frequency (2.8) = percentage

According to the finding of the analysis the mean value of project time planning practice is the lowest (mean=2.58, standard deviation=0.93) compared to other project planning practices. Only 11 (15.3%) of the respondents believe that there is a well prepared project time management plan in the projects of commercial bank of Ethiopia. This indicates that Project time management is very poorly planned in the projects of commercial bank of Ethiopia.

The above table also reveals that project cost planning is the second lowest mean scorer from the project planning practices in the organization (mean=2.75, standard deviation=0.957). Only 14 (19.4 %) of the respondents believe that there is well established prepared project cost planning in commercial bank of Ethiopia projects. This indicates that project cost planning is poorly prepared in the organization.

The next project planning practice is project quality planning. It has a (mean=2.81, standard deviation=0.713), which is the third lowest one. Only 8 (11.2%) of the respondents believe that there is well prepared quality plan in commercial bank of Ethiopia. Whereas 45.8% (43% agree and 2.8% strongly agree) of the respondents are not agreed with the idea that there is well established project quality planning in commercial bank of Ethiopia. 43% of the respondents are indifferent.

Likewise, the respondents were asked whether there exist properly prepared project scope planning in commercial bank of Ethiopia and the descriptive statistics result gives mean value (mean=2.91, standard deviation=0.817), which is lower than the average mean value. This indicates that project scope planning poorly prepared in commercial bank of Ethiopia. Only 20.8% (2.8% strongly agree and 18% agree) of respondents were agreed with that idea, 34.8% of the respondents are disagreed and the other respondents were indifferent with the idea that there is well prepared project scope planning practice in the projects of commercial bank of Ethiopia.

The result in the above table also shows that project risk planning has mean value of 2.95 and standard deviation of 0.681), which is also below the average mean value. Only 22.2% of the organization agreed that there is risk planning practice in the organization under study. This indicates that risk were not properly identified, quantified, analyzed and their response did not planned at planning stage in commercial bank of Ethiopia.

The descriptive analysis also indicates that project human resource planning practice got the highest mean score (mean=3.2, standard deviation=0.78), which is above the average mean score value. This means the largest number of respondent (2.8% strongly agree and 47.2% agree) were agreed with the idea that well prepared project human resource

planning is practiced in commercial bank of Ethiopia as compared to other project planning practices.

The next project planning process practice which has the highest mean value is project integration planning practice (mean=3.18, standard deviation=0.62), which is above the average mean value. This indicates that there is well-defined and integrated project integration planning practice in commercial bank of Ethiopia. Only 8.4% of the respondents disagreed with the idea that there is a strong integration planning practice in commercial bank of Ethiopia as compared to other project planning practices.

Responses captured in the above table shows that there is better project communication planning practice in commercial bank of Ethiopia (mean=3.13, standard deviation=0.838). 36.1% (1.4% strongly agree and 34.7% agree) of the respondents were agreed with the idea that there is better communication planning practice in CBE as compared to other project planning practices. 26.4% (1.4% strongly disagree and 25% disagree) of the respondents were disagreed while the others were indifferent.

The above table also shows that project procurement planning is better practiced in projects of commercial bank of Ethiopia with mean value of 3.11 and standard deviation of 0.897 compared to other poorly practiced project planning activities. The result further revealed that the largest number of respondents (1.4% strongly agree and 38.9% agree) were agree, 27.8% (2.8%strongly disagree and 25% disagree) and the other 31.9% were indifferent.

Level of the application of project planning tools

For preparing a good project plan, application of project planning tools is very essential. Even though there are different types of project planning tools analysis is made based on the following very important tools and the table below shows the analysis:

Table 4.4 Descriptive analysis of project planning tools and techniques in commercial bank of Ethiopia

Project planning tools	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std.
Project planning tools were applied while planning	3 (4.2)	24 (33.3)	31 (43.1)	14 (19.4)	0	2.83	0.705

Source: own survey, 2019 3=frequency (4.2) = percentage

The mean and standard deviations of project planning tools is 2.83 and 0.705 respectively. This indicate that project planning tools are poorly applied in commercial bank of Ethiopia because the mean score of all of the tools are below the average mean score value.

In general, even though the above results revealed that the mean value for some of project planning practices is greater than the average mean value and for the others below, the dominant percentage for the most of project planning practices relies on neutral Likert scale. The reason for this might be the respondents were indifferent. And according to the personal background of the respondents table 4.1 majority of the respondents are not familiar with the subject matter as well, they do not get training in line with project management.

4.4. Analysis of project planning challenges in commercial bank of Ethiopia

After mentioning the practice of project planning in Commercial Bank of Ethiopia, the respondents were asked to list the major challenges of project planning process in the company.

Out of the 72 respondents, only 14 respondents are tried to answer the question. All of them include project time management as one of the most important challenge. Determining the budget of a project is the other challenge which is mentioned by five of the 14 respondents. The third challenge is integration challenge between projects. Two of the 14 respondents mentioned it as the most important challenge. Two of the 14 the

respondent mentioned getting qualified personnel and lack of experience are the most important challenges of project planning process. Most of these findings are in line with the finding of Brisgon, A. (2010) where project time management, determining budget, prioritizing project tasks, getting up-to-date information, availability of qualified personnel, identifying project risk and coordinating the various stake holders are the major challenges which affect the quality of project planning.

One of the objective of conducting this research study was identifying the challenges of project planning process in Commercial Bank of Ethiopia. In general, by analyzing the responses of each respondent, the researcher identified the following challenges which the Program Management Office of CBE faces in the planning process.

- Lack of adequate and effective project time management
- Lack of integration between projects
- Lack of adequate and effective project cost management
- Lack of experienced project managers
- Lack of qualified and experienced project teams
- Lack of project management training
- Inefficient and insufficient communication between project managers and team member
- Absence of documenting lessons learned and best practices

Chapter Five

Conclusion and Recommendation

In this research paper, the researcher sets the objective of identifying the practice and challenges of project planning process in Commercial Bank of Ethiopia and forwarding recommendation based on the findings. This chapter provides the conclusion to the study and forwards recommendations.

5.1. Conclusion

Based on the findings and data analysis of the research, the following conclusions were drawn on:

- Project time management plan is poorly prepared. According to the data obtained and the analysis made based on it, duration of activities in the projects is not well determined and as result it is impossible to determine the actual time needed for each activity and the whole project schedule of completion. So there is a poor time management plan in commercial bank of Ethiopia and, it is an indication of poor project planning practice.
- Project cost planning is poorly conducted. Preparing a good cost management plan is one of the most essential inputs in preparing a good project plan. As one part of the aggregate plan failing to properly prepare a good cost management plan have an impact on the whole project plan. So as a result of having poor cost management plan, the study organization completes most of its projects over the initial budget. This is also another indicator of the poor planning practice of the study organization.
- Project quality management plan is also poorly practiced by commercial bank of Ethiopia projects. Based on the data gathered from the respondents there is no well-organized project quality management plan in the company. In any project

there should be a quality plan and quality assurance mechanism as well. But the study organization has a weak quality management system and planning practice.

- Project scope planning is not also well done in commercial bank of Ethiopia because. For determining the scope of the project and to prepare a plan each activity in the project should be well defined. But in the study organization, according to the data obtained from the survey and the analysis made there is a poor practice of defining activities. As a result it is impossible to determine the scope and prepare a good project scope plan.
- Regarding project risk plan the organization under study has a poor project risk planning practice. Risks are not properly identified, quantified, prioritized, analyzed and planned even if project risk plan is one of the most important components of the whole project plan. So the practice in risk planning is poor.
- Project procurement planning, communication planning, human resource planning and integration planning practices of commercial bank of Ethiopia are better practiced than the aforementioned specific planning practices.
- Project planning tools such as Gant chart, logical framework approach etc. are poorly applied in the company.
- Lack of adequate and effective project time management, lack of effective and adequate project cost management, lack of integration between projects, lack of experienced project managers, lack of qualified and experienced project teams, lack of project management training, inefficient and insufficient communication between project managers and team member, and absence of documenting lessons learned and best practices are the most important challenges in project planning process in commercial bank of Ethiopia.

5.2. Recommendation

Project plan is one of the most important factors that determine the success of a given project. A properly established plan is very essential and it contributes positively to the success of a project. On the other hand failing to properly plan in projects is the main reason for failure of projects. Thus the researcher believes that for successfully completing projects, commercial bank of Ethiopia projects should establish a good project plan. Based on the study findings the researcher would like to recommend the following major points.

- From the findings it is observed that the planning practice of the organization under study is not good based on the data collected and the analysis made. The organization has been implementing many projects. So the researcher would like to recommend to the study organization to improve its project planning practice by considering and referring the best planning practices. Because such huge projects implemented with a high budget, failing to properly plan will have an economic, social and political impact in the country. The researcher would like to recommend that effective project planning is critical factor for the success of any project. So the host organization should focus in its planning as compared with the other project phases. If planning is perfectly prepared it will have a positive impact on the other project phases as well.
- More effort should be made at the planning stage of the project. A project with a good project plan is with a good road map. So giving attention and making a good effort in preparing the plan helps in successfully completing the project.
- Planning tools and techniques are poorly applied in a limited manner, it is important to use them all in a more advanced way while preparing the project plan.
- Even though projects vary in terms nature, cost and timeline, lessons learned from one project can be incorporated to other project to make decision making easier and to avoid similar error. Therefore, the project management office should work on regularly documenting lessons learned.

- Project management training should be provided to the project managers and project team members before being assigned to work on projects to build core project management skill. Hence the project management office must make sure to incorporate training as part of the plan.
- The project management office need to communicate the line managers in the earliest possible time and create regular communication with the line departments to keep the informed about the nature of the project and the timeline allocated to complete the project.

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Appendix 1 questionnaire

Addis Ababa University

School of Commerce

Masters of Project Management

Questionnaire to be filled by respondents

Dear Respondents:

First of all, I would like to express my earnest appreciation for your generous time, honest and prompt responses.

The title of this project work is “Assessment of practice and challenges of project planning in Commercial Bank of Ethiopia”

Please note that your views in this questionnaire shall not be, in any way, used for any other purpose rather than the advancement of this study. You are therefore assured that your views on the content of this questionnaire shall not be used in any way that might cause damage to your reputation as an individual or otherwise, integrity, emotions, or indeed professional conduct as the information provided will be treated with high level of confidentiality. Individual responses will not be identifiable as they will be treated in aggregate when reporting the findings.

I would like to thank you in advance, for completing this questionnaire and assisting me in my project work.

Yours faithfully,

Yimarilign Tadesse

PERSONAL DETAILS OF THE RESPONDENT

1. Your current Job title in your company: _____
2. Your work experience in your company: _____
3. Educational background:- _____ by _____
4. How many projects have you participated in as project team member or as a project manager? _____

5. Is there project planning department in project management office?

Yes

☐

No

☐

6. Do you have educational background on project management field?

7. Did you take project management related trainings?

Yes

No

☐

8. If your answer for question No. 7 is yes, specify the type of training-----

Instructions: Please tick [✓] in the provided space which is the most suitable using the given scale. Please also answer all the questions considering the projects you are participated to enhance the objectivity of the project work.

No	Description	Scale				
		Strongly disagree	disagree	neutral	agree	Strongly agree
9	More effort was spent in planning stage compared to other stages					
10	Project time management plan were well prepared					
11	Project activity schedule is determined in the planning phase					
12	Project planning activities are completed prior to project execution					
13	Project management scope plan is well prepared					
14	the project scope was well defined in the planning phase					
15	Work break down is used while planning					
16	Project Human Resource Management Plan is prepared during the planning phase					
17	Project team is planned /allocated early in the planning stage					
18	Team members/officers are motivated and committed					

	to participate in the planning process					
19	Project Managers/Team leaders are often capable of managing projects					
20	Project cost plan is well prepared					
21	Project cost is well estimated in the planning phase					
22	Project risk plan is well prepared					
23	Project Risk is identified during the planning stage					
24	Project risk analysis is conducted during the planning stage					
25	Risk response planning prepared in the planning stage					
26	Project quality plan and quality assurance process were well prepared					
27	Quality standard identified					
28	Project integration plan is well prepared					
29	key stakeholders actively involved in planning stage					
30	Functional departments of the parent organization was					

	involved in planning stage					
31	Roles of stakeholders is identified during the planning stage					
32	Project procurement plan is well prepared and identify which project needs can be best met by procuring products or services outside the project organization					
33	Communication plans and strategies are established during project planning process					
34	Communication channels of projects are determined during project planning process					
35	On-going communication with project stakeholders are maintained					
36	Contingency plans were included in the project planning process					
37	The project plan was detailed and easily understandable by every stakeholder					
38	there is always a Project					

	Management Plan document at the ends of the planning phase					
39	Organizational previous project data warehouse was available					
40	Project planning tools and techniques were applied while planning					
41	Logical framework approach was properly used					
42	Gantt chart was properly used					

43. List the major challenges of project planning in your organization?
