The Practice of project management in new product development:

A study of Microfinance Institutions in Sub-Saharan Africa

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DEDICATION

This work is dedicated to my children

TO GOD BE THE GLORY
ACKNOWLEDGEMENTS

I would like to show appreciation to my supervisor Dr Margareta Paulsson for her supervision and direction throughout this thesis. Her comments were of a great value to this work. I value her warm reception and encouragement. I would also like to acknowledge the respondents who out of their busy schedules made themselves available for the interview. This work would not have been possible without their contributions.

I also wish to thank my friends (George Amankwah and Uncle Ogonna) for their good words of encouragement and friendship. God Bless You.

To my Parents, Brothers and Sisters, I say Thank you for your support. It is sad my father did not wait to see this work.

To my husband Dr. Osei Yaw Ampomah and my children (Osei Kwabena Ampomah and Nana Yaa Ampomah) for their unconditional love, support and encouragement they gave me throughout this period. I LOVE YOU GUYS.
ABSTRACT

Microfinance is the provision of credit/loans to poor individuals for the purpose of income generation. The Sub-Saharan African region which is among the poorest areas in the world is thought to be one of the regions where the microfinance industry is dynamic and growing in terms of acceptance and patronage. Even though microfinance in the Sub-Saharan Africa region has received a lot of research attention, most have focused largely on the financial performance whilst there is no available information on project management practices in new product development.

Since project management is considered to be an effective means of managing new product development, the purpose of this work was to investigate the practice of project management in new product development in microfinance institutions in Sub-Saharan Africa and to assess which project management methods, and tools and techniques are used.

A case study was adopted and a semi-structured interview through telephone/Skype was conducted on eight senior management staff from different microfinance institutions. The respondents comprised five Non-governmental organizations, two Non-Bank financial institutions and one Commercial Bank, operating in Angola, Gambia, Ghana, Mozambique, Namibia and Kenya.

The empirical findings were that six of the microfinance institutions are involved in new product development whilst two of the institutions which are Non-governmental organizations are not. The main product that is developed by these microfinance institutions is credits/loans. The reason for new products development was to meet clients’ needs even though competition and the need to be innovative was also a factor.

This research also shows that the six microfinance institutions that are into new product development organize product development through projects. Project management is the means through which new products are developed. In addition, projects are managed either solely by each microfinance institution or done in collaboration with other institutions.

A further indication based on project management steps suggests a flexible practice of project management in developing new products as project management steps are not tightly followed. The project management methods that are used in developing new products in all these institutions was the in house method as all the respondents considered it an effective way because this method is adapted to their institutional structure.

In addition, the commonly used tool and technique among all the institutions was the progress reports which contained necessary information for monitoring and evaluating of the projects.

Keywords: Microfinance institutions, new product development, project management, Sub-Saharan Africa.
ABBREVIATIONS

MFI Microfinance Institution
MFIs Microfinance Institutions
MFIN Microfinance Industry
MIX Microfinance Information eXchange
NGO Non-Governmental Organization
PM Project Management
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CHAPTER 1: INTRODUCTION

1.1 Background of research

Poverty is a big problem in developing countries and the eradication of poverty continues to be a key political agenda in most developing countries. Despite serious efforts by local governments as well as bilateral and multilateral donor communities over the past few decades, many people still suffer from poverty (Kono and Takahashi, 2010, p. 15). Estimates by the World Bank in 1998 showed that over 1.2 billion people continue to live in extreme poverty, living on less than US$1 a day (World Bank, 2000). In the Millennium Development Goals, the United Nations intends to tackle poverty by halving the proportion of people suffering from extreme poverty by 2015 and calls for commitment from all nations (World Bank, 2000).

Africa is the poorest continent in the world with most countries in the Sub-Saharan region being classified as poor (UNDP, 2010). To improve upon the livelihood of poor households would require that they get some access to financial services to engage in entrepreneurial activities (Kono and Takahashi 2010). But such groups are considered as high risk clients and are denied financial services by formal financial institutions (Kono and Takahashi, 2010; Khavul, 2010). Campbell (2010) defines microfinance as the provision of loans to a group of poor individuals without collateral, for the purpose of income generation. Microfinance is now promoted as a means to solve poverty that faces the world’s population by stimulating growth through entrepreneurial initiatives, and spans a range of financial instruments including credit, savings, insurance, mortgages, and retirement plans (Morduch, 1999; Khavul, 2010).

The microfinance industry (MFIN) in Africa is dynamic and increasingly growing. It has expanded in activities and is thought to be among the most productive globally in terms of its acceptance or patronage (Lafourcade et al., 2005). Microfinance in poor economies has received a lot of research attention because of the potential benefits that it is expected to yield. The microfinance institutions (MFIs) cover diverse programs, but all concentrates on providing financial services to the poor (Morduch, 2000).

Some of the activities that MFIs are engaged in include providing credit or loans, savings, insurance and money transfers (Lafourcade et al., 2005, p. 2). Microfinance as any other financial instrument needs to offer attractive products or services to meet customers need (Woller, 2002, p. 320). But the credit structure of some of the MFIs has led to some people refraining from their services. In fact research has shown that there are potential clients who decline microfinance programs even though the products offered were supposedly designed for them (Meryer, 2002). This is corroborated by Woller (2002, p. 306) who is of the opinion that ‘for too long MFIs have focused on the products or services they could offer rather than the products or services customers want’ (that is on institutional needs rather than customer needs). But this picture is beginning to change. According to Lafourcade et al. (2005), there has been an increase in MFIs in Sub-Saharan Africa over the
past eight years which has led to competition for clients and therefore the need for innovation and provision of high quality services in order to retain clients and remain competitive. This therefore calls for effective and efficient management system to help MFIs deliver convincing products which can provide both providers and clients with the benefits needed while remaining sustainable.

As competition is increasing globally, organizations continue to look for effective means of utilizing their resources so as to create value and survive on the market. Management usually looks within the organization rather than externally for solutions in making better use of existing resources (Kerzner, 2003, p. 2). The role of management is to integrate the resources needed and tasks to achieve the organizational objective (Nicholas, 2004, p. 19). Turner and Muller (2003, p. 3) propose that the effective way of assigning resources to bring change in organization is through projects. This is supported by Jugdev and Thomas (2002, p. 4) who also suggested projects as a means of improving competitiveness via reducing costs and making efficient use of time and resources.

Projects engage the efforts of various divisions from within and outside the organization to get an objective accomplished (Nicholas, 2004, p. 23). The traditional way in which organizations manage projects has been structured as a pyramidal hierarchy with its functional divisions operating independently. Even though this was useful, it is however a rigid structure which cannot respond rapidly to change and therefore unsuitable for performing tasks due to the vertical chain of command that causes frequent delays and disruptions (Nicholas, 2004, p. 22). Project management (PM) is seen as one of the possibilities that could integrate the complex efforts and reduce bureaucracies (Kerzner, 2003, p. 2). In fact for a goal to be accomplished in an effective and efficient way, managers and workers from different divisions in an organization may need to unite and associate directly with each other to form a highly integrated work groups, thus creating a horizontal hierarchy that augments vertical hierarchy (Nicholas, 2004, p. 23).

PM has become a core business process for most organizations and an efficient tool to handle novel or complex activities (Munns and Bjeirmi, 1996) because it provides an effective way of reducing cost and making efficient way of using time and resources so as to make an organization more competitive. Kerzner (2009, p. 4) defines PM as the planning, organizing, directing and controlling of organizational resources for a relatively short term objective that has been established to complete specific goals and objectives. At present, there are several methods and tools that have been developed to help in planning, controlling and monitoring an ongoing process (life cycle) of project. The PM methodology provides a checklist and guidelines to ensure that critical steps in a project are not omitted (Kerzner, 2003, p. 67). On the other hand, PM tools are a set of criteria or guidelines that aid in tracking, monitoring and evaluation of tasks within the life cycle of a project. They ensure that the smallest activity that is carried out moves the project towards the ultimate goal which is a successful project completion (Lai, 1997, p. 174).
1.2 Problem discussion

As developing countries are being flooded with several MFI s, each institution thrives to have an attractive product or services to gain advantage on the market. The MFIN, in its inception, was thought to be one of the few industries in the world that were primarily product driven (Wright et al., 2002, p. 2). Not much attention was paid to the needs of the clients and there was an imperfect fit between the products offered and the need of clients (Cohen, 2002, p. 335). But things have changed now because of the surge in the number of organizations offering microfinance products or services leading to an increased competition for clients and the struggle for sustainability.

With these developments, increasing number of MFI s are seeking to diversify the products or services they offer to their clients (Wright, 1997, p. 1) and are developing new products in response to an increasingly competitive environment and high drop out by clients (Tran, 2000, p. 1). According to Cohen (2002), MFI s have much to achieve if new products or services are designed or old ones are refined to suite prevailing conditions because the development of new products or services can provide better future business opportunities and therefore a foothold for competitive advantage and survival (Pons, 2008, p. 82; Thieme et al., 2003, p. 104).

The development of products or services is usually carried out through projects (Pons, 2008). For MFI s to optimize the use of their available resources to meet the demands of their clients there is the need for an effective way of managing these projects. Jugdev and Muller (2005) suggested the need for organizations to adopt PM tools and methodologies to create business value and help them move beyond a position of competitive disadvantage.

A significant growth and success of projects across different sectors and industries has been achieved as a result of inclusion of PM (Winter et al., 2006) which has made several organizations to begin to understand the benefits that can be derived from using PM tools and methodologies (Clarke, 1999). Cohen (2002, p. 347) suggested that as MFI s develop new product or services which are more client led, they should thread with caution, balancing carefully the cost and benefit of moving in this new direction. According to Gray and Larson (2008, p. 11) application of PM in new product development could positively impact on cost, time and performance. Therefore, as MFI s come up with new products to meet their customer needs, incorporating project management into new product development would serve as a guide and provide them with an efficient and effective way of doing things to achieve their objective.

Even though globally microfinance has received a lot of research attention from the international community due to the potential benefits it is expected to yield, most have largely highlighted on their financial performance (Armendariz de Aghion, 1999; Murduch, 1999; Tucker, 2001; Stephens, 2005; Gutie´rrez-Nieto and Serrano-Cinca, 2007; Hudon and Lietaer, 2007; Hermes and Lensink, 2007; Vanroose, 2008; Stewart et. al., 2010) while the adoption of good management practices in new product development have been over looked. Moreover, with PM being identified as a key ingredient for organizational
performance (Caden and Egan, 2008, p. 9), and now well developed and accepted as a standard way of managing projects in an organization (White and Fortune, 2002, p. 1; Gary and Larson 2008, p. 10), no studies have addressed the practice of PM in new product development in the MFIN. Globally, the Sub-Saharan Africa region is at present thought to be the region that is seeing an increase in microfinance activities (Lafourcade et al., 2005). It is therefore important to investigate how MFI s in Sub-Saharan Africa employ PM in their new product development to meet their clients’ needs.

1.3 Research questions and objective
The increase in MFI s operating in Sub-Saharan Africa has brought more competition, thus leading to many MFI s embracing new product developments to suit the needs of clients and also stay sustainable. As projects seem to be common in all kinds of organizations (Packendorff, 1995, p. 319), and PM now a competitive strategy for organizations (Jugdev and Thomas, 2002, p. 4), it would be worthwhile to know how PM is practiced in new product development in MFI s in Sub-Saharan Africa as there is no available information on that at present. This thesis therefore intends to fill the knowledge gap in this unexplored area. The purpose of this study is therefore to investigate the application of project management in new product development in MFI s operating in Sub-Saharan Africa and to assess which methods and tools are employed in this field.

The research seek to address these question to capture the purpose of the study

1. How PM is practiced in new product development in MFI s in Sub-Saharan Africa and which PM methodologies or tools are used.

1.4 Research benefits
The outcome of this research is expected to provide information on the practice of PM in new product development in MFI s in Sub-Saharan Africa as well as the methods and tools that they employ. This study is also expected to give MFI managers information about the type of PM methods and tools available for them and how they can use it to the benefit of their organization. For incoming MFI s, this will guide them in their new product development since the willingness to adopt PM principles is expected to play a crucial role in the success of future organizations (Caden and Egan, 2008, p. 7).
To the academic world this empirical study will provide some useful basic information on project management in new product development in the MFIN, and also serve as a reference or platform for future studies.
1.5 Delimitations
Before drawing any conclusion, this study may have some limitations that need to be addressed. First the study intends to look at the broad practice of PM in new product development in Sub-Saharan Africa, but since there are a lot of different MFIs (ranging from Commercial Banks, Non-Bank financial Institutions to NGOs) operating in the region, the study cannot cover in full detail most MFIs. Also the scope of approach is limited since all the countries in Sub-Saharan Africa cannot be covered. Due to all these limitations the result of the study cannot be generalized but could serve as a guide for future in-depth studies.

1.6 Disposition of the thesis
The study has been divided into the following chapters

Chapter 1: Introduction: This section introduces the study, discusses the research objectives and purposes.

Chapter 2: Literature Review: This section reviews the theoretical background of the study such as microfinance, new product development and project management.

Chapter 3: Methodology: This section addresses the methodology used in this study, the research context as well as the appropriateness of the research methodology adopted.

Chapter 4: Empirical Findings: This section provides information on the empirical findings from the interviews conducted to address the research questions.

Chapter 5: Analysis and Discussion: This section analyses the research findings and discusses them with reference to literature.

Chapter 6: Conclusions and Recommendations: This chapter concludes this research and provides recommendations for future work.
CHAPTER 2: LITERATURE REVIEW

2.1 Introduction
This chapter serves as a platform to review different literature on the subject under study. The researcher provides a background on the concept of microfinance in general. This covers the history of its existence and how this field has been increasingly growing throughout the years. The products or services offered by MFIs, how microfinance developed in Africa and some problems being faced by MFIs are also addressed. The importance of new product development and how it applies to the MFIN is also discussed.

The chapter also describes the concept of what a project is, project management and importance of PM in an organization. Various definitions from different authors have also been highlighted to show the benefits and importance of having project management in an organization. To bring the main objective of the thesis to light, the literature reviewed compiles all the relevant information which serves as the basis to address the research question. To ascertain whether PM is practiced, description of the project life cycle showing the steps that a project undergoes is outlined. In addition, the PM life cycle through which projects are managed is also outlined. The chapter also outlines several methods and tools and techniques and their importance to PM.

The ensuing literature is a compilation of information that have been derived mostly from peer reviewed articles, books, working papers and special reports that have tackled microfinance, new product development, projects and project management. The key words microfinance, new product development, project and project management were used to search for information on literature for this thesis. Information were gathered from different sources including special reports, books, journals found in EBSCOhost, Emerald Fulltext, Science Direct, Google scholar, among a host of others.

2.2 Background of Microfinance
At the global level, poor people have always had limited access to financial services from formal financial institutions. The level of access ranges from partial to full exclusion in developed and developing countries, respectively (Brau and Woller 2004, p. 3). It has been argued that one of the main reasons why many people in developing economies remain poor is because of their lack of access to credit or financial support (Hermes and Lensink 2007, p. 1).

Some of the traditional means through which poor households have received financial support was through informal social support network, savings, and borrowing from close relatives and friends (Brau and Woller, 2004, p. 14; Nourse, 2001, p. 63). Brau and Woller (2004) are of the opinion that the concept of microfinance has existed, although mostly in the shadows and unseen by casual observers since the rise of formal financial systems, and probably predates them. But according to Von Pischke (2002), microfinance originated in
the 1970s to its present state from some organizations that offered small loans and savings at the margins of the financial markets. His argument is that it has only been within the last four decades that serious global efforts have been made to formalize financial service provision to the poor. Microfinance adoption began in earnest around the early to mid-1980s and has since gathered an impressive momentum (Brau and Woller, 2004, p. 3) with about over 100 - 200 million of the world’s poor increasingly gaining access to loans and being reached by microfinance (Christen et al., 1995; Hermes and Lensink, 2007, p. 1).

According to a report from the Bank of Ghana (2007), the basic factors or assumptions that led to the introduction or adoption of microfinance include the following:

- The fact that the poor need access to productive resources if they are to be able to improve their living conditions, with financial services being a key resource in this case.
- The realization that the poor have the ability to use loans effectively for income generation, to save and to repay loans.
- The observation that the formal financial sectors have provided very little or no services to low income people, creating a high demand for credit and savings among the poor.
- The opinion that microfinance is viable and can be sustainable and achieve full cost recovery.
- The recognition that microfinance can have significant impact on cross cutting issues and improve social living conditions including education and health.

Some examples of organizations that initiated microfinance activities were two United States based organizations namely FINCA and ACCION International whose activities were in Latin America; the rural units of Bank Rakyat in Indonesia (BRI) and the Grameen Bank in Bangladesh (Gutierrez-Nieto et al., 2007, p. 132). The Grameen Bank system in Bangladesh (established by Mohammad Yunus in 1976) in particular has been widely copied in other developing countries (Mosley and Rock, 2004, p. 468).

It is thought that microfinance originated from four models, all with a similar goal of providing small loans to poor people which are to be repaid but without security (Mosley and Rock, 2004, p. 468).

The approach of Grameen Bank, referred to as `joint liability group lending` was through solidarity groups of fixed size, meeting within larger groups for peer pressure. Here, borrowers take out individual loans but the group is jointly responsible for payment (Khavul 2010, p. 62).
ACCION International’s approach was through groups of flexible size which meets regularly but in some instances not, but supported together through a joint liability. In this case, groups of individuals are jointly given a loan amount that they subsequently allocate to their members but members cross guarantee each other’s loan (Khavul, 2010, p. 62). The BRI approach involved an individual lending system which was however backed by peer pressure from both bank staff and local microfinance or government officials (Mosley and Rock, 2004, p. 468; Khavul 2010, p. 62). The above three models were original inventions that came up in the 1970s. The fourth model which is much older in origin is basically a resurgence of the cooperative movement where people organize themselves around a common economic goal (Mosley and Rock, 2004, p. 468).

2.2.1 Microfinance in Africa

Africa is thought to be one of the continents that were late in adopting microfinance (Mosley and Rock, 2004, p. 468). However, the concept of microfinance has long existed in Africa in that it has been a common practice for poor households to receive small loans or credit facilities from the informal financial sector like money lenders, traders, friends, relatives and rotating savings and credit associations (Nourse, 2001; Buckley, 1997, p. 1081; Aryeetey, 2005, p 14; Mosley and Rock, 2004, p. 468) so as to engage in small retail businesses or farming. For instance, it is believed that rotating savings and credit institutions in Africa date to ancient times and that in Abeokuta city of Nigeria, there were about 300 of such savings and credit clubs operating as at the 19th century (Mosley and Rock, 2004, p. 469). Also, Missions and non-governmental organizations (NGO) based schemes have been operating and providing loans to the poor, since at least the beginning of the 20th century (Mosley and Rock, 2004, p. 470).

On a global scale, the proportion of Africans that lack access to formal financial service is very high (Basu et al. 2004). According to Lafourcade et al. (2005), the MFIN in Africa are dynamic, growing and serve a broad financial needs of clients. Some of these institutions concentrate only on providing credit; others are engaged in providing both deposit and credit facilities, and some only in deposit collection (Basu et al., 2004, p. 3). But in comparison to other continents, more than 70 % of MFIs in Africa offer savings as the main financial service to clients and use that as an important source of funds for credit facilities (Lafourcade et al. 2005).

2.2.2 Groups or Institutions involved in Microfinance

As introduced in the previous section, the basic characteristic that defines a MFI is that it provides financial services to individuals or a group of people who are poorer as compared to traditional bank clients. This very broad definition of MFI therefore encompasses a wide range of service providers that may vary in their mission, methodology or legal structures. MFIs have grown from the originating organizations like Grameen Bank to diverse organizations including many NGOs, charitable organizations, credit unions, governmental
agencies, private-public organizations and some commercial banks (Prior and Argandona, 2009, p. 354; Khavul 2010). Thus formal and informal financial institutions are included in the MFIN (Brau and Woller, 2004, p. 3). At present, there are over 3100 MFI s worldwide (Kono and Takahashi, 2010, p. 17). Figure 1 provides an overview of the types of institutions or organizations that are presently involved in the MFIN.

2.2.3 Products or Services provided by Microfinance Institutions

MFIs have much in common with traditional banks in that the products or services they provide to their customers are similar to the formal financial sector institutions. The similarity of MFI products or services to traditional banks makes Gutierrez-Nieto et al. (2007, p. 131) to view MFIs as special financial institutions that have both a social nature and a for-profit nature. Traditionally, MFIs have basically been engaged in granting of credits or loans but over the years there have been additional increments or offering of new products or services to include savings, insurance, money transfers, emergency loans, business education among some other financial services (Brau and Woller, 2004, p. 10; Churchill, 2002). However, one of the main key differences is that the scale and method of delivery differs, with MFIs generally providing services on a smaller scale to its clients with a social face (Gutierrez-Nieto et al., 2009, p. 104; Brau and Woller, 2004, p. 10; Khavul, 2010, p. 58).

2.2.4 Some problems associated with the Microfinance Industry

Despite microfinance being hailed as a positive step towards the eradication of poverty, some evidence on the ground suggests that it is very far from so and therefore some are of the opinion that microfinance is a victim of excessive hype (Woller, 2007). While the performance of some of the early microfinance interventions were satisfactory, many have been plaqued with diverse problems such as high default rates, inability to reach sufficient clients, and a seemingly unending dependencies on subsidies among others (Bhatt and Yang, 2001).
One of the key issues that have arisen with the delivery of microfinance products or services is sustainability (Hermes and Lensink, 2007; Seibel and Torres, 1999; Woller, 2007; Tucker and Tellis, 2005). According to Hermes and Lensink (2007), providing microfinance is a costly business due to high transaction and information cost and that a large number of MFI s still depend on donor subsidies and donations to meet the high costs. Perhaps that may have influenced expansion of the products or services of the MFIN over the years since some have argued that the poor do not only need credit but also savings and insurance services and that loan services provided by MFI s should be tailored to the needs of the client instead of having a rigid or homogenous product for all (Cohen, 2002, p. 337; Brau and Woller, 2004, p. 10; Meyer, 2002; Nourse, 2001).

Meyer (2002) reported that the development of large scale operations offering a few highly standardized products which he terms ‘one-size fits all´ loan terms and condition, despite helping to streamlines loan administration, simplify decision making for field staff, reducing the information required from clients and reducing operation costs, has however led to a high rate of drop out from potential clients as well as default payments. This view is supported by Cohen (2002, p. 337) who asserts that the MFIN is not in tune with its clients. Kono and Takahashi (2010) commented that the increase in MFI s, a situation which was thought to be an opportunity to expand financial services to the poor thereby contributing to the improvement of their welfare has led to competition in the industry. Moreover, high default payments are on the rise because borrowers who did not complete repayment to a certain MFI might be able to obtain loans from other MFI s due to competition for clients (Tucker, 2001).

2.3 New Product Development

The preference of customers keeps on changing and this does not exclude microfinance clients. Institutions or organizations therefore need to keep up with this change and refine or provide new products that meet the desires of customers (Delgado-Hernandez et al., 2007 p. 414). Developing new products or services can therefore provide a better future business opportunity and a competitive advantage for the survival of an organization (Thiemes et al., 2003, p. 103; Pons, 2008, p. 82; Crawford and Di Benedetto, 2008, p. 6) as the damaging effect of competition is felt when there is very little product differentiation among competing organizations.

Cohen (2002) therefore emphasized on the need for MFI s to have new products or services as there is much to achieve if new products or services are designed. According to Delgado-Hernandez et al. (2007, p. 414), new products may represent about a third of a company’s sales. New products may not necessarily be new but may be improvements of existing products (Delgado-Hernandez et al., 2007, p. 413). New products could have any of the following characteristics (Crawford and Di Benedetto, 2008, p. 8):

(i) New to the firm
(ii) Additions to existing products

Page | 10
(iii) Improvements and revisions to existing products

2.3.1 New product Development in the Microfinance industry

Over the last decade, the competitive environment in the MFIN is pushing them to serve their market more effectively by means of taking the needs of clients into consideration (Brand, 1998, p. 1; Wright et al., 2002). The one size fits all product rule is being abandoned. Brand (1998, p. 1) was of the opinion that a MFI can draw the attention of clients by continuously refining their product or service so as to maintain the loyalty of clients and achieve sustainability. Tran (2000) defines new products for the MFIN as financial offerings that satisfies a client’s needs. The new product must offer a benefit to the client (core product); it must have specific features and conditions (actual product); and there must be a way for the client to receive the product (augmented product) (Tran, 2000).

Wright et al. (2002) outlined some basic questions and issues MFIs must address prior to initiating new product developments. These are as follows:

1. Motivation: Are we starting product development to make our MFI more clients driven?
2. Commitment: Are we setting about product development as a systematic process based on defined objectives?
3. Capacity: Can our MFI handle the strains and stresses of introducing new products?
4. Cost effectiveness and profitability: Do we fully understand the cost structure of our product?
5. Simplicity: Can we refine, package and re-launch existing products before we develop new ones?
6. Minimize confusion, complexity and cannibalization: Are we falling into the product proliferation trap?

After satisfying these questions a MFI can initiate the development of a new product or refine an existing product according to the prevailing conditions. But there are some systematic steps or approaches that need to be taken in the product development process. Each step of the development process leads to and informs the next, and provides a reality check that insulates the MFI from subsequent problems (Wright, 2002, p. 5). Wright (1997) examined the appropriate ways of designing and introducing new financial service products into MFIs. His work was based on experience from a Bangladeshi MFI (BURO, Tangail) that is committed to providing flexible and responsive financial services to its clients and operating in what, according to the author, is perhaps the most competitive market in the world of microfinance (Wright, 1997, p. 2). Wright et al. (2002) suggested five steps in product development process in MFIN which are as follows:
1. **Evaluation and Preparation:** Here, the MFI analyses its institutional capacity and readiness to undertake product development. In addition, a multidisciplinary product development team is assembled.

2. **Market research:** The research objective or issue is defined, secondary market data is extracted and analyzed. In addition, institutional based information, financial information/client results from consultative groups, feedback from frontline staff, and competition with other MFIs among others are analyzed. Planning and undertaking of primary market research is done at this stage.

3. **Concept/Prototype design:** Define initial product concept. Map out operational logistics and processes. Undertake cost analysis and revenue projections to complete initial financial analysis of product. Regulatory and legal compliance should be verified at this stage. After this, refinement of the product concept into a product prototype in a clear, concise client language should be made as well. The prototype should be finalized for pilot testing.

4. **Pilot testing:** The objectives to be measured and monitored during the pilot testing should be defined. Establish parameters of the pilot test through pilot test protocol, including sample size, location, duration, periodic evaluation dates etc. Prepare for pilot test, install and test systems, draft procedures manuals, develop marketing materials, train staff etc. Monitor and evaluate pilot-test results and complete recommendation letter that documents the results of the pilot test. Here, comparisons to projections should be made as well as lessons learned.

5. **Product launch and roll-out:** Manage transfer of product prototype into main stream operations. Define objectives to be measured and monitored during roll out based on financial projections. Establish parameters of the roll out through the roll out protocol including schedule, location, tracking, budget process. Prepare for the roll out including installing and testing of systems as well as staff training among others. Monitor and evaluate roll out process.

The five steps described by Wright et al. (2002) are illustrated by Figure 3 below.

![Figure 2: Systematic product development](image)

*Source: Wright et al. (2002 p. 6)*
As discussed above, several steps have to be followed in developing new product or services that meet the demand of the MFI client. Proper management to coordinate these activities so as to meet the desired objective of what the new products or services have to offer is important. According to Kerzner (2003, p. 47), the main driving forces which calls for PM implementation in organizations are as follows:

- **Competitiveness**: when competitiveness becomes the driving force of a company. PM is employed when companies get into trouble or when they are no longer competitive on price or quality, or simply cannot increase their market share.

- **New product development**: investing to come out with new products or services needs PM as the driving force to accomplish such objectives.

- **Customer expectations**: companies that sell products or services must have good project management practices to meet their customer needs.

- **Executive understanding**: organizations that have rigid traditional structure need project management to address changes in the organization.

- **Efficiency and effectiveness**: Efficiency and effectiveness take on paramount importance for companies experiencing growing pains. PM can be used to help such companies remain competitive during periods of growth.

- **Capital projects**: organisations are driven to project management because of huge capital projects which has to be scheduled and managed.

*Figure 3: A schematic illustration of factors that influence the adoption or implementation of PM in an organization.*

*Source: Kerzner (2003, p. 49)*
Because of the inter-relatedness of these driving forces, it is argued that the only true driving force is survival as shown in Figure 4. When the organization recognizes that survival of the firm is at stake, then the implementation of project management becomes easier (Kerzner, 2003, p. 48). As discussed in the previous sections, the MFIN in Sub-Saharan Africa is currently being challenged with some of the factors described here. Therefore MFIs can gain advantage when PM is practiced in the development of new products or services. Since new products and services are usually carried as out as projects, the concept of projects are discussed in the next section of this thesis.

2.4 Projects as part of an organization

Projects were usually associated with the activities of the construction and engineering industries or governmental development programs. Sectors such as the banking, consulting, health, legal and financial organizations were often not considered. However, Lundin and Soderholm (1995, p. 437) argue that projects form a significant part of the economic and social life today and that efforts to reform businesses and existing operations are usually organized as projects. Therefore, over the last decade the understanding of the concept of project has increased significantly (Shenhar et al., 1997, p. 12). Currently many organizations and industries including MFIs are gradually integrating projects as a way of executing their activities. There have been several definitions of projects by different authors. Maylor (2003, p. 4) defined a project to include the following characteristics:

- Any non-repetitive activity
- A low-volume, high-variety activity
- ‘‘A temporary endeavor undertaken to create a unique product or service’’ (PMI 2000)
- Any activity with a start and finish
- ‘‘A unique set of co-ordinate activities, with definite starting and finishing point, undertaken by individuals or an organization to meet specific performance objective within defined schedule, cost and performance parameters (BS 6079:2000)

In their review article Turner and Müller (2003, p. 7) proposed a revision of the definition of project to be ‘‘A temporary organization to which resources are assigned to undertake a unique, novel and transient endeavor managing the inherent uncertainty and need for integration in order to deliver beneficial objectives of change’’. Heerkens (2002, p. 10) also defined a project as basically ‘a response to a need, the solution to a problem’ and argues that the solution is the financial benefit the project promises and that the purpose of projects is to make money or save money. Over the years, organizations have seen and realized the benefits of incorporating projects into their way of management and many organizations are projectizing their operations and processes to plan, direct and complete projects more successfully; the reason is to improve overall organizational performance (Ibbs and Kwak 2000, p. 32).
Why have projects become so important in organizations? The global market is increasingly becoming very competitive. In order to survive industries or organizations have to undergo many transformations within their activities (products or services) so as to meet the demands of their clients or customers. Heerkens (2002, p. 10), argues that problems, needs and opportunities are issues that keep arising in organizations and the way forward for management to address such issues is through changes which requires projects.

It is worthwhile that organizations are now dedicating much effort to improve their project performance because of the economic benefits it contributes to the organization (Maylor, 2003, p. 3). Projects have therefore become the engine of most organizations to reach their goal. Because of the importance of projects, Shenhar et al. (1997, p. 12) proposed that organizations should not just see projects as jobs to be done but seen as an important vehicle for the organizational and society prosperity.

2.4.1 Life cycle of a project

A project undergoes different phases before a task or a solution to a problem is completed. Every project is different and therefore undergoes different stages within the life cycle of the project. The development of new products and services in the MFIN is not an exception. Kerzner (2003, p. 69) commented that because of the complexity and diversity of projects, there is no agreement among industries, or even companies within the same industry, about the phases of the life-cycle of a project. However Gray and Larson (2008, p. 7) argue that a typical project life cycle passes sequentially through four phase. This opinion is similar to Heerkens (2002, p. 12) who identifies four basic phases of a project as;

- **Initiation phase:** A need is identified. In addition, the appropriate response to the need is determined and described.
- **Planning phase:** The solution to the need or problem is developed in much detail at this stage.
- **Execution phase:** The prescribed work is performed under the surveillance of a project manager whilst progress is continuously monitored and appropriate adjustments made.
- **Close out phase:** Where the task is completed and that the project has served its purpose or need. The members of the project team are re-deployed and the project is closed out.

According to Gray and Larson (2008, p. 7), even for a type of project that is unique to a specific industry, there are different models of life cycle that have been proposed by different authors. The life cycle model must however take into cognizance the limited life span and predictable changes in the level of efforts over the life cycle of the project. In their book they proposed a generic cycle as shown in figure 5, which is similar to Heerken’s (2002, p. 11) basic four phases. Gray and Larson (2008, p. 7) argued that a project life cycle passes sequentially through the four stages which are defining, planning, execution and delivering.
2.5 Project Management

For a project to be successful there is the need to appreciate the role of PM within the project (Munns and Bjørn, 1996, p. 86). In fact PM has existed in theory for centuries with its informal application by the Chinese and Egyptians in the construction of the Great Wall of China and the pyramids of Egypt, respectively (Murphy and Ledwith, 2007, p. 155). The subject of PM has continued to be in existence since that time and even demonstrated after the Second World War as NASA mandated the use of PM for all activities related to the space program (Kerzner, 2003, p. 35).

In modern times, the need to be competitive and reach the needs of customers has led to an increase in organizational activities which requires effective management, for which PM plays an important key role (Shenhar et al., 1997, p. 5). Indeed, by the 1990s, companies had begun to realize that implementing project management was a necessity and not a choice (Kerzner, 2003, p. 47). It is therefore now a common knowledge that organizations have understood that the solution to managing corporate problems which concerns better control and use of corporate resources is to consider PM as one of the key elements (Kerzner, 2003, p. 2).

With the change in the perception of what projects are, the nature with which PM is viewed today has also taken a different turn in that it is applicable to all organizations including the MFIN and not restricted to the construction or engineering industry (Maylor, 2003, p. 6). It has been known for the past thirty years that PM serves as an efficient tool to handle novel and complex activities in an organisation (Munns and Bjørn, 1996, p. 81). Why has PM become very important in running the affairs of modern organizations? As organizations are becoming highly innovative the delivery of products or services also requires the needed skills and technology. These must be accomplished with a tight budget while
preserving the highest quality standard using the appropriate skills so as to keep the organization functioning at a high performance level (Frigenti and Comninos, 2002, p. 1). Traditional management processes used in the past to deliver these products or services is no longer effective (Frigenti and Comninos, 2002, p. 1).

According to Nicholas (2004, p. 22) the traditional organization has a pyramidal hierarchical structure where authority flows from the highest to the lowest level, with each functional unit in turn operating independently. He argued that even though this traditional functional organization is effective in stable environments, they tend to be rigid and unsuitable for performance in unstable and dynamic environments. These stems from the fact that traditional organizational structures are highly bureaucratic and are under a huge strain because they cannot respond rapidly enough to the rapidly changing environments or trends (Kerzner, 2003, p. 2). To meet these demands management needs structures like PM which is highly organic and can respond rapidly to situations that may develop within or outside the organization (Kerzner 2003, p. 2; Frigenti and Comninos, 2002, p. 1).

In addition, PM is able to predict the dangers and problems and to plan, organize and control activities so that projects are completed successfully in spite of any pit falls (Lock, 2007, p. 1). Organizations with finite, unique and unfamiliar activities can also employ the techniques of PM (Munns and Bjeirmi, 1996, p. 81). Managers are being urged to transform their organizations from bureaucratic, hierarchical, mechanistic structures to a more flexible form based around project teams (Partington, 1996, p. 13).

According to Munns and Bjeirmi (1996, p. 81) PM functions include defining the requirement of work, establishing the extent of the work, allocating the resource required, planning the execution of the work, monitoring the progress of the work and adjusting deviations from the plan. To understand how projects are managed, I present some definitions of PM. Even though the subject of PM has existed over the years the definition has not changed so much. Several authors have given similar definition of PM. Westland (2006, p. 2) defined PM as “the skills, tools and management processes required to undertake a project successfully”. It includes:

- “A set of skills. Specialist knowledge, skills and experience are required to reduce the level of risk within a project and thereby enhance its likelihood of success.”

- “A suite of tools. Various types of tools are used by project managers to improve their chances of success. Examples include document templates, registers, planning software, modeling software, audit checklists and review forms”.

- “A series of processes. Various processes and techniques are required to monitor and control time, cost, quality and scope on projects. Examples include time management, cost management, quality management, change management, risk management and issue management”.

Munns and Bjeirmi (1996, p. 81) also proposed a definition of PM which is similar to that of Westland (2006, p. 2). They defined PM as the “process of controlling the achievement
of the project objective. Utilizing the existing organizational structures and resources, projects are managed by applying a collection of tools and techniques, without adversely disturbing the routine operations of the organization”. PM also involves project planning and project monitoring (Kerzner, 2003, p. 3) and items that are involved in project planning and project monitoring are listed below (Table 1).

Table 1: Items involved in project planning and project monitoring.

<table>
<thead>
<tr>
<th>Project Planning</th>
<th>Project Monitoring</th>
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<tbody>
<tr>
<td>Definition of work requirements tracking progress</td>
<td>Tracking progress</td>
</tr>
<tr>
<td>Definition of quantity and quality of work</td>
<td>Comparing actual outcome to predicted outcome</td>
</tr>
<tr>
<td>Definition of resources needed</td>
<td>Analyze impact</td>
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<td></td>
<td>Making adjustments</td>
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Source: Adapted from Kerzner (2003, p 3).

Kerzner’s (2003, p. 5) opinion about PM is that it is designed to manage or control an organizations resources on a given activity within time, cost and performance. In his illustration (Figure 5) he explained that a project is constrained by cost, time and performance and this is when it serves an internal purpose such as to increase the effectiveness or efficiency within an organization. But if the purpose of the project is to serve outside customers, then there is a need for a fourth constraint which is good customer relations.

Figure 5: An overview of project management showing how PM is designed to manage or control an organizations resource on a given activity within time, cost and performance.

Source: (Kerzner, 2003).
With the MFIN, the overriding goal of projects aimed at developing new products or services is to meet the demands of clients. Good customer relation is therefore applicable in this context. PM is said to be successful when it achieves the project objective within time, cost, and desired performance with effective utilisation of assigned resources and finally when the project is accepted by the customer (Kerzner, 2003, p. 3).

2.5.1 Steps in Project Management

Project management goes through different life cycles which are dictated by the project life cycle. The life cycle of project serves as a cornerstone for project management (Gray and Larson 2008, p. 7). PM involves five processes which include initiating, planning, executing, controlling and closing (Muriithi and Crawford, 2003). Figure 6 show the steps to project management. The first phase of PM life cycle is the embryonic phase where the organization identifies the apparent need for project management (Kerzner, 2003, p. 47). The need or problem can be anything which needs to be executed within a given time frame (Tonnquist, 2008, p. 21). For the MFIN, it could be the development of a financial product of interest to clients. According to Gray and Larson (2008, p. 92) a project’s first phase defines the overall objectives, the expectation of the life of the project, the milestone which represent rough estimates of time, cost and resources for the project, technical requirement, clear limit and scope and finally a review with customer (internal or external) for better understanding of the project and agreement on expectations.
The second stage is the planning phase. This stage is central to PM and aims at achieving a defined objective within a defined temporal and financial constraint (Partington, 2006, p. 17). The project plan can be used to follow the progress of a project throughout the life cycle (Westland, 2006, p. 8). According to Tonnquist (2008, p. 105), project planning is mostly done during the planning stage and the reason is to establish what has to be done and in which order. A work break down structure which includes a hierarchical set of activities and detail of activities and tasks to be performed is outlined at this stage (Westland, 2006, p. 8).

The planning phase also requires the organization to identify the resources needed and also make a realistic cost, time and performance as well as a support system (Kerzner, 2003 p 69). Tonnquist (2008, p. 125) also emphasizes on project schedule which is a tool for structuring and controlling at this stage. It shows how the project will be conducted and can also serve as a quality check during the whole life cycle of the project. Tonnquist (2008, p. 125) gave an example of such tool be to the Gantt chart which is a commonly used method to display time schedule of activities using horizontal bars and milestone as markers.
**Executing the plan:** Westland (2006, p. 10) argues that this is the longest phase in the project management cycle. This includes the PM methodology for planning, scheduling and controlling as well as selection of the appropriate supporting software (Kerzner, 2003, p. 48). It is the phase where the real construction of the project is done. Therefore to ensure that customer needs are satisfied, activities should be monitored and controlled, and also resources and expenditure required to build each deliverable should be made (Westland 2006, p. 10).

During project execution there are three main issues that are of importance to the project manager. These are pleasing the prospective customer, meeting time and budget goals and succeeding commercially (Shenhar et al., 1997, p. 10). Tonnquist (2008, p. 193) suggested that to ensure that the project is on track at this phase, there should be a continuous review of the progress so that appropriate adjustments can be made. Heerkens (2002, p. 13) on the other hand, emphasized that the work performed should be under the watchful eye of the project manager for continues monitoring.

**Close out:** At this phase there is the need for verifying that the project has satisfied the project object or the need that brought about the project (Heerkens, 2002, p. 13). Gray and Larson (2008, p. 46) argue that throughout the life cycle of the project mistakes are made, and also unforeseen circumstances arises which changes conditions and proposed an auditing at this stage. The project audit includes:

- Evaluating if the project was able to meet the expected benefit of all stakeholders
- Assessing the pitfall of the project and what contributed to the project success
- Identifying changes to help improve future project.

The final close out phase involves releasing the final deliverables to the customer and handing over of project documents, terminating supplier contracts, releasing project resources and communicating the closure of the project to all stakeholders. A final step is to undertake a post implementation review where the overall success of the project is assessed and lessons drawn for guidance of future projects (Westland, 2006, p. 6.).

### 2.5.2 Project management methodologies

For organisations to continue to successfully manage projects there is a need for PM methodologies that are based on guidelines and form (Kerzner 2003, p. 67). Therefore MFIs also need PM methodologies to manage their new product development (projects).

A good organizational methodology for PM will offer checklists, forms, and guidelines to make sure that critical steps are in place (Kerzner, 2003, p. 67). The absence of PM methodology can contribute to poor general performance of projects and lack of organization in projects (Mchugh and Hogon 2010, p. 3). According to Nicholas and Steyn
PM methodology is a set of processes that mandate organizations to manage their projects. The purpose of PM methodology is to provide a framework and a set of structural tasks, tools, and techniques to better define, plan, budget, control, and close out projects (Nicholas and Steyn 2008, p. 580). But managing projects cannot be a single generic method of PM (Partington 1996, p. 17). This comes to the fact that project life cycle and management structures differ in organizations and therefore a single PM methodology does not fit all organizations (Mchugh and Hogon 2010, p. 2).

Kerzner (2003, p. 75) proposed that an organization should maintain and support a single methodology for PM if possible. The methodology should be created so that it matches the organizational business requirements, procedures, culture, size, and the complexity of the project undertaken. According to Partington (1996, p. 17) the appropriate PM method in a given situation will depend on the project characteristics, the organization and the environment within which that organization operate. A good methodology must incorporate other processes into the PM methodology (Kerzner, 2003, p. 75). This is illustrated by figure 8 and briefly described below:

![Figure 7: Processes incorporated into PM methodology. Source: Kerzner (2003)](image)

- Project management: The basic principles of planning, scheduling, and controlling work
- Total quality management: The process of ensuring that the end result will meet the quality expectations of the customer
- Concurrent engineering: The process of performing work in parallel rather than series in order to compress the schedule without incurring serious risks
- Scope change control: The process of controlling the configuration of the end result such that value added is provided to the customer
• Risk management: The process of identifying, quantifying, and responding to the risks of the project without any material impact on the project’s objectives

Even the simplest methodology if accepted by an organization and used correctly could increase the chances of success (Kerzner, 2003, p. 744). But as explained above, for a methodology to be successful, organisations may be required to modify the method to fit with their existing business (Mchugh and Hogan 2010, p. 8). In fact, it is important that the methodology assigned support the culture of the organization and also be flexible so that it can easily adapt to the project (Kerzner, 2003). Kerzner (2003) further proposes that organizations should develop their own methods to guarantee its fitness into corporate culture. Mchugh and Hogan (2010, p. 8) support this opinion and suggested that using an internally developed PM methodology can benefit and work well within an organization.

The customization of PM methodology comes with a substantial amount of time and cost which should be considered (Mchugh and Hogan 2010, p. 8). Nevertheless, there are standardized methods which are being used by several organizations. According to Mchugh and Hogan (2010, p. 8) there are two internationally recognised methodologies which are PMBOK (Project Management Body of Knowledge) which was developed by the Project Management Institute (PMI) and Prince2 (Projects IN Controlled Environments) developed by the Office of Government Commerce in the UK.

Prince2 has been successful in both public and private sector project domains (Partington, 1996, p. 17). It is a standard PM methodology which is capable of managing projects both small and large (Maylor, 2003, p. 399). As shown in the figure (see appendix 1) Prince2 provides a laid down procedure which coordinates people and activities in the project, gives a clear distinction of how to design and supervise projects and also describe what to do if the project has to be adjusted (Tonnquist 2008, p. 336). For planning and execution of projects, Prince2 provides bureaucratic control for monitoring projects (Tonnquist 2008, p. 336, Maylor, 2003, p. 401) because it specifies key inputs and outputs with a clear goal and activities to be carried out (Tonnquist 2008, p. 336).

The PMBOK Guide (see appendix 2), on the other hand describes five processes in PM (Tonnquist, 2008, p. 346). These include initiation, planning, executing, monitoring and controlling, and closing. The activities of the process in the PM are linked and overlap throughout the phases of the project (PMBOK). The PMBOK Guide also provides ‘The Project Management Knowledge Areas Part II’. The Project Management Knowledge Areas, describes project management knowledge and practice in terms of its component processes. These processes have been organized into nine knowledge areas where management is necessary. Other project management methods are shown in table 2.
Table 2: Other Project Management Methods

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<thead>
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<th>Project Management Methods</th>
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<tr>
<td>Projects in Controlled Environments (PRINCE)</td>
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<tr>
<td>Structured Systems Analysis and Design Methodology (SSADM)</td>
</tr>
<tr>
<td>The European Risk Management Methodology (RISKMAN)</td>
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<tr>
<td>PROPS™</td>
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<tr>
<td>Practical Project Steering (PPS)</td>
</tr>
<tr>
<td>Rational Unified Process (RUP)</td>
</tr>
<tr>
<td>In House Project Methods</td>
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<tr>
<td>In House Similar to PRINCE</td>
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Source: Compiled from Tonnquist (2008), White and Fortune (2002).

2.5.3 Project management tools and techniques

According to Lai (1997, p. 174), PM tools has been developed as a mechanism to ensure that even the smallest moves are assigned towards the ultimate goal. There are many tools and techniques available to the project manager covering all aspects of managing projects from their genesis to their completion (White and Fortune, 2002, p. 1). These tools include planning, controlling, communication and technology, scheduling, performance and monitoring (Carden and Egan, 2008, p. 13; Kerzner, 2003). MFIs also need PM tools or techniques to manage their projects. Planning tools are used throughout the life cycle of the project and for scheduling, performance tracking, communication and management. Planning tools assists project teams in capturing and analyzing data in timely fashion (Carden and Egan, 2008, p. 13). Project scheduling tools are used to manage activities, performance and time associated with project completion. Kerzner (2003, p. 417) argues that project scheduling tools is probably the single most important tool for determining how an organization resources should be integrated. Performance and monitoring tools on the other hand are used to evaluate and monitor project performance throughout the project (Carden and Egan, 2008, p. 13). In general, PM tools can help project managers carry out the following tasks (Tonnquist, 2008, p. 136):

- Set up new projects
- Plan activities (specify duration and resource requirements)
- Calculate costs and plan the budget
- Assign resources, roles and responsibilities
- Follow up completed activities and actual hours worked
- Generate and extract reports
- Handle subject matters and documents
- Remove closed projects.
Some of the available PM tools and techniques compiled from the literature are listed in table 4.

### Table 3: A compilation of some project management tools and techniques

<table>
<thead>
<tr>
<th>Project Management tools and techniques</th>
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<tr>
<td>Statement of work</td>
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<tr>
<td>Work breakdown structure (WBS)</td>
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<tr>
<td>Cash flow analysis (CFA)</td>
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<tr>
<td>Gantt bar charts</td>
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<tr>
<td>Scope statement</td>
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<tr>
<td>Progress report</td>
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<tr>
<td>Strengths weaknesses, opportunities and threats (SWOT)</td>
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<tr>
<td>Project management software for task scheduling</td>
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<tr>
<td>Critical path method (CPM)</td>
</tr>
<tr>
<td>Milestone charts / planning</td>
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<tr>
<td>Program evaluation and Review technique (PERT)</td>
</tr>
<tr>
<td>In house project management tools</td>
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### 2.6 Project management in new product development

The need for new products or refinement of products to suite clients need keeps rising in organizations including MFIs because customer preferences continue to change with time which requires organizations to expand their product variety while at the same time reducing their product development times (Delgado-Hernandez et al., 2007, p. 414). In addition to improving the product quality, organizations also have to employ management techniques that reduce cost (Dencker et al., 2003, p. 69). But to gain competitive advantage will also depend on the time or speed to get the new product or services to market (Gary and Larson, 2008, p. 10) and that is one of the greatest challenges organizations are facing today (Tonolli Junior et al., 2004, p. 41).

More often, in many organizations including MFIs, product development occurs on multiple projects simultaneously. While development resources are typically limited, it may still be very necessary for project managers to coordinate resources between these multiple projects (Pons, 2008 p. 84). PM, with its focus on time, cost and quality is an efficient way in getting things done (Gary and Larson, 2008 p. 11). PM has therefore become a standard working practice in organizations (Lee-Kelley et al., 2003, p. 584) and usually relies on cross functional project teams for new product development (Gary and Larson, 2008 p. 10).
Practice of PM is able to shorten the life cycle in the development of a new product with the associated benefits of reduction in cost of the project as well as better quality of product (Gary and Larson, 2008, p. 11).

2.7 Research gap
Microfinance in general has received a lot of research attention due to the potential benefits it is expected to generate. One of the emerging issues now facing MFI S in Sub-Saharan African countries is competition for clients. The development of new products and services is a means to stay competitive. New products and services are usually developed through projects and PM is the effective way of handling projects because of the associated benefits as reviewed in the literatures. Despite the importance of PM in new product development, there is no available information on the practice of PM in MFIs. A research gap exists in this unexplored area in the microfinance. At present, the Sub-Saharan Africa region is one of the areas where MFIs are dynamically growing; therefore it is worthwhile to investigate the practice of PM in new product development in this region. This brings into focus the main research question of this thesis which is to investigate the practice of PM is new product development in MFIs in Sub-Saharan African countries and which methodologies or tools are used.

2.8 Critique of Literature sources
It is important to have a critical look at the sources of information to examine how credible or acceptable they are to the academic world. Peer-reviewed articles in reputable journals are usually more acceptable to the academic world as other scholars with similar background have critically assessed those manuscripts before they were published. Most of the sources of literature used in this thesis are from peer reviewed journals. However, the author also derived some information which are relevant to this research subject from other sources like reports, bulletins, working papers and books which are not peer reviewed. For instance, a considerable number of literatures on microfinance were obtained from reports and working papers. These were used because such information could not be obtained from peer reviewed articles and therefore the author did not want to miss out such valuable information. In addition, considerable amounts of literature on PM were sourced from books written by authors who are authority in the field of PM.

2.9 Chapter Summary
Through the provision of financial services to the poor who have been neglected by formal financial institutions, microfinance is seen as one of the means to help alleviate the poverty situation that is experienced in different parts of the world including Africa. Some of the products or services offered by MFIs include credits, savings, insurance, emergency loans etc. The MFIN in Africa has seen an increase in growth in terms of institutions offering microfinance products or service, as well as patronage by clients over the past years.
However, emerging issues like competition for clients and the delivery of products or services that fits the needs of clients is changing the way in which MFIs must operate. The development of new products or services that satisfies clients’ needs is becoming an important means of staying competitive and achieving sustainability.

New products or services are usually developed through projects. As MFIs develop new products or services that meet clients’ needs, they must follow the basic steps and criteria that have been outlined (in the previous sections) for developing new products for the microfinance industry. The execution of these steps in developing new products or services for the MFIN have to be carried out through PM as PM is seen as an efficient way of handling projects.

It was evident from the literature that some of the important reasons why organizations employ PM is to help in their new product development and to stay competitive. Therefore, PM is now seen as a core part of an organization and has replaced the traditional way of management which is very bureaucratic and not flexible enough to respond to changes within and outside the organization. PM offers the advantage of providing an efficient means of handling novel and complex activities in an organization, planning, organizing and controlling activities within time, cost and performance so that projects are completed successfully.

Projects go through different cycles before a task or solution to a problem is completed. The project life cycle influences the management of a project. For new products to be developed in MFIs, it has to be guided by PM steps from inception to completion. The PM steps (outlined in a previous section of this chapter) are five procedures that must be followed from the identification of a problem through to its completion. This literature review have provided a detailed step by step procedure of each stage which MFIs need to consider when using PM in developing new products or services. However, management of projects is not done in vacuum. There are several methodologies, and tools and techniques that are available to help in managing projects and some of these have been reviewed in the previous sections of this chapter.

Successful management of projects involving new product development in the microfinance industry needs methodologies that are based on guidelines and form. Such methodology would offer checklists, forms and guidelines that ensure that critical steps in developing new products or services are in place and pursued. Application of PM tools and techniques can ensure that new products or services are developed within cost, time and of the quality which is acceptable to clients. Figure 8 shows the conceptual framework within which this study is based upon.
This chapter has highlighted the need for MFIs to develop new products or services that meet clients' needs and also to be competitive. It is also evident from the literature that PM is a useful tool for MFIs to provide new products or services. Furthermore, this chapter has provided the background for this research and identified the research gap with the aid of literature as no information is available in the literature on the practice of PM in new product development in MFIs.

To get the information needed to answer the research question, the next chapter which is research methodology would focus on the study area and research methods that are applicable to this study.

Figure 8: Conceptual framework of literature
CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology refers to the procedural framework within which the research is conducted (Remenyi et al., 1998, p. 28). In order to conduct research and find out particular information, a methodological approach is necessary to facilitate the research process. Methods used in business and management research can have different views of how a study should be conducted. But in general, research methods in the field of social science are linked to the way we envision the connection between the different viewpoints of the nature of social reality and how it should be examined (Bryman and Bell, 2007, p. 4). The primary driving factor for choosing an appropriate research methodology for research depends on the purpose of the research and the question(s) to be addressed (Remenyi et al., 1998, p. 66). Taking these factors into consideration, this chapter seeks to describe the approach to this research and the philosophical basis of the research so as to bring the objective of the research to light. Also the author will outline the empirical methodology, research design and the context of the research.

3.1.1 Choice of Subject and Preconceptions

The interest to study this subject comes from my passion for project management which is one of the major courses in the Masters program in management in Umeå School of Business Education, Umeå University. I developed the interest in this field during my studies. My interest in microfinance was aroused by a colleague even though I have watched documentaries and read some newspaper articles on that. I was curious to find out how the MFI manage new product development.

The preconception of an author is referred to how the knowledge acquired by an author in a subject area might affect his/her judgement on that subject under research. Considering this bias that can influence the research, the author therefore conducted this research with an open mind and was as objective as possible.

3.2. Research context

In business and management studies it is important to comprehend the context within which the research is conducted by taking into consideration social or cultural factors that infringe on the research problem (Remenyi et al., 1998, p. 96). The purpose of this research is to investigate the practice of PM in the development of new products by MFIs in Sub-Saharan Africa. As the research is to be conducted in the Sub-Saharan Africa region, the context of this research is therefore confined to the Sub-Saharan African region. A description of this region is therefore necessary to understand the context of the research. The Sub-Saharan Africa region consist of countries in the African continent that lies south of the Sahara (Figure 8). Most of the countries in this region are classified as poor (UNDP, 2010).
microfinance is thought to be a means of helping poor people, quite some efforts and attention has been focused on this region.

From a global point of view, the microfinance industry in the Sub-Saharan Africa is considered to be dynamic and increasingly growing with respect to other regions (Lafourcade et al., 2005). A report from the Microfinance Information eXchange (Mix Market, 2011), shows that as at 2009 there were about 434 MFIs operating in Sub-Saharan Africa. These MFIs have a client base of about 8 million people that receive credit facilities and about 20.7 million who are into savings or deposits. The MFIs operating in Sub-Saharan Africa include NGOs, credit unions, rural banks and commercial banks (Mix Market, 2010).

![Figure 9: The African continent showing the geographical area of the Sub-Saharan African region (in red).](image)

3.2.1 Research characteristics

The impact of research conducted in the field of management studies depends upon the appropriateness and rigor of the research methods chosen (Scandura and Williams, 2000, p. 1248). Remenyi et al. (1998, p. 66) emphasized on the importance of considering the topic to be researched and the question to be addressed so as to be able to choose a suitable
method for research. According to Ticehurst and Veal (1999, p. 5) there are three types of research. These include:

- **Descriptive research:** this seeks to find out and describe but not to explain.

- **Explanatory research:** explaining why or how things are as they are. This goes beyond description to seek to explain the patterns and trends observed.

- **Evaluation research:** evaluation of policies, strategies, programs and practices.

As it is stated in this chapter, the topic and the purpose of this research is to ascertain how PM is being practiced and to unveil the methods, tools and techniques of PM in new product development in MFIs. Therefore with this objective a descriptive research is appropriate for this study.

### 3.3 Underlying philosophy and approach of the research

From the introduction, the purpose and question(s) of the thesis is clearly stated. In order to bring out the underlying method, and to understand the philosophical position of this research so as to bring the objective to light, Saunders et al. (2009, p. 107) research onion (Fig. 9) will be used as a guide. According to Saunders et al. (2009, p. 106), issues about how to conduct a research, whether administering a questionnaire or conducting an interview lie in the core of the research onion (which is the underlying issue of data collection technique). They further emphasized that before tackling core issues there is the need to peel the important layers of the onion. The research process onion which consists of six different layers is therefore used to suggest a research design development, starting from the outside layer peeled till the last layer is reached.

![Research onion](image.png)
3.3.1 Research philosophy

This relates to the development of knowledge and the nature of that knowledge. Adopting a research philosophy shows the underlying assumption about the way one views the world. This assumption forms the underlying research strategy and the method chosen for the whole research (Saunders et al., 2009, p. 108). The importance and reasons for adopting research philosophy has been emphasized by Easterby-Smith et al. (2004, p. 27) and include the following:

- The understanding of research philosophy helps to clarify the research methods. This involves the kind of evidence required, how it is to be gathered and interpreted and also how this will provide good answers to the basic question being investigated.

- Philosophical knowledge can guide the research to identify the right (design) method to be used. In this case the researcher can know which method will work or not.

- Knowledge of philosophy can help the research in selecting methods that may be outside his /her experience.

Traditionally there are two basic major underlying research philosophies in social science, namely ontology and epistemology (Noor 2008, p. 1602)

Ontology

According to Bryman and Bell (2007, p. 22), ontology is concerned with the nature of social entities. The main issue of concern to ontological philosophy is the question of whether social entities can and should be regarded as objective entities that have a reality external to social actors, or whether they should be regarded as social constructions arising from the perceptions and actions of social actors. Saunders et al. (2009, p. 110) and Chia (2002, p. 2) description of ontology is concerned with the nature of reality. Questions raised on ontology deals with the assumptions researcher have about the way the world operates and the commitment held to particular views (Saunders et al., 2009, p 110). The two aspect of ontology are objectivism and constructionism.

The ontological philosophy that fits with this research is constructionism as according to Bryman and Bell (2007, p. 23), with constructionism the social phenomena and their understanding are continually under the influence of social actors. With the objective of this research which is to find out how PM is practiced in new product development in MFIs in Sub-Saharan Africa and which PM methodologies or tools are used, the researcher is more interested in gathering information from the respondents perception. This therefore involves the description of how PM is practiced in new product development by the actors being understudied.

Epistemology:

The epistemology philosophy is concerned with what constitutes acceptable knowledge in a field of study (Saunders et al., 2009, p. 112). It deals with how human beings acquire knowledge of the world around them, and of how we know what we know (Blaikie, 1993,
p. 18). An important issue with this philosophy is therefore the question as to whether or not the social world can and should be studied according to the same principles, procedures, and ethos as the natural science (Bryman and Bell, 2007, p. 16). There are two opposing views of epistemology which are positivism and interpretivism.

The main objective of the research as mentioned in the introduction is to find out how PM is practiced in new product development in MFIs in Sub-Saharan Africa and which PM methodologies or tools are used. As seen above, the research characteristic seems more descriptive in nature. In order for the researcher to acquire knowledge in this unexplored area there is a need to understand which kind of philosophy will serve as a platform to clarify the research methods in this thesis. This is in line with Easterby-Smith et al. (2004, p. 27) who emphasized that in acquiring philosophical knowledge it is important to show what kind of evidence is required, how it is to be gathered and interpreted and also how this will provide good answers to the basic question being investigated. Therefore, to gain the right knowledge in this research and to get answers to the main objective of the thesis, it is important to gather information from people who work in this area since they are conversant with the reality and can describe how PM is practiced in that field.

The respondents being studied which are MFIs will provide their own description of their situations or behavior while the researcher tries to get the inside of their respondent to see the world from their point of view. This approach to obtain information for this research is supported with the interpretivism philosophical position which states that the world is socially constructed and subjective, and that there is no reality outside of peoples’ perception (Ticehurst and Veal, 1999, p. 20). Therefore among the two opposing views, the philosophy that will be the standpoint view of this research will be interpretivism. With the interpretivism position, every event studied is seen as unique (Remenyi et al., 1998 p. 35) and is supported by a more flexible approach to data collection which is linked with the qualitative methods and inductive approach (Ticehurst and Veal, 1999, p. 20).

### 3.3.2 Research approach

The question of which research approach is appropriate in a given study comes to play after developing a clear theory to the study. The approach adopted in research takes the form of either a qualitative or quantitative nature. According to Bryman and Bell (2007, p. 28) qualitative and quantitative research differ with respect to their epistemological or ontological foundations and in other respects too. These two research approaches are the fundamentally different paradigms through which the social world is studied (Brannen, 2005, p. 173).

**Quantitative research**

Quantitative research employs a well defined theoretical framework which is obtained from literature and begins by stating the underlying expectation of how particular phenomenon is likely to behave (Remenyi et al., 1998, p. 134). Quantitative research usually requires statistical analysis (Ticehurst and Veal, 1999, p. 20).
A deductive strategy is usually associated with quantitative research, and as described in the previous paragraph, shows the relationship between theory and research. The researcher, based on available information on a subject and of theoretical considerations in relationship to that subject comes out with a hypothesis that is subjected to empirical scrutiny (Bryman and Bell, 2007, p. 11).

To make a choice of what approach is suitable for this study, it is always important to highlight on the aims of the study. As the objective of this research is to seek for information on how PM is practiced in new product development in MFIs, the researcher needs to combine raw data from respondents to develop a theory. Therefore quantitative approach does not fit this research since the researcher is not interested in conducting hypothesis to test the theory gathered.

**Qualitative research approach**

The research approach which is in line with this thesis is qualitative approach together with an inductive strategy. In qualitative research approach, data is gathered in the form of words and observations as opposed to numbers. The analysis of this data is based on the interpretations made out of that data rather than by statistical manipulations (Johnson and Harris, 2003, p. 109). The method used in acquiring qualitative information includes observations, informal and in-depth interviews and participant observation (Ticehurst and Veal, 1999, p. 21) all aimed at describing, comparisons or prescriptions (Johnson and Harris, 2003, p. 109).

The steps of qualitative research according to Bryman and Bell (2007, p. 406) is shown in Figure 10. The researcher followed similar steps in conducting this study.

![Figure 11: An outline of the main steps of qualitative research](source: Bryman and Bell (2007, p. 406).)
Since there is no available information on the practice of PM in new product development in MFI in Sub-Saharan Africa, the researcher seeks to fill the gap in this unexplored area and to provide some information through the collection of data via interviews from the target respondents followed by data interpretations to draw conclusions. In line with Brymans and Bells steps in qualitative research, the researcher initially formulated a research question and then chose the relevant sites and subjects for the study, in this case Sub-Saharan Africa and MFIs, respectively. Data was collected from the respondents, interpreted and conceptualized. Findings were documented and conclusions drawn from the research.

Some distinct features in qualitative research as outlined by Bryman and Bell (2007, p. 416) which are in line with this research includes the following:

- **Seeing through the eyes of the people being studied:** The research is intended to know how PM is practiced in new product development in MFI in Sub-Saharan Africa. Since there is no information in this subject, the researcher is more interested in the opinion of the respondents to describe the practice of PM and the methods and tools that they use.

- **Description and emphasis on the context:** The research seeks to provide some detail information of how PM is practiced in new product development in MFIs in Sub-Saharan Africa which could be of vital importance in the MFIN.

- **Concepts and theory grounded in data:** Since there is no available information in this subject of study, the data or information that would be obtained from the respondents would form the basis for drawing any conclusions.

An inductive research strategy is usually associated with qualitative approached (Bryman and Bell, 2007, p. 14) and this relies on readings of raw data to derive concepts, themes or models through interpretations made by the researcher or evaluator (Thomas, 2006, p. 238). The main purpose of inductive strategy is to allow research findings to be drawn from the dominant or significant themes inherent in the raw data, without the restraints imposed by structured methodologies (Thomas, 2006, p. 238). This is in line with this study as the description of how PM is practiced in new product development in MFIs in Sub-Saharan Africa would be drawn solely from the information that would be derived from the respondents.

### 3.4 Research Strategy

The choice of a research strategy is guided by the research question(s) and objectives, the extent of existing knowledge on the subject under study, the amount of time and resources available as well as the researchers own philosophical underpinnings (Saunders et al., 2009, p. 141). There are several research strategies which include experiments, surveys, case study, action research, grounded theory, ethnography and archival research (Saunders et al., 2009, p. 141). These are not mutually exclusive but could be combined depending on what
information is needed. But one of the common research strategies that have the tendency to be associated with the objective and question(s) of this research and also has a link with qualitative research is case study. Why is case study appropriate for this research? This is elaborated upon as the concept of case study is examined.

3.4.1 Case study

A case study involves the study of a phenomena being researched and seek to understand the phenomena by studying single samples, communities, whole countries, organizations or companies (Ticehurst and Veal, 1999, p. 50). With a case study, the case is seen as an object of interest and the researcher aims to have an in-depth elucidation of it (Bryman and Bell, 2007, p. 63). The question being asked in case study is more descriptive than explanatory (Druckman, 2005, p. 48). Thus, this approach involves a detailed intensive analysis of a single case (such as how PM is practiced in new product development in MFIs in Sub-Saharan Africa).

The most common use of the term `case´, associates the case study with a location such as workplace or organization (Bryman and Bell, 2007, p. 62). However according to Noor (2008, p. 1602) the main focus of case study is not the study of the entire organization but rather is planned to focus on a particular issue, feature or unit of analysis within the organisation. The issue of interest or focal point of this thesis is how PM is practiced in new product development in MFIs in Sub-Saharan Africa and this fits with Noors´ argument that a case study focuses on particular issues.

Case studies are relevant for studying knowledge utilization, because the topic covers a phenomenon that seems to be inseparable from its context (Yin 1981, p. 99). Detail understanding of a particular problem or situation can be unraveled through case study (Noor 2008, p. 1602). Exponents of a case study often favor qualitative methods such as unstructured interview because it is helpful in the generation of information (Bryman and Bell, 2007, p. 62). Case study designs are flexible in nature and can be refined or revised during phases of data collection (Druckman, 2005, p. 48). As a clear objective of the research has been laid down, the researcher finds case study as an appropriate research strategy since this strategy can help find the answer pertaining to the research question.

Types of case study:

According to Yin (2003, p. 5) there are three types of case study. These are descriptive, explanatory and exploratory. Descriptive case study presents a complete description of a phenomenon within its context. Exploratory case study aims at defining the questions and hypotheses of a subsequent study (as a basis for formulating questions or hypothesis testing). Explanatory case study presents data bearing on cause-effect relationships, thus explaining how events happen. The objective of this research is in line with descriptive case study as the researcher is more interested to seek a detailed description about the issue under study.
Case study design:

There are two types of case study design. They are single-case design and multiple case designs. Both could be either descriptive, explanatory or exploratory (Yin, 2003, p. 5). A single case design focuses on a single case. Remenyi et al. (2003, p. 181) consider a single case as analogous to a single experiment, thus a single case can be sufficiently used for testing theory. On the other hand multiple case design involves two or more cases. According to Remenyi et al. (2003, p. 182) multiple case study results are more convincing and robust as the outcome of such study is assumed to reflect the characteristics of the universe from which it was drawn. This research involves studying the practice of PM in new product development in MFIs in Sub-Saharan Africa and therefore the research area covers the Sub-Saharan Africa region. A multiple case study design approach is therefore the most appropriate in this context as information would be generated from different countries within this region, thus providing a solid data.

3.5 Data sampling

There are over 400 MFIs operating in the Sub-Saharan African region. It is not possible to collect information from every MFI in the study because of constraints of time, cost and resources. The usual procedure is to gather information from a sample which is the proportion of the population that is of interest and therefore representatives of the population. Ideally, samples are taken such that there are no significant differences in characteristics between the sample and the population of interest (Remenyi et al., 1998, p. 192).

There are two broad types of sampling which are probability and non-probability sampling. Even within each broad sampling type, there are also different sampling approaches. Probability sampling follows a random procedure of selecting samples. Thus each unit in the population has an equal chance of being selected. This is done to remove the possibility of selection bias. Whereas in non-probability sampling, the selection of sample is not at random and is influenced by the subjective judgment of the researcher (Remenyi et al., 1998, p. 193). The choice of sampling method depends on several factors and constraints faced by the research(er). The researcher has chosen convenience sampling approach under non probability sampling for this study (reason to be explained further). Convenience sampling is used in situations where we have individual or institutions that are readily available to participate in the study (Remenyi et al., 1998, p. 193). Thus, only respondents who are simply available to the researcher by virtue of their accessibility are included (Byrman and Bell, 2007).

This is in contrast to judgment (quota) sampling or snowball samplings, all of which are non probability sampling approaches, but are useful in these respective situations; where the individuals or institutions are selected with a specific purpose in mind, and where the researcher uses an informant to help find the next informant (Remenyi et al., 1998, p. 194). In the context of this study, there are several MFIs operating in Sub-Saharan Africa but it is
not expected that all those sampled would respond to participate in the study. Therefore MFIs that would respond to the questionnaires that would be administered would be the only institutions that information would be drawn from. Even though this type of sampling may portray some biasness, it has been argued by Byrman and Bell (2007, p. 198) that this type of sampling is very common and prominent in the field of business and management studies.

3.6 Data collection method

There are six data collection methods usually used in case study. These include documents, interviews, direct observations, participant-observation situation, physical artifacts and archival records (Remenyi et al., 1998, p. 175). The research philosophy underpinning this thesis is interpretivism, and with this the world is seen as socially constructed and subjective, and that there is no reality outside peoples’ perception (Ticehurst and Veal, 1999, p. 20).

Therefore among these data collection methods, the researcher would use the interview method. This is because interviewing respondents would provide the researcher with the opportunity to obtain the right information as interviews encourage the respondent to talk and also provide the researcher with the opportunity to ask respondents to clarify their own answers.

3.6.1 Interviews

Interviews may be highly formalized and structured using standardized questions for each respondent, or may be informal or unstructured conversations (in-depth interview). In between these two is one which bears an intermediate position as is referred to as a semi-structured interview (Saunders et al., 2009, p. 320). In semi structured interview the researcher usually have a list of questions and themes to be covered although these questions could vary depending on the respondent. Thus the order of questions may vary and also some questions altered in some instances as the researcher weaves her way approach would be towards the research objective. The semi structured interview approach would be used in this study as apart from providing some format for posing questions to the respondents, can also help to obtain as much information as well.

Interview methods could be face to face or through telephone or Skype. The researcher would adopt telephone or Skype method. This is where the researcher interacts with respondents over the telephone or internet. But since this is an empirical study, the researcher intends to administer a total of about 140 questionnaires to MFIs selected at random across different countries in Sub-Saharan Africa by email. Most of the MFIs operating in this region have websites and email addresses and it is therefore possible to reach them by this means. The researcher projects about 20% response to the questionnaire and therefore a target of about 28 MFIs for the analysis. The questionnaires would serve as an initial preparation which would be followed by a telephone/Skype (whichever applicable) interview to extract some detailed information which would address the questions raised in the objective(s).
3.6.2 Interview process

3.6.3 Questionnaire design

A questionnaire comprising of the questions that was expected to elicit responses that addresses the objective of this work was initially prepared. The questionnaire was not to form the basis of the data analysis but to provide the respondents a general idea of what questions would follow in the main telephone or Skype interview and also to provide the researcher with some basic information. The questionnaire was initially tested on one MFI in Ghana which was readily available to provide a response before being administered to the entire samples. The purpose of this initial test was to obtain a feedback on the clarity of the questions and the suitability of it eliciting the expected responses so as to make adjustments. Attached to the questionnaire was a cover letter introducing the researcher, a brief background of the research, purpose of the research and objective of the research.

The Microfinance Information eXchange (MIX) site contains reports of the financial and social performance of MFIs across the globe and is the premier source for microfinance data and analysis. The MIX site for Africa has information on almost all the MFIs operating in Africa. Most of these MFIs have personal WebPages as well as email and phone numbers of the organization or key contact persons in senior managerial positions. The questionnaire was sent to 140 MFIs (whose email address was available in the website) by email with a projection of about 28 responding to the questionnaire. The choice of using PM in new product or services development is a management decision, therefore the researcher choose to send the questionnaire to managers of the various MFIs using the email address obtained from the website. Since the researcher was using convenient sampling, the response received from respondents gave the researcher an idea about which MFI would be available for interview.

Ten questions were included in the questionnaire. The questionnaire comprised a mixture of yes/no, scale and multiple choice questions. These were based on the objectives of the research supported with some information from the literature reviewed in chapter 2. The purpose of asking these questions was to know;

- The name and type of MFI it is since there are different types of institutions offering microfinance products or services. This information would provide us with insight on how different types of MFIs practice PM in new product development (question 1 and 2).
- The types of products or service offered by the MFI (question 3).
- Whether the institution has been involved or is involved in developing new products or services and if PM is employed in developing such products. This information addresses the key question of whether PM is practiced in developing new products or services (question 4 and 5).
- Whether projects form a key component of running activities in the institution and whether PM is employed in such activities (question 6 and 7). This information would provide an idea on the general practice of PM in the institution.
• Whether PM is an identifiable process in the Institution and a means for tackling changes in the Institution. This information would provide further insight as to the importance of employing PM as a tool in handling changes in the institution (Question 7 and 8).
• The types of PM methodologies and tools employed in the development of new products or services in the institution. These questions would provide information on the PM methodologies and tools and techniques that are employed by the MFI (question 9 and 10).

3.6.4 Measurement consideration

There was no special measurement or scale quantifying the response to most of the questions in the questionnaire. However, for questions 7 and 8, a scale was made to help respondents identify which group their institution could be placed in terms of how often PM is seen as an identifiable process in their institution and also how often business-led changes are implemented through projects. A scale of ‘very often’ or ‘moderate’ was designated when more than 50% or less than 50%, respectively, of processes and business-led changes are organized as projects. Nevertheless, the purpose for the questionnaire, as explained above was not to form the basis for the analysis but instead to give the respondents an idea of the interview as well as to provide the researcher a general idea or background of the institution in terms of the products or services they offer and how PM is practiced.

3.6.5 Telephone interview

The researcher indicated in the letter attached to the questionnaire for a telephone interview after respondent have gone through the questions. Respondents were to respond indicating if they want to proceed with the interview. The questionnaire was to give general information about the topic to be discussed. To get the exact information from respondents, the interview was recorded. Therefore the researcher sought the concern of the respondents and assured them of confidentiality of the information given before the interview proceeded.

To achieve the objective and the purpose of the research (How PM is practiced in new product development in MFIs in Sub-Saharan Africa and which PM methodologies or tools are used), the researcher used an interview guide. Since the research is a qualitative study, semi structured questions was use in formulating the interview guide. This was to give the researcher an opportunity for in-depth interview and to ask subsequent questions to retrieve the information needed for this research. The arrangement of the time for the telephone interview was proposed by the respondents since they have busy schedules and know which time was more convenient for them.
3.6.6 Interview guide

The interview guide was formulated based on information derived from the various part of the literature reviewed, with the aim of addressing the purpose and objective of the research. The questions were semi-structured and allowed respondents to provide some in-depth information. The questions in the telephone interview generally followed the line or manner in which respondent answered the questionnaire. However, the main questions that were asked in the telephone interview were divided into two themes and the reasons for putting forward those questions are given below. But some simple questions to obtain basic information on the respondent (personal information like position they hold in the institution) were asked before the main questions.

New product or services development

1. What are the recent products or services that your institution has developed? (follow up question: can you brief me on the product development process)

2. Why does your institution develop new products or services? This question is to capture the reasons why the MFI is into new product development as the literature has identified competition and demands of clients as some of the key reasons why MFIs may go into developing new products or services. Since PM is also seen as an effective way of developing new products or services, the answers to this question could contribute to the discussion of why PM is practiced.

3. What factors do you consider in developing new products or services? This question is to bring to light the steps MFIs precede in developing new products or services. As from the literature various steps were to be considered by MFIs when developing new product or services. Proper management to coordinate these activities so as to meet the desired objective of what the new products or services have to offer is important. Therefore the question is to answer how important MFIs consider PM.

Project management

4. How is PM practiced in developing new products or services? This question would address which steps MFIs consider when practicing PM. In the literature, several steps for practicing PM were outlined (from project initiation, planning, execution and close out) and information on whether MFIs follow similar steps would be derived. In addition the project constraints which are cost, time and quality will also be known. This will give information on what common constraint the MFI face in managing projects.

5. How is PM effective in developing new products or services? From the literature, PM is known to be effective in managing cost, time and quality of any activity or project and
this question would derive information as to its applicability to the development of new products or services in MFIs as well.

6. Is PM practiced also in the refinement of an existing product or service? As shown in the literature, some of the new products or services that may be offered by MFIs may be only a refinement of an existing one and there may be a tendency that PM may be implemented for the development of such product. This question would provide some information on the extent of which PM is practiced in processes or activities in the institution.

7. What PM methods is your institution using in the development of new products or services? Successful management of projects needs methodologies that are based on guidelines and forms and there are several PM methods that have been outlined in the literature and some could be developed internally to fit the structure of the institution (in House methods). Responses to this question would enable the researcher to know whether the MFIs develop their own methodologies or are using some popular methods mentioned in the literature. In addition, the most commonly used PM methodology across the different MFIs could be identified.

8. What PM tools and techniques are commonly used in developing new products or services in your institution? Application of PM tools and techniques can ensure that new products or services are developed within cost, time and of the quality. Responses to this question would enable the researcher to know whether the MFIs develop their own tools and techniques or are using some popular tools and techniques mentioned in the literature. In addition, the most commonly used PM tools and techniques across the different MFIs could be identified.

9. Does your institution apply PM in other projects or activities besides new product development? The literature identifies PM as a core business process for most institutions or organizations and an efficient tool to handle novel or complex activities as it provides an effective way or reducing cost and making efficient use of time and resources in order to make an institution more competitive. This question addresses the issue whether PM is a common practice in managing activities or projects in the institution and provides information on how widely PM is practiced in the institution.
3.7 **Summary of approach to the study**

The research methodology is summarized and presented in the figure 10 below. It shows an outline of the procedure framework within which the research will be conducted.

![Summary of research methodology](image)

**Figure 12: Summary of research methodology.**

**Ethical consideration**

Ethical considerations are important in research. The initial questionnaire that was sent to respondents by email gave an option if they were interested in participating in an interview. Those who responded that they were willing to participate in the interview were asked to provide their Skype or telephone details and a convenient date and time for the interview. At the start of the interview, the researcher asked each respondent if it was possible to record the interview. It was explained that the purpose was for the researcher to extract the exact information and that the records would be used solely for this research and deleted after the information has been extracted.

The respondents were therefore asked to provide information voluntarily and at their own consent. They were also asked if their names and institutions could be included in the thesis document. The respondents gave their consent.

**Trustworthiness of the research**

The quality of a qualitative research can be assessed by its trustworthiness (Bryman and Bell, 2007, p. 410). Some of the elements that show the trustworthiness of qualitative research include credibility and transferability.
Credibility of the research
This requires that the researcher submits the research findings to the respondents so that they confirm that the researcher has correctly understood them (Bryman and Bell, 2007, p. 411). The researcher therefore sent the transcripts of interview to respondents to validate the information derived from the interview. Each respondent confirmed their statements.

Transferability of the research
This requires that the researcher provides some detailed account or information on how the study was conducted as well as information derived so that other researchers who wish to generalize or transfer the results to other contexts or settings could easily do so. In this thesis, the researcher has provided detailed information on the context of the research which is MFIS in Sub-Saharan Africa as well as information on the MFIS that responded to the interview.

Analysis and presentation of results
The interview conducted was analyzed so as to obtain information to address the objective of this study. The method used in analysis was the constant comparison approach (Bryman and Bell, 2007, p. 586) as the researcher was interested in looking for patterns in the empirical data. The focus was to highlight on recurrent patterns in the respondents within the topics of new product development, PM steps, PM methods and tools and techniques which were discussed in chapter 2.

Since there is no information on the practice of PM in new product development in MFIs in Sub-Saharan Africa, patterns were matched based on the responses from the respondents. Conclusions were drawn by comparing the patterns from the response obtained from the interviews against the theoretical steps in PM.

A summary is then presented which shows the patterns of the findings as manifested in the different MFIs.
In the next chapter, the researcher presents the empirical findings.
CHAPTER 4: EMPIRICAL FINDINGS

4.1 Introduction

This chapter deals with the responses from the questionnaires and the interviews that were conducted. For each MFI, the questionnaire/interview was targeted at staff occupying managerial positions. Out of the 140 questionnaires sent out only 12 responded (8.6% response rate). The possible reasons for the low response rate could be that the potential respondents were very busy as the target respondents occupying top managerial positions, or they might have declined to participate because of fears of internet fraud. Out of the twelve respondents, two declined to participate in the interview. An email asking all willing participants to fix a date and time at their own convenience was sent. Two other respondents who indicated their willingness to participate in the interview failed to do so even after several emails were sent to them to fix a convenient date and time. Therefore a total of eight interviews were conducted. Further clarifications, when needed, was sought from the respondents after the initial interview.

The interview was conducted between 6th May 2011 and 17th May 2011. In general, each interview lasted between 35 to 55 minutes. The interview guide was strictly followed as much as possible but sometimes questions were rephrased depending on the response to prior questions, and when respondents needed further clarifications but all these were aimed at obtaining information to address the objective of the study. Follow up questions on the practice of PM was not pursued for respondents that were not developing new products. A brief introduction of each institution followed by the transcripts deciphered from the telephone/Skype interview is presented.

4.2 Findings

4.2.1 Business Initiative and Management Assistance Services (BIMAS)

BIMAS is an NGO in Kenya. It was established in 1997 and has a client base of 16344 at present. BIMAS offers credit/loan, savings and insurance services to its clients but the major product or services that are offered are credit. The mission of BIMAS is `To professionally and efficiently provide financial services to customers through effective and affordable products to the satisfaction of all stakeholders`.

The respondent for BIMAS was Mr. Simon Maina Waithaka. Mr. Waithaka is the Finance and Administration Manager of this MFI. When asked whether BIMAS is involved in developing new products or services, Mr. Waithaka responded in the affirmative.

``As a finance manager, I am involved especially during the crafting of the features of the credit facility like the fees, the terms and so on. The marketing department and the operations department takes responsibility for doing the initial survey and giving feedback to management``.
As to what product or service BIMAS has recently developed, the respondent indicated that;

``Solar loan product is our most recent product... We are working in collaboration with a supplier of solar products. They went out with our marketing department and did an initial market survey and established demand for this solar product. We offer credit to our clients to buy these products``.

As to why BIMAS develops new products or services for its clients, the respondent indicated that;

``Basically, because of the competition and changing needs and taste of our customers, we have to continually improve on our products and innovate new products so that we remain relevant to our clients. In addition, we also keep scouting for opportunities. For instance this solar loan product... everyone in the world is talking about carbon emission and conservation of the environment. This is therefore an opportunity that we want to exploit. Sometimes we look for opportunities and craft credit products to exploit such opportunities. We also want to play a role in helping to prevent the degradation of the environment and see how we can also benefit from such issues``.

On factors that are considered before developing new products or services, Mr. Waithaka responded that;

``There are different assorted factors. These include whether there is a demand for the product in the market, whether it is in line with our mission and vision, and whether we have the capacity to develop and sell the product. We also consider whether we have the resources like finances to roll out the product and also sustain it``.

If PM is practiced during new product or services development, the respondent answered;

``Yes, all new products are developed through projects. We have projects and it is always followed at each stage until completion. We have someone following it up from beginning to completion and reporting on it. For us, we have a marketing officer and operations manager who normally champion new products development. So they are like our project managers so far as new product development is concerned. For all the products, especially the credit products that we develop... we normally have someone leading and reporting to the others. Although it may not necessarily follow the formal PM stages... we have someone who is responsible for following the projects till completion and keeps the others informed until the product is finally integrated into our accounting system``.

As to what goes into designing of the new products, the response was;

``Various things are put in place which includes loan application fee, loan insurance fees, loan appraisal fees, proportion of fees, interest, repayment period, form of security...group or individual... and procedure of appraisal. However, these may differ depending on the type of product``.
With regards to if there are any constraints in the project (new products development) in terms of time, cost and quality, the response was that:

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The major constraints in project is time since it usually takes a long time to do the market survey to obtain a response on what the new product should entail. Cost is not a major constraint since we use the organizational resources. In terms of quality, the product should meet the organizational standards”.
```

As to whether PM is an identifiable process in all the activities of the Institution and whether teams from different departments come together to execute a task, the response was that:

```
"In this Institution... for our strategic plans we identify strategic objectives which are assigned to specific people mainly Heads of Departments for implementation. They take those tasks as projects and report progress in management meetings. The Chief Executive Officer (CEO) reports this information to the board... PM is practiced moderately. All the projects are handled internally within the organization because all new products are internal initiatives. We have various departments who make their contribution towards the development of the new products since we have built an internal capacity to develop products”.
```

When probed if PM is an effective way of developing products or services and whether PM steps are always followed in developing these products the response was;

```
"...Yes, PM is an effective means. The marketing and operations department coordinate and follow up on that. But PM steps are not followed all the time. At times we just need to respond quickly to the market needs without necessarily going through all the PM steps”.
```

If any monitoring is put in place, the response was that;

```
"On a weekly basis we send portfolio performance reports to our credit officers so that they can be able to see how the various products are moving... And also, on a monthly basis, we have managers meeting and we report on the products and the general performance. To the board we also report on a product basis... In fact in our audited accounts at the end of the year, we show the outstanding loan balance and product wise”.
```

On the PM methods that are used, the respondent indicated that;

```
"In house PM method is used. The steps that are followed in this in house method are first...we identify the objective and then it is assigned to a project manager or champion who now follows that objective closely. He also follows up the implementation, a plan of which they share with the rest of the team, and is tasked with reporting as well as taking any other corrective action... This method is very effective for the Institution even though there is always room for improvement’”.
```

On the PM tools and techniques that are used, the respondent indicated that;
``...We rely largely on progress reports. The progress report normally gives the progress as at a given date. Included in the progress report are portfolio performance statements, cash flows, budget and financial statement... For some projects we also have the Ghantt chart``.

4.2.2 FIDES Bank Namibia Ltd (FIDES)

FIDES is a commercial bank in Namibia. It was established in 2010 and was built upon the successful microfinance project Koshi Yomuti initiated in 2002 by FIDES AG. FIDES has a client base of about 5100 and they offer credit/loans and savings products. The mission of FIDES is `To empower micro and small entrepreneurs`.

The respondent for FIDES was Mr. Romain Tevels who is the Micro lending operations manager. Asked if FIDES and for more importantly Mr. Tevels was involved in developing new products or services the response was;

``...Yes and very much. When we come to the conclusion to develop a new product or improve an existing product... I am obviously part of the committee and in the meetings that we have to develop these products. I also monitor the implementation process``.

When asked which recent product or service FIDES has developed, Mr. Tevels responded that;

``The latest product is a savings product named savings passbook... Another product is also being developed but it is still in the pilot stage``.

As to what are the processes for developing new products or services, the response was that;

``We offer demand driven products which are ideas that came from the time we spend on the field... We conduct interviews with clients asking them whether they are interested or appreciate the product. From there, we do pilot testing and then proceed to full testing where we roll out in all our branches. The main factor we consider in developing new products is the client. To elaborate on that we take into accounts the need of the clients and also the environment or social factors as well as the social impact``.

Whether FIDES embarks on projects as a means of developing new products or services, the response was;

``...Yes we embark on projects as a means of developing new products. For instance our credit products like the start up loans``.

On which steps are taken in developing new products, the response was;

``We design products based on clients’ needs that are identified... We discuss these with some few clients to see if it makes sense to develop such product, then we come up with ideas about the features. We discuss that with the operations staff and teams on the field.```
Sometime we send the package to Switzerland... our headquarters. Then we come up with the descriptive sheet of the product. Then we do pilot tests on some few clients before scaling up in our different branches and then in the entire Bank”.

Whether all the new product developments in the institution follow particular laid down steps or structure, the response was;

“...No we don’t have a rigid laid down structure as this depends on the type of product being developed”.

With regards to whether PM is practiced in the development of new products or services, the response was;

“Developing a product is considered as a project in FIDES and PM is part of our method of work here. PM is the way of management in our Institution and whether in IT, Monitoring, Financing, Communication”.

Whether there are groups or departmental members within or outside the institution that coordinate in structuring the new products the response was;

“We work in collaboration and we are part of a network. This network for FIDES has the headquarters in Switzerland and manages several projects across Africa and Eastern Europe... We are very much part of that... But products are developed locally based on the needs of the local people even though the headquarters also share their opinion on that and may sometimes be the source or idea for the new product... When designing a product we involve our teams from the field and sometimes from our headquarters in Switzerland but since we are a regulated institution we ensure that we comply with the necessary regulations”.

With regards to if there are any constraints in the project (new products development) in terms of time, cost and quality, the response were;

“...Time is a major constraint. The main constraint in microfinance is we need to have enough time to know whether the credit product works. Time constraint is at the level of the field... Also, quality is of importance to management. We want to ensure that the product meets the needs of clients and that clients can afford it. The product should also suite the developmental plans of our bank”.

As to what PM methods are used the respondent indicated that;

“...We have our own in house method. We follow our transactions with our in house methods”.

With regards to the tools and techniques the response was;

“...We rely a lot on progress reports”.
4.2.3 Calvary Enterprise Development Foundation (CEDEF)

CEDEF is an NGO in Ghana. It was established in 2006 and has a client base of 2534 as at 2010. It provides credits/loans to its clients. The mission of CEDEF is to ‘Facilitate the growth of micro-businesses by ensuring that every family and micro-entrepreneur have access to affordable and readily available working capital and financial services, enabling borrowers considered to be the productive or economically active-poor category and classified as credit risk to make impact on their dignity, economic, social, and natural environments.

The respondent for CEDEF was Mr. Magnus Amoa-Bosompem who is the Executive Director. When asked whether CEDEF is involved in new product development, the response was;

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"...Yes, we develop new products. Since the organization was established I have been involved in developing new products. The very recent product that we have developed is alternative energy credit products... We are involved in the efficient and alternate energy promotion and it is part of the environmental protection exercise. We give credit for solar equipments.".
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As to why CEDEF develops new products or services, Mr. Amoa-Bosompem responded;

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"We look at the needs of our clients. And also, the microfinance industry is very wild and competitive and there are various products and therefore developing products to meet clients’ needs in a geographical area of operation is very important.".
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On the factors that considered before developing new products, the response was;

```
"We look at the product itself, its availability, the pricing, quality, the ability of the client to handle the product among others... The first step that we take in developing new products is that we first get in touch with our clients to assess their needs."
```

Whether CEDEF embark on projects in developing new products or services, the respondent answered;

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"Yes, we organize new product development through projects... 50% of our activities are done through projects. This also includes products in agriculture, farming and fisheries."
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If PM is practiced in the development of new products or services and if these projects are carried out solely by CEDEF or in collaboration with other organizations, the response was;

```
"Yes, PM is practiced in our major products which include products in agriculture, farming and fisheries... It is handled internally but because of finances sometimes these projects are done in collaboration with other institutions. For instance in agriculture we go about client mobilization or formation in conjunction with the Ministry of agriculture."
```
As to whether CEDEF develops the new products on their own or does it in collaboration with other institutions, the response was;

``...We do not necessarily develop our products in collaboration with other institutions but we do collaborate based on the conditions of that program``.

With factors that go into the initial preparation of the project, the response was;

``We do follow the normal project development steps for instance we do feasibility studies, surveys, conduct interview and then the planning and so on...´´

Whether they follow some guidelines or steps in developing new products, the response was;

``Yes we do follow some steps which include field test or introduction of the product we want to develop to determine the response, we also look at the financials whether the product is cost effective... If it is cost effective then we go ahead... All these guide our final preparations´´.

As to how planning of the project of new product development is done, the response was;

``...We look at what is involved in the project and assign responsibilities. Here, we normally work as a team. We are all involved as a team but we have one person who is responsible or coordinates activities. Some of the skills that individuals in the team have include accounting, finance, management, marketing and development background´´.

With regards to if there are any constraints in the project (new products development) in terms of time, cost and quality, the response was;

``...Time is a constraint. We need to cover our cost since we are for non-profit. But we have to work out things in time and the field work takes time´´.

With the PM methods that are used, the response was;

``In house methods are used because they are very effective´´.

With regards to the PM tools and techniques that are used, the response was;

``...Progress report is very much used. The frontline staff report on monthly basis as to the progress of the product. This report takes care of the financial, loan quality etc... we also have monitoring and evaluation officers who are responsible for monitoring and they evaluate the success or failure of the product. They also do SWOT analysis of the product´´.
4.2.4 KixiCredito

KixiCredito is a Non-Bank financial institution in Angola. It was established in 1999 and has a client base of about 10000 at present. They offer credit/loan products. The mission is ‘To deliver sustainable microfinance services in a simple and fast way’.

The respondent for this MFI was Mr. Silva Calei who is the Operational Assistant of the institution. Asked if he was involved in new product development in KixiCredito, Mr. Calei responded;

‘...Yes, I am the one who plays this role of developing new products in this company. We have developed three credit products recently in our institution. They are KixiSuper Negocio which is a credit product for old clients, KixiAmbulante which is credit product for street sellers and KixiPrincipiantes which is a credit product for startup business’.

As to why KixiCredito develops new products for their clients, Mr. Calei responded;

‘...We develop new products because our clients demand for that. Sometimes also, competition plays a role even though it is not that high here in Angola. New products are needed so that we can keep our clients’.

With regards to the factors or steps that are considered before developing new products, the response was;

‘The main factors we look at are we check whether we have available or existing funds to develop the new product... we also determine whether there is a client or market demand for the product and also whether we have the human resources to develop that product’.

As to whether all new products are developed through projects, the response was;

‘...Yes, we tackle new product development as projects because it takes several steps which begins with brainstorming among staff, designing of questionnaires for field testing on potential clients, conducting of interviews with clients, processing of data from the field and interpretation of results or data... After these, results are presented to the staff and finally submitted to the CEO for final approval. However, if the product is just a refinement of an existing product then we don’t go through all these steps’.

With regards to if there are any constraints in the project (new products development) in terms of time, cost and quality, the response was;

‘We don’t really have constraints in developing new products. The only constraint is sometimes related to the collaboration of the staff from the field... Sometimes they don’t collaborate as we wish and it may take longer than the period we want to finalize and prepare the final proposal.'
When you present the new product to management they are interested that it meets all the policy and procedures of the institution and also has to meet the standard that institution has as well as the competitiveness in the market.

Whether different departments are involved or coordinate efforts in executing new product development or projects and that PM was an identifiable process in the institution, the response was;

``Yes, it involves the finance department, the administration and Human resource department as well as the Operations department which is the leading department for developing new products. So far, we don’t have external involvement besides departments in my institution. PM is an identifiable process in this institution and it is an effective way of developing new products``.

For the PM methods that are used in developing new products or services in KixiCredito, the respondent needed further clarification to answer this question. After the researcher has clarified this question, the response was;

``In house project methods are used since we have our own way of doing things. This is based on best practices... After launching a product we are interested in monitoring the performance of the new product. We make necessary changes if the market demands us to do so. We do it even with current products``.

The respondent also needed some clarification on the tools and techniques that are used. The response was;

``We use progress report on how our projects are going so as to know where to change or improve... We use essentially questionnaire, which is administered either in focal group or individually to the potential client of the prospect product.

KixiCrédito has a permanent feedback line from client and vice versa through field worker or regular meeting with client at branch level. Thanks to this approach we have been able to understand the changes that occur in the market and introduce necessary adaptation``.

4.2.5 Cedi Finance Foundation (CFF)

CFF is an NGO in Ghana. It was established in 1999 and has an active client base of about 3831 as at 2009 (Mix Report 2009). CFF offers credits/loan to their clients. The mission of CFF is `To be a leading microfinance organization that provides innovative opportunities for the poor and the marginalized micro and small-scale entrepreneurs to live a transformed life of dignity`.

The respondent for CFF was Mr. Joseph Agama who is the Executive Director of the Institution. When asked whether CFF was involved in developing new products or services, Mr. Agama responded that;
"The history of the Institution began with me. We are deeply involved with other organizations in new product development. The latest product we have developed is agricultural lending which is lending to the agricultural sector or for agricultural purpose."

On how or what process or steps are taken for the development of this new product (agricultural lending), the response was;

"...we are a small organization so we only give loans. We don’t go through the product development process... We don’t initiate the product development and are not part of the institutions which develop the product itself. It’s the government or other organizations that initiate the project or product development. We take part in pilot tests. We are only part of the institutions that roll out the product that is developed. Our institution only takes part in rolling out the product.

...CFF have other organizations that do all the training. We do only credit appraisals. Other organizations are involved in building the capacity of the groups.

On the practice of PM in developing new products or services;

"...PM is practiced in collaboration with other organizations. Actually because we are not the only organization involved in developing new product, there are other organizations that take care of other aspects... CFF ensure that the credit facilities are granted to the groups in the way that they want it. As it’s a credit facility and it involves other organizations, there is the need for coordination otherwise we will end up not satisfying the needs of the clients. So we have other organizations that do the development. We just do the pilot tests... When finished, it moves to another level. Other organizations do the monitoring. It is a coordination done through the process approach. One is done after the other in a sequential manner.

In line with this coordinated form of product development, the respondent was of the view that;

"This coordination is an effective way of developing new products. As CFF is a financial NGO, we do not have the capacity to create all the departments or units... We don’t have the money for that so it is done in such a way that other organizations take up other responsibilities and they are paid for by another organization. So our activity is to provide the credit and so it is coordinated in such a way that we all perform our expert duties to ensure the success of the credit. Some of the projects are government sponsored so government has created other structures that take account of other responsibilities.

Apart from new product development, whether PM or this coordination is employed in other activities, the response was;

"...not entirely. We do group lending sometimes to people engaged in petty trading. The development of this product is not as intense as agric lending and PM is not used in this situation."
4.2.6 Reliance Financial Services Company Limited (Reliance)

Reliance is a Non-Bank Financial institution in Gambia. This MFI was established in 2006 and has a client base of 3453 active borrowers as at 2009 (Mix report 2009). Reliance offers credit/loans, savings, money transfer and foreign exchange services to clients. The mission is ``To deliver innovative, value added products and unrivalled services to our customers using state of the art technology in an environment conducive to promoting strong organizational culture and values which enables us to attract, nurture and retain talented staff” (Mix Market Report, 2009).

The respondent for reliance was Mr. Momodou Joof who is the Credit Administration Officer. Asked whether he was involved in new product development in Reliance, the response was;

``...Yes, I have been involved in developing all credit products and services. I also manage some of the pilot testing of new products that are developed. The recent new products or services which we have developed are a Local money transfer which involves remitting of money from one part of the country to the other part as well as outside Gambia to Europe and vice versa... Also, we have developed a new loan scheme product called Happy home scheme for employees of certain institutions as well as a new salary loan product...’’

As to why Reliance develops new products or services, Mr. Joof responded;

``Product development is a client base if there are indications that clients need a particular product or service, then the institution looks at how to address that need. Also, we develop products according to the needs that society is being confronted with... The factors that we consider before developing new products are would it fulfill the needs of the clients, would customers buy the products, would the new product generate profits or losses for our institution, where will we sell the products, and how will we sell the products...through the media or one on one to clients etc...’’

The respondent needed clarification when asked whether the development of new products or services is carried out through projects. The researcher gave a brief description of what project and PM is. Based on the clarification given by the researcher, the respondent answered;

``...Yes, new products are developed through projects... we have had some technical assistance in the past that contributed towards the development of some of our products. Recently, All processes in new product development is organized by our institution alone. When we are developing new products we create a product development team. By this team we are looking at different units who have a direct role to play in the development of this product. We bring this team together and assign them to manage the product development process from the initiation stage to the complete development of the prototype and rolling out of the test and eventual roll out. After testing, the analysis and reports are done the outcome of this determines if the product will be rolled out or not. The team comes from mainly the finance department...important for deciding the cost effectiveness of the
product... audit department... they look at the risk in rolling out the product as well as compliance related issues... and the credit department etc... there is therefore coordination from different departments (if it relates to credit matters). All new products are developed through a similar process’’.

With regards to if there are any constraints in the project (new products development) in terms of time, cost and quality, the response was;

‘’I would say mostly time. Because the people you need to work with especially the product development team would have to be gathered from different units... Usually it is difficult to have them to give a 100% attention most of the time as they are very busy doing their own individual or respective assignments... Usually management does not set a time for the development of the product but it is the team that sets a time frame within which to develop the product....

At any time of developing the concept of a product, we highlight the objectives we want to achieve and management stands on this objective and ensures that the objective adds value to the institution’’.

As to what goes into planning and designing of new product after management has given approval for the new product to be developed and be part of the institutions portfolio, the response was;

‘’Once management has given approval for the product to be designed we look at factors that would lead to successful product development... We divide our work plan into stages or phases. After every phase the product development team has to do assessment and progress report and management decides after looking at the report whether to continue with the next phase or halt and recall the product if they realize that at that stage they are going to make a loss...

Quality is what we look for. And when we talk of quality we look at good returns from the product and also that the product should serve the needs of the client.

...We look at some parameters of the product such as pricing (how we are going to price the product), time to test it, which location are we to test it, who is responsible for the product among others’’.

The question of whether the product development team follows some steps or structure in developing new products, the response was;

‘’...We do not have a kind of standardized structure which our institution uses. Anytime we develop a product we have terms of reference for the team. The terms of reference shows who is going to do what and who is going to help etc... Then, we also have a work plan which the team develops. It defines what needs to be done and at what time. This differs from one product to another... Institutionally, we do not have a standard guide by which we develop all our products’’.
Whether the product development team is dismissed after launching of the new product, the response was;

```
We have a product champion who could be anyone of our staff depending on his or her area of competence and knowledge. We assign them to the different product and appoint them as the champion of that product. That official is responsible for monitoring the performance of the product over a period. He or she reports on how well the product is doing on the market even though the product has been officially rolled out. Thus there is continuous monitoring... At the end of every year, each product champion needs to review every product and make adjustments of the prices etc and whether there is the need to re-address the delivery of the product”.
```

Whether the coordination and collaboration from the different departments is an effective way of developing new products, the response was;

```
"...This coordination is very effective way of developing a product since people from different departments like finance, credit etc have different competencies”.
```

The respondent needed clarification on the PM methods that are used. The response after clarification was;

```
"...An In house PM method is used”.
```

With regards to the stages or phases that the management of new product development goes through, the response was;

```
"We have the idea development (prototype), then the development of an action plan, finalize the action plan and then you go to the market or the testing period, and then decide if want to roll out or recall the product, so basically at least five stages”.
```

As to whether some steps or are followed in managing the projects/new product management, the response was;

```
"Every product development team should have a plan to go through the whole process and the plan varies from one product to the other. In the plan the whole process is divided into phases. In the input phase we would want to know what we want to achieve, how we would want to achieve it and who is responsible, and how long and for what time. What are the control measures that you are going to put in place to ensure that you at least reduce any risk that is going to occur to the minimum or lowest level”.
```

The question of what tools and techniques are used in managing new product development required further explanation to the respondent. The response was;

```
"We use progress reports. Depending on the type of product we usually develop a reporting template to measure the key performance indicators for the product. We use those reports to measure how well the product is doing against the set objectives we have already established... And at every stage you can actually determine whether the product is
on track. The project report basically contains the objectives we intend to attain or the budget. This includes the figures that we want to attain and what actually has been attained. If there are significant variances we look at the reasons why those variances occurred... We look at the challenges that have been encountered so far. There may be challenges. It also includes comments and suggestions that may be necessary to address those challenges or shortfalls.

4.2.7 Kraban Support Foundation (KSF)

KSF is a Financial Non-Governmental Organization (NGO) in Ghana established in 1996 and has a client base of 8,017 active borrowers at December, 2010. KSF offers both financial and non-financial services including credit/loans to its clients. The mission of KSF is `To develop innovative strategies that enhance the capacity of vulnerable groups to operate independently and effectively in the informal sectors of the Ghanaian economy´.

The respondent for KSF was Nana Opare-Djan who is the Head of the Institution. As to whether Nana Opare-Djan was involved in new product development in KSF, the response was:

``...Yes, since the institution was established. The very recent product that we have developed is called HIGHER HEIGHTS which is a credit product for the agricultural value chain financing. Some of the major products that have been developed include SIKA ROSE´´.

As to why KSF develops new products and the processes for developing new products, the response was:

``We always want to be innovative. For instance, KSF have never developed any agricultural value chain financing product before. So we decided to develop this product for agricultural production... We always wanted to carve a new niche market for ourselves. ...Competition also plays a role but however competition seems to be centered in the urban areas more than the rural area. The rural areas don´t have much to be offered to and therefore it is easier to operate there. What our organisation has to offer to the clients is more important to us in developing new products or services rather than competition´´.

For the factors that are considered in developing new products for clients, the response was;

``...We consider several factors. These include other competitors, when funds are available for us to develop new products, interest rates, cost of delivery and skills of staff who will deliver the products among others´´.

Whether PM is practiced in developing new products or services and if KSF embarks on projects on existing operations as a means of executing objectives, the response was;

``...Yes, PM is practiced. We are mainly on projects. Our programs since its inception are done through projects. We don´t have a product line which is not on a project. Every
product is on a project. Every staff must get the skill that is needed to manage the projects we run”.

Since PM involves the coordination of some departments in the organization in developing new products, the question of whether the practice of PM is done with internal staff or sometimes requires external collaboration, the response was;

``We do both. We have our monthly internal training but we also have some collaboration with other external networks like the Ghana Microfinance Institutions Network (GHAMFIN). GHAMFIN have tailored-made training programs designed which includes PM ... We have in house coordination. The various departments at Kraban coordinates activities in developing new products are the credit and operations department, finance and administration department and the Management and Information system department. The external collaborators do assist us but this depends on the project. They can provide us with some logistics to enable our staff go about their work. The external collaborators sometimes provide us with logistics support like training and marketing. Therefore not all projects are managed internally”.

As to which PM methods are used in developing new products or services the response was:

``We do most of our PM using in house methods but when resources are available we use external help. We have laid down steps through the organization’s community animation manual with which our programs or projects follow. The project development, implementation and management processes are done sequentially. The steps are:1

2. Implementation phase;
   ❖ Community investigation and selection
   ❖ Marketing the project-promotion/branding/campaigns/project briefing-flyer/project distribution.
   ❖ Social awareness/mobilization-survey, information meetings, initial trainings.
   ❖ Loan Applications process-prequalification, collection of forms, review of forms, and appraisal of applications.
   ❖ Loan approval/disbursements- Credit committee meetings, approval, disbursement & documentation-agreement signing, loan repayment schedule.
4. Reporting phase - Daily, weekly, bi-weekly, monthly, quarterly, annually.
5. Evaluation phase - Impact evaluation, other studies-project review, and beneficiary assessment.

1 These were sent to the researcher by email after the interview
6. Dissemination phase - Printing of Reports, workshops, public fora, policy dialogues.
7. Research & Development phase - Initiate new project based on outcomes of previous projects.

The question of which of the PM tools and techniques are used in developing new products or services needed some further clarification for the respondent as he was not familiar with most of the tools and techniques that were listed in the questionnaire mailed to the respondent. After clarifications from the researcher, the response was;
``We use progress reports to assist us. We review those reports to assist us. Those reports enable us to observe our successes and failure, whether we have been able to meet our targets or not so that we can improve. It also enables us to design new projects’’.

4.2.8 AfricaWorks

AfricaWorks is an NGO in Mozambique. It was established in 2007 and has a client base of about 4900. AfricaWorks offers credits or loans to its clients. Their mission is ´To develop and implement scalable, self sustaining business models in agribusiness and trade finance for holistic transformation of farmers, small traders and SMEs in communities´.

The respondent for AfricaWorks was Mr. Claudio Luis Mapasse who is the Management and Information Systems officer. As to whether AfricaWorks is into new product development, the response was;
``We don’t create new products but have the same credit products which we keep refining. The latest product we have refined is credit for crop production and agriculture. In refining our product we adjust the amount of credit to be given to the clients... In the past we belonged to a large organization called World Relief Organization but we are now on our own’’.

As to what factors AfricaWorks consider before refining their products, the response was;
``We look at both needs of the clients and competition. But mostly, we consider the needs of clients and we don’t do things only because of competition. The process we take is that we look at the demands of our clients and also the market’’.

Whether AfricaWorks follows any steps in or procedures in refinement of their products, the response was;
``We don’t follow any laid down steps. We listen to our clients. Since in our institution we rather go to our clients and not vice-versa... our loan officers come back with suggestions from our clients and then we discuss it among the staff throughout the different branches after which we decide on the terms of refinement’’.

As to whether the refinement of projects is organized as projects, the response was;
``...No, we don’t organize activities as project in our institution”. 

Since the respondent indicated that they don’t organize their activities as projects, there was no need to ask questions about the practice of PM or PM methodology and tools and techniques that are used.
Table 4: Summary of findings/transcripts from the interview conducted with the respondents

<table>
<thead>
<tr>
<th>Name of Institution (Country)</th>
<th>Type of MFI</th>
<th>Products or Services offered</th>
<th>Develops new products</th>
<th>Practice of PM</th>
<th>PM methods used</th>
<th>PM tools or techniques used</th>
<th>Constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIMAS (Kenya)</td>
<td>NGO</td>
<td>Credits/loans</td>
<td>Yes</td>
<td>Yes, done alone</td>
<td>In House</td>
<td>Progress reports (Gantt charts)</td>
<td>Time, Quality</td>
</tr>
<tr>
<td>FIDES (Namibia)</td>
<td>Commercial Bank</td>
<td>Credits/Loans, Savings</td>
<td>Yes</td>
<td>Yes, with headquarters</td>
<td>In House</td>
<td>Progress reports</td>
<td>Time, Quality</td>
</tr>
<tr>
<td>CEDEF (Ghana)</td>
<td>NGO</td>
<td>Credits/Loans</td>
<td>Yes</td>
<td>Yes, sometimes collaborates</td>
<td>In House</td>
<td>Progress reports</td>
<td>Time</td>
</tr>
<tr>
<td>KixiCredito (Angola)</td>
<td>Non-Bank Financial Institution</td>
<td>Credits/Loans</td>
<td>Yes</td>
<td>Yes, done alone</td>
<td>In House</td>
<td>Progress reports</td>
<td>Time, Quality</td>
</tr>
<tr>
<td>CFF (Ghana)</td>
<td>NGO</td>
<td>Credits/Loans</td>
<td>No</td>
<td>No</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Reliance (Gambia)</td>
<td>Non-Bank Financial Institution</td>
<td>Credits/Loans, savings, money transfers, foreign exchange</td>
<td>Yes</td>
<td>Yes, done alone</td>
<td>In House</td>
<td>Progress reports</td>
<td>Time</td>
</tr>
<tr>
<td>KSF (Ghana)</td>
<td>NGO</td>
<td>Credits/Loans</td>
<td>Yes</td>
<td>Yes, sometimes collaborates</td>
<td>In House</td>
<td>Progress reports</td>
<td></td>
</tr>
<tr>
<td>AfricaWorks (Mozambique)</td>
<td>NGO</td>
<td>Credits/Loans</td>
<td>No</td>
<td>No</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>
CHAPTER 5: ANALYSIS AND DISCUSSION

Introduction

The analysis and discussion section elaborates on the case study findings in relation with literature. This will be done by focusing on recurrent patterns emerging from the practice of PM in new product development in the MFIs interviewed. Specific themes that are in line with the objective and purpose of the study are explored to bring out the pattern, connections and relationships that were derived among the institutions studied. The MFIs interviewed comprised different institutions. They included five NGOs, two Non-Bank financial institutions and one commercial bank. These were from six countries namely Angola (1), Gambia (1), Ghana (3), Kenya (1), Mozambique (1) and Namibia (1).

5.1 Products or services

From the interviews, it was noticed that the most common product which runs through all the institutions is credit/loans. This was very prominent with the NGOs. However, Reliance which is one of the non-bank institutions has extended their products or services to include savings, insurance, training, money transfer and foreign exchange. The commercial bank (FIDES) has savings as part of its product or service offered besides credits/loans. The offering of other products or services in Reliance and FIDES is an indication that some MFIs in Sub-Saharan Africa have moved beyond the basic goal of providing credit/loans to poor people and supports the report of Lafourcade et al. (2005) who indicated that the MFIN in African is dynamic, growing and serving a broad financial needs of clients.

5.2 New product or services development

From the interview conducted it was found that CFF and AfricaWorks are not into new product development whereas the other MFIs were developing new products or services. CFF mainly participates in rolling out products that have been developed by other institutions whilst AfricaWorks keeps refining products that had been developed by a mother organization. Among the five NGOs interviewed, BIMAS, CEDEF and KSF do develop new products.

The type of new product that has been recently developed by the MFIs that are into product development was credit products with the exception of FIDES who have recently developed a savings product called `savings passbook` for clients. The product developed by BIMAS is `solar loan product`. CEDEF have also developed an `alternative energy credit product`.

5.3 Reason for new product development

The reason given by five respondents (BIMAS, FIDES, Reliance, CEDEF and KixiCredito) for carrying out new product development was found to have a common pattern related to client demand. This supports the observations by some researchers that over the years MFIs have started taking the needs of their clients into consideration (Brand, 1998, p. 1; Wright
et al., 2002). This view was explained by Lafourcade et al. (2005) who argued that there has been an increase in MFIs in Sub-Saharan Africa over the past eight years which has led to competition for clients and therefore the need for innovation and provision of high quality services in order to retain clients and remain competitive. Other reasons from respondents in this study included ``we keep scouting for opportunities’’ (BIMAS), ``we develop products according to the needs that society is being confronted with’’ (Reliance) and ``we always want to be innovative’’ (KSF).

Competition was also mentioned by four respondents (BIMAS, CEDEF, KixiCredito, and KSF) but it appears not to be the most prominent factor raised. Some authors (Brand, 1998 p. 1; Wright, 1997, p. 1; Wright et al., 2002) have proposed that the presence of competition in the MFIN over the past decade has led to MFIs diversifying their product and services according to the needs of their clients which in this case lead to the development of new products or services.

This situation is experienced in BIMAS who commented that because of competition ``we have to continually improve on our product and innovate new products so that we remain relevant to our clients’’. However, the issue of competition may be dependent on the number of MFIs operating within that Country or community since KSF explained that ``competition also plays a role…’’ but it is not a problem for microfinance situated in rural areas because ``the rural areas don’t have much to be offered to and therefore it is easier to operate there’’ whereas KixiCredito commented that competition plays a role ``even though it is not that high here in Angola…’’

Even though client demand may be the main reason for MFIs developing new products or services, it appears that a combination of these factors may be the overall major reason or contributory factor why MFIs in Sub-Saharan Africa go into new product development. However, the impression from the respondents’ suggests that they are not creating rigid or homogenous products for their clients but products that suite clients needs.

In addition, some recent products that have been developed in some of the institutions interviewed suggest that the MFIN in Sub-Saharan Africa is dynamic and very innovative. For instance the solar credit products that have been introduced by BIMAS who commented that ``everyone in the world is talking about carbon emission and conservation of the environment, this is therefore an opportunity that we want to exploit’’ and CEDEF ``we are involved in the efficient and alternative energy promotion and it is part of the environmental protection exercise’’ are indications of some MFIs taking new initiatives to explore emerging issues that are of global concern such as environmental protection. These MFIs may therefore be seen as tackling poverty from another angle.

5.4 New product development is organized as project

All the institutions that are into new product development responded that projects are the means of developing new products. This study also showed that the organization of new product development through projects was not only restricted to the non-bank financial institutions and commercial banks but also applicable in the NGOs as well. For instance
KSF responded that “we are mainly on projects. Our programs since its inception are done through projects. We don’t have a product line which is not a project”. BIMAS also responded that “…yes, all new products are developed through projects”. Response from CEDEF was that “yes, we organize new product development through projects… 50% of our activities are done through projects”.

The commercial Bank FIDES also mentioned that “developing a product in FIDES is considered as a project”. Furthermore, the non-bank financial institutions KixiCredito and Reliance responded, respectively, that “we tackle new product development as projects”, “…Yes, new products are developed through projects… we don’t need external assistance”. These findings are in agreement with the argument of Lundin and Sunderholm (1995) who expressed that projects form the means through which organizations execute their activities and that many organizations and industries are gradually integrating projects into their operations. Each institution may also embark on different projects depending on the new product being developed. The projects generally aim at introducing a new or unique product into the institutional product portfolio that either meets clients demand or serves societal goals.

5.5 Whether PM is practiced in new product development

When asked whether PM was practiced in new product development, the response obtained from the interview showed a similar pattern of positive response from the six MFIs that were into new product development. Even though some few respondents misunderstood what activities go into PM, clarification from the researcher helped them to understand this concept better. However, if PM was done solely by the institution or requires external collaboration, BIMAS, Reliance and KixiCredito responded that PM was done only with an internal team. These three institutions responded in this way;

(BIMAS) “Yes, all new products are developed through projects. We have projects and it is always followed at each stage until completion…. For all the products, especially the credit products that we develop… we normally have someone leading and reporting to the others. Although it may not necessarily follow the formal PM stages…”

“All the projects are handled internally within the organization because all new products are internal initiatives. We have various departments who make their contribution towards the development of the new products since we have built an internal capacity to develop products”.

(KixiCredito) “…PM is an identifiable process in this institution and it is an effective way of developing new products…”.

“…Yes, it involves the finance department, the administration and Human resource department as well as the Operations department which is the leading department for developing new products. So far, we don’t have external involvement besides departments in my institution…”
There could be different possible reasons why these three MFIs have the capacity or resources to manage their projects internally and without external collaboration. BIMAS for instance have a very large client base and possibly may have the human resources to match with the development of new products for their large clientele. Similarly, KixiCredito is also the largest MFI in Angola and also have a large client base. Reliance on the other hand offers more diverse products which may require institutional capacity to handle such activity.

FIDES, CEDEF and KSF responded that they require some external collaboration even though they have a PM team to develop some products. These institutions responded in this way;

(FIDES) ```Developing a product is considered as a project in FIDES and PM is part of our method of work here. PM is the way of management in our Institution...’’

‘’...We work in collaboration and we are part of a network. This network for FIDES has the headquarters in Switzerland and manages several projects across Africa and Eastern Europe...’’

(CEDEF) ‘’Yes, PM is practiced in our major products which include products in agriculture, farming and fisheries...’’ It is handled internally but because of finances sometimes these projects are done in collaboration with other institutions. For instance in agriculture we go about client mobilization or formation in conjunction with the Ministry of agriculture’. ‘’...We do not necessarily develop our products in collaboration with other institutions but we do collaborate based on the conditions of that program...’’.

(KSF) ‘’...Yes, PM is practiced. We are mainly on projects. Our programs since its inception are done through projects. We don’t have a product line which is not on a project. Every product is on a project. Every staff must get the skill that is needed to manage the projects we run...’’

‘’...We do both. We have our monthly internal training but we also have some collaboration with other external networks like the Ghana microfinance network...

The possible reasons why these institutions do have external collaborators in managing new product development could be different. CEDEF for instance is a relatively small institution and may have to collaborate depending on the type of product being developed. On the other hand, FIDES which is part of a bigger institution with networks and branches in different countries may need to collaborate with its headquarters on some projects.

5.6 Steps in managing new product development

There was no clear pattern found among the respondents with respect to the steps taken in managing new product development as it appears that each institution has its own steps in
managing new product development. KSF provided the steps they use in managing new product development. Even though the contents were related to the PM steps outlined in the literature (Lewis 2006) the procedure was somewhat different. Reliance responded that “…We do not have a kind of standardized structure which our institution uses…” This response was similar to FIDES who indicated that “… we don’t have a rigid laid down structure as this depends on the type of product being developed”. Also, with BIMAS, the PM steps “…may not necessarily follow the formal PM Stages”.

The possible reasons why no clear pattern was found among them and why they do not follow the outlined steps in PM found in the literature could be due to the nature of the microfinance industry as well as the product or services they offer. Even though PM was practiced, it appears that there was not a tight approach to how PM was practiced. The products or services provided by the MFIN are basically credits/loans and new product developments (projects) may not need to follow detail PM steps to ensure that a product is developed. Gallo and Gardiner (2007, p. 446) in their study on PM in the financial services sector in the UK found that it was not always possible to follow a tight approach to PM in that sector. As MFIs have much in common with traditional banks with regards to the products or services offered (Gutierrez-Nieto et al., 2007, p. 131), it seems that a flexible approach to PM may be the kind of approach that is more practicable.

5.6 Product development Initiation

There was little conformity among the institutions studied in the steps taken during the initiation stage of new product development. According to Kerzner (2003 p. 47), the initiating phase in PM is the embryonic phase where the organization identifies the apparent need for project management. For the MFIN the need for PM could basically be to develop a new product to meet client’s needs. At the initial stage of product development responses obtained in the interviews includes the following;

With CEDEF, the response was “we look at the product itself, its availability, the pricing, quality, the ability of the client to handle the product among others”.

KixiCredito on the other hand responded that “…We check whether we have available or existing funds to develop the new product, we also determine whether there is a client or market demand for the product and also whether we have the human resources to develop that product…”

The response from Reliance was “…would it fulfill the needs of the clients, would customers buy the products, would the new product generate profits or losses for our institution, where will we sell the products”.

Kraban responded that they consider “…when funds are available for us to develop new products, interest rates, the cost to deliver, the staff who will deliver the products among others”.

The reasons for these responses are perhaps dependent on the institution and what they want to achieve. Additional activities embarked by the MFIs is market testing as one
respondent mentioned that we conduct interviews with clients asking them whether they are interested or appreciate the product. This is followed by reporting to the management on the overall response of clients from the initial survey. One respondent mentioned that after these, results are presented to the staff and finally submitted to the CEO for final approval. The findings from the interview indicate that respondent who are into new product development follow what Gray and Larson (2008, p. 92) proposed to be included in the initial phase like defining the overall objectives, the expectation of the life of the project, the milestone which represent rough estimates of time, how it will be done, cost and resources for the project, technical requirement, clear limit and scope, and finally a review with customer (internal or external) for better understanding of the project and agreement on expectations.

5.7 Planning of new product development

To carry out a project or develop new products, various skills and knowledge are needed from individuals with different expertise to form a team to tackle the different aspects of the project. From the interview, respondents mentioned various departments within the institution (or with an external source) that coordinate in the development of new product.

In BIMAS the team includes “marketing officer and operations manager who normally champion new products development. So they are like our project managers so far as new product development is concerned”.

FIDES involves “operations staff and teams on the field and sometimes from our headquarters in Switzerland”.

The team in KixiCredito “involves the finance department, the administration and Human resource department as well as the Operations department”.

The team in Reliance comprise “mainly the finance department...important for deciding the cost effectiveness of the product... audit department...they look at the risk in rolling out the product as well as compliance related issues ... and the credit department”.

At the phase of planning, all the necessary information gathered from the market survey as well as other financial requirements to design the new product are put together to develop a prototype for pilot testing so as to examine the product performance. This activity could be seen in FIDES who mentioned that after “discussing with some few clients to see if it makes sense to develop such product, then we come up with ideas about the features. We do pilot tests on some few clients before scaling up in our different branches and then in the entire Bank”.

Such similar responses were given by the other MFIs who are into new product developments irrespective of the type of MFI that they are. CFF which is NGO but not involved in new product development may take part in the pilot testing as seen in their response “we take part in pilot tests. We are only part of the institutions that roll out the product that is developed”.
According to Westland (2006, p. 8), a work break down structure which includes a hierarchical set of activities and detail of activities and tasks to be performed is outlined at this stage. From the responses in the interview for this stage, it can be seen that not all PM procedures at this planning stage have been rigidly followed. It appears that the MFI does not need extensive resources (especially with regards to the skills for producing new products) as compared to other industries like construction that needs a wider and diverse range of skills for carrying out a projects, and therefore need not have a set of strictly detailed activities to manage their new product. This is supported by the responses above that two to four departments are involved in the process of new product development.

Additional requirements suggested by Kerzner (2003, p. 69) is that the institution also make a realistic cost, time and performance as well as a support system for the project. The respondents did not really stress so much on the importance of these but the general consensus was that time was important. Quality of product was also mentioned since the institutions want to provide products that meet clients’ needs and fits their mission.

### 5.8 Execution of new product development

Usually, at the execution phase of PM there is monitoring and evaluation of the product which has been tested on a pilot basis. There is continuous monitoring to evaluate how the product is faring and whether it requires some adjustments, for instance if it meets the requirements of the clients or meets the standard or quality of the MFI before it is launched on a mass scale (Tonnquist, 2008, p. 193). Monitoring and evaluation seem to be a common practice for the MFIs that develop new products and this practice can be useful as besides knowing how the product is faring, it could also be some sort of guide into future product developments. BIMAS for instance mentioned that

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we have someone who is responsible for following the projects till completion and keeps the others informed until the product is finally integrated into our accounting system```

Also, CEDEF responded that

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... we also have monitoring and evaluation officers who are responsible for monitoring and they evaluate the success or failure of the product```

### 5.9 Closing phase

The closing phase of a project is where full launching of the product is done. According to Heerkens (2002, p. 13), at this phase, there is the need for verifying that the project has satisfied the project objective or the need that brought about the project. In all the institutions interviewed, there was conformity in this aspect. Even this phase ends the product development, there is still some monitoring and adjustments or continuous maintenance by the MFIs interviewed to ensure that the needs of clients are met.
**PM Methodology for developing new products**

The finding is this study showed that an in House method is the PM method that is used in developing new products in all the institutions interviewed. In house methods are PM methods that have been developed by the organization or institution as a guideline for the management of projects. Even though the steps or format may not have the same outline, the in house method is usually fitted to the culture and organizational structure. Some of the most common PM methodology which is reported to be widely used in literature like the PRINCE2 and PMBOK (McHugh and Hogan, 2010, p. 8) are not used in the MFIs interviewed.

From the interview, it was also realized that most of the respondents were not familiar with these popular methods. Some possible reasons could be that these methods may be quite demanding to use and that the organizational structure in these MFIs may not be adapted to use such methods. The general opinion that was expressed by the respondents was that the in house methods are very effective as expressed by KixiCredito that "we have our own way of doing things. This is based on best practices...". This supports Kerzners (2003) opinion that organizations develop their own methods to guarantee its fitness to corporate culture as the in house method is expected to follow the culture and structure of an institution. McHugh and Hogan (2010, p. 10) had also proposed the use of in house PM methods as they benefit and work well within institutions.

**The tools and techniques for new product development**

This research also intended to unravel the PM tools and techniques that are employed by MFIs in Sub-Saharan Africa in the development of new products or services. The tools and techniques that was found to be commonly used in the development of new products or services in all the MFIs interviewed was progress reports. Progress report is basically the report on the progress of a project at a specific time. The respondents also mentioned that progress reports helps to monitor or evaluate the success or failure of the project. These reports are depended upon to improve upon products if there is the need.

It was not surprising to obtain this response from all the institutions since they all provide reports that are published in the MixMarket website. Apart from BIMAS who occasionally use Ghantt charts on some projects, none of the institutions use Ghantt charts or other common PM tools and techniques like work breakdown structure (WBS) and milestone chart/planning. The general view of the institutions interviewed is that progress reports are very reliable. The dependence of progress reports as a tool for these MFIs could be due to the fact that it is easy and simple to prepare unlike some of the other tools which may require additional software.
CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

Introduction

This main objective of this study was to investigate the practice of PM in new product development in MFIs in Sub-Saharan Africa and which PM methodologies, tools or techniques are used. This chapter concludes the analysis and discussions of the empirical findings and provides recommendations for future work.

6.1 Over all Conclusions

The following conclusions were drawn from this study based on the empirical findings:

Based on the empirical findings, six of the MFIs in Sub-Saharan Africa interviewed are into new product development whilst the other two are not. The main product that is developed by these MFIs is credits/loans. However, Reliance has extended its products to include savings, insurance and money transfer whilst FIDES also have savings in their product portfolio.

From the empirical findings, BIMAS and CEDEF appear to be more innovative and have crafted products that explore emerging issues of global concern like environmental protection.

Based on the empirical findings, the needs of the clients form the main reason why the MFIs go into new product development. However, competition also plays a role but it depends on the country and community in which the MFI is operating.

The findings also show that the six MFIs that are into new product development organize product development through projects. PM is the means through which new products are developed. In addition, projects are managed either solely by each MFI or done in collaboration with other institutions.

This study has also shown that the six MFIs do not follow strict or detailed PM steps in managing new product development. They however approach PM with flexibility.

The PM methodology that is used in developing new products or services in the six MFIs is the in House PM method since it is adapted to institutional culture.

Progress reports is the main tool or techniques that are used by the six MFIs in monitoring and evaluating new product development.
The summary of steps that the MFIs interviewed take in developing new products or services includes; clients’ needs for which management responds to by conducting a survey to identify those needs. This requires the assembling of a PM team to design a product prototype that is tested on a pilot scale (there is monitoring and evaluation of the prototype to see whether it is successful) after which it is launched on a major scale. The final phase is when the product becomes part of the institutions product portfolio, however there is continuous monitoring of the product performance. The steps are illustrated in figure 13.

**Figure 13: Project Management steps of developing new products in Microfinance**

### 6.2 Theoretical implication of this study

The importance of PM in managing projects is well known in the academic world. Several authors have mentioned the effectiveness of PM in handling organizational activities. However, there is no information on the practice of PM in new product development MFIs in Sub-Saharan Africa. This study has provided empirical evidence that PM is practiced but with flexibility in new product development in the MFIN in Sub-Saharan Africa. It has also shown that it is not applicable to all the MFIs as some of the institutions interviewed do not apply PM.
The PM methods and tools that are used by MFIs in new product development are also documented in this study. The PM method that was found to be most convenient and suitable for new product development in the MFIN is the in house methods as it is adapted to the culture of an institution. In addition, The PM tools or techniques that were found to be suitable for new product development in the MFIN in Sub-Saharan Africa is progress reports as this enables the institution to effectively monitor and evaluate new product development.

**Practical Implication of this study**

The MFIN in Sub-Saharan Africa is experiencing growth in terms of the number of institutions that are engaged in microfinance as well as clients that are patronizing. This empirical study has shown that client needs form the main reason that calls for new product development and confirms some previous reports. Incoming MFIs should be aware of this factor when serving clients. The practice of PM seems to be an effective means of developing new products in the MFIN in Sub-Saharan Africa. Therefore incorporating PM into MFI activities and practicing it to a large scale would lead to an effective means of developing new products or services for clients.

The PM method that was found to be most convenient and suitable for new product development in the MFIN is the in house methods as it is adapted to the culture of an institution. The researcher recommends MFIs who want to adopt PM in new product developments to develop an in House method as they know the structure and culture of their organization better and therefore can develop their own PM method which fits into their institutional culture.

The PM tools or techniques that were found to be suitable for new product development in the MFIN in Sub-Saharan Africa are the progress reports. This enables the institution to effectively monitor and evaluate new product development. Unlike some of the other tools which may require some additional software to run, progress reports are easy and simple to prepare and contains valuable information concerning the project. This tool is therefore recommended for MFIs. However, other PM tools could be used depending on the product being developed.

6.3  **Limitations of this study**

This study has some limitations that cannot be overlooked. First of all, the study intended to look at the broad practice of PM in new product development in Sub-Saharan Africa and projected about 28 respondents for the interview. However, only eight MFIS participated in the interview. There was not an equal balance in the type of MFIs that participated in the interview as only one commercial bank, two Non-Bank financial institutions and five NGOs were included. As this is a qualitative research and involves a case study, the information that is derived from this research cannot be generalized for all MFIs.
As there is no available information on the practice of PM on new product development in MFIs operating in Sub-Saharan Africa, the basic research question of this study was to find out such practice and to ascertain the PM methods, tools and techniques used. In depth details of the processes or activities that go into each individual step of PM was not fully addressed because this work is to serve as a foundation for future studies to be built upon. In addition in depth details on how the methods, tools or techniques are followed as well as how they help in optimizing time, cost and quality of projects was not fully addressed.

6.4 Suggestions for Future Research

Future research should address the limitations that have been raised in this study. For instance more MFIs should be included in the study and there should be a more balanced proportion in terms of the different types of MFIs so that a clear pattern and conclusions could be drawn. In addition, the individual PM steps, methods and tools or techniques that are used by each MFI should be tackled in more detail.
REFERENCES


## Appendix 1


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Appendix 2

Prince2. A structured approach to PM

Appendix 3

The interviewee personal information

- Please tell me your name and little about yourself
- What position do you hold in your institution

New product or services development

- Are you involved in the development of new products or services?
- How long have you been part of the development of new products or services?
- What are the recent products or services or services that institution has developed?
- Can you brief me on the product development process?
- Why does your institution develop new products?
- What factors do you consider in developing new products and services?

Project Management

- How is PM practised in developing new products or services?
- How is PM effective in developing new products are services?
- Is PM practised also in the refinement of an existing product or service?
- What PM methods is your institution using in the development of new products or services?
- What tools and techniques are commonly used in developing new products or services in your institution?
- Does your institution apply PM in other projects or activities besides new product development?
Appendix 4

Questionnaire

Questionnaire to examine how project management is practiced in MFIs. Which activities do they employ PM and what methods, tools and techniques are used?

1. Name of Microfinance institution.

2. What type of Microfinance Institution are you? Select the most appropriate option
   - NGOs
   - Rural bank
   - Saving institutions
   - Commercial bank
   - Non/bank financial institution
   - Cooperative
   - Postal financial institution
   - Others (specify)

3. What type of products or services do you offer to clients? Select the options that are applicable to your Institution
   - Credit/loans
   - Savings
   - Insurance
   - Money transfer
   - Others (list them)

4. Have your Institution been engaged in or is engaging in new products or services developments for clients?
   - Yes
   - No

5. Is the development of new products and services in your institution organized through projects?
   - Yes
   - No
6. Does your organization embark on projects on their existing operations as a means of executing an objective?
   - Yes
   - No

7. Is project management an identifiable process in your Institution?
   - Very often (50% of all activities or above)
   - Moderate (below 50% of all activities)
   - Not at all

8. Is project a vehicle for tackling all business-led change within your Institution?
   - Very often (50% of all business-led change and above)
   - Moderate (below 50% of all business-led change)
   - Not at all

9. Which of the following project management methods are used in the development of new products or services in your Institution? Select the options that are applicable in your Institution.
   - PMBOK
   - PRINCE2
   - In house project methods (specify)
   - others (specify)

10. Which of the following project management tools and technique are used in the development of new products or services in your Institution? Select the options that are applicable to your Institution.
    - Gantt chart
    - Scope statement
    - Work breakdown structure (WBS)
    - Milestone chart / planning
    - Progress report
    - Others (specify)

11. I wish to conduct follow-up interview, please indicate your willingness to participate

12. If you have answered YES, please provide your telephone number or Skype address whichever is appropriate in the space provided.
### Appendix 5

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<th>Name of Microfinance Institution</th>
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<th>What type of products or services do you offer to clients?</th>
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