

RISK MANAGEMENT ON THE PERFORMANCE OF VIRTUAL PROJECT TEAMS IN KENYA

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Abstract: The way we work in our fast-paced world is quickly changing. Skilled but unemployed Kenyans are seeking and finding work on online platforms on contract and full – time basis. They are part of virtual teams that rely heavily on collaborative software applications to work. Their performance is gauged by how they meet project goals within the set costs, time and scope. Unfortunately, some teams are unable to meet the goals and this compromises their performance. This is the problem addressed in this study by investigating the effects risk management have on the performance of virtual project teams in Kenya. The research design was descriptive. The target population was 574 Kenyans who are virtual freelancers on the Upwork Global Incorporated platform. Using the simple random sampling, the researcher got a sample of 172. A semi structured questionnaire was used to collect primary and secondary data. The data was then analyzed using descriptive and inferential statistics. The findings of the established that ill prepared team members and risk management were the risk management variables that had an effect on virtual project teams in Kenya. Based on these conclusions, the researcher recommended that organizations identify the project strategy that works best for them and build their virtual team around it. This would ensure that it would be a high performance team. Also recommended was training for virtual project managers on virtual project team management; the development and application of risk assessment and management plans; and remote collaboration tools.

Keywords: Risk Management, Project Performance.

1. INTRODUCTION

Around the world employers are beginning to appreciate a new breed of specialist employee- the virtual employee also known as the teleworker freelancer. This type of employee relies heavily on technology to get their work done. A strong internet connection, Wi-Fi, project management skills and software applications are their tools of trade. They are also not limited by borders. In this type of work environment, it is not unusual for virtual project managers to have team members located in different countries. According to Johnson, Heimann and O'Neill (2001) most western organizations have 'moved away from working with people in visual proximity to working with people around the globe.' Dulebohn and Hoch (2017) are in agreement and cite a survey of '1372 business respondents from 80 countries' that found that '85 per cent of them were in virtual teams.'

Wise (2016) pointed out that 'technology allows for the lifting of barriers that restricted traditional jobs. Barriers such as geographic boundaries, cultural norms and organizational practices and restrictions regarding timing and the locations of employee contribution no longer limit how work gets done'. According to Hertel, Geister and Kondrat (2005) 'technology has made it possible for organizations to have virtual employees to some extent.' According to a study by Deloitte Touche (2013) due to technology remote teams 'working across time zones are becoming more common and could affect traditional 9 -5 work day.'

Turner (2012), identified a number of project management practices which includes : requirements definition (strategies); risk management; activities related to managerial experience such as status reports ' time, work breakdown, issue management, status reports ' costs, resource schedules, project road map, team building, and responsibility assignment

matrix; project book and agile methods (collaborative technology). Beiseet al. (2010) quotes (Tiwana and Keil, 2006) who in their study identified risk management as a project management practice 'project management practices that have been linked to information technology project success include risk management'. Dube and Marnewick (2016) identified the following as criteria for measuring virtual project team performance: leadership, trust, communication, team cooperation, reliability, motivation, comfort and social interaction.

Siebrat, Hoegl and Ernst (2009) in a study of '70 virtual teams found out that 18 percent of them were not successful.' In yet another study by Onpoint Consulting (2010) 27 per cent of teams were not performing as expected. DactusGroup (2013) found that 1 out of 20 managers indicated that they were managing their team well. Weimann, Pollock, Scott and Brown (2013) found out that virtual team performance was affected by poor use of technology. The solution as presented by Cooke-Davis(2001) to improve on the performance of the virtual teams and their managers lies in identifying and adopting project management practices.

2. STATEMENT OF THE PROBLEM

Working online is a growing trend in Kenya. Over 10,000 Kenyans have registered for work on a global online working platform known as Upwork Global Inc. The Kenyan government too in a bid to deal with the high unemployment among young adults has through its Ajira platform, identified Upwork Global Incorporated as one of the sites that qualified unemployed Kenyans can find work. The site has many available categories from various disciplines such as business, education, technology, writing, and many more. However, many of those signing up for work are not consistent in working online full time and submitting work that meets the clients' requirements and therefore end up with poor rating which shows that their clients are not satisfied with their performance.

Work statistics from Upwork (2017) on Kenyan virtual workers using their platform between November 2017 to April 2018 show that during this 6-month period, out of the 17968 who had registered for work, only 1494 worked between 1 – 100 hours. Of these 1494, only 582 had a job success rate of 80 per cent and above and about 92 per cent had a job success rate of 79 per cent and below. These figures show that out of the registered freelancers, only 8 per cent worked between 1 and 100 hours in that 6 month period. Secondly, of those that did work in that hour category, only 39 per cent had a favorable job success rate. These figures collaborate with a study done by Ferrazzi (2014) citing Deloitte (2005) who found that 66per cent of clients were not satisfied with the work done by information technology virtual teams.

To address these challenges project management skills and knowledge have become a common requirement from clients seeking to hire virtual freelancers. This is a skill that cuts across all disciplines. According to Aritz, Cardon, Logemann, Marsen and Walker (2016) "a project management approach helps develop virtual team skills that will impact positively on their performance" and avoid situations where work is below par. Ilies, Crisan and Muresan (2010) noted that these practices "reduced failure and maximized the achievement of set goals."

Previous research on Kenyan online workers by Kuek Siouet. al(2015) and Mann and Friederici (2012) focused on the opportunities found on virtual platforms and the Kenyan uptake of these jobs. Their performance was not studied. Studies on virtual teams and their performance has mainly focused on western countries, such as Piccoli and Ives (2000) on the USA; and Pullan and Prokopi (2016) on Europe. A gap exists on the Kenyan context. The purpose of the study was therefore to establish the influence of risk management on the performance of virtual teams in Kenya.

3. LITERATURE REVIEW

Kuek Siou *et al.* (2015) in their study on 'the global opportunity in online outsourcing' gathered information from public data, interviewed online outsourcing firms and industry experts found out that there were benefits to be gained from the growing online outsourcing market which companies use to hire skilled freelancers to form virtual online teams. They also acknowledged that their report did not capture data on virtual team members who opt to stop virtual work. This is a risk that hiring managers have to contend with as they look to hire and maintain teams that will stay on to the end of the project.

Hoefling (2012) identifies team members who are ill prepared to work at a distance as a source of conflict: they pose a risk to the virtual teams' project progress. A hindrance in a project increases its scope, costs and delays the delivery date. According to Rad *et al.* (2003), the best way to deal with this problem was to use the team approach in risk management. 'This means that team members are also involved in the management process. The project manager is in charge of the team's performance but when the virtual team members are allowed to identify, classify, estimate their probability, impact

and time frame of their occurrence, no stone is left unturned. According to Harpham (2015) a project management expert in his article ‘lead virtual teams’ this enables the team to continue with their work and finish on time’.

Kuruppuarachchi, (2009) in the case study of a certain organization noted in her paper ‘virtual team concepts in projects’ that if virtual team members did not know what was categorized as a risk, then the threats would go unreported or reported very late and recommended the use of a preplanned risk response. According to Goodpasture (2010) a project management expert, in his study on businesses using agile methods wrote the book ‘project management the agile way: making it work in the enterprise’ and in it noted that virtual project managers need to “recognize and understand” what the threats are. Grabowski and Roberts (1999) in their review in ‘risk mitigation in virtual organizations’ found out that it was necessary for virtual organizations to have a plan / strategy that would identify and help in managing situations that may affect project completion within the set conditions. They identified four processes that should make up the risk management strategy. These included ‘communication, culture and trust.’

According to Plump and Ketchen (2013) in their review on ‘navigating the possible legal pitfalls of virtual teams’ they noted that organizations hiring virtual teams can easily overlook labor and personnel issues and intellectual property rights ultimately pose a risk to their project goals and virtual team performance. They recommend examination of legal requirements of the nation that the organization or employer is hiring from as well as employee contracts which not only protect the organization but also reassure the virtual employees and impacting positively on their performance.

4. RESEARCH METHODOLOGY

The study had a descriptive research design. The researcher targeted Kenyan freelancers on Upwork that were available to work on virtual teams. According to Upwork, there were 574 Kenyan virtual freelancers that had signed up to access virtual work opportunities in 9 categories between June 2017 and December 2017. The researcher conducted simple random sampling. The researcher had a sample of 172 Kenyan virtual freelancers on the Upwork platform. The researcher collected both primary and secondary data. Data sampled was analyzed using descriptive and inferential statistics.

5. FINDINGS

The findings of the influence of risk management on project performance are indicated in Table 1.

Table 1: Risk Management

Question	Mean	Std. Deviation
The team performance is affected when a team member leaves suddenly before the end of the project?	3.61	1.51
The team performance is affected by entry of new members into the team	3.28	1.27
There is a strategy for identifying situations that may hinder the completion of the project	4.21	1.32
The contracting organization/ employer meet labor and personnel legal requirements in your residing country before hiring you.	3.92	0.60
Average Mean	3.75	1.175

Research findings presented in Table 1 showed that the average mean for the Likert items was 3.75 implying that most of the respondents agreed on the Likert items. This corresponded with study results reported by Grabowski and Roberts (1999) and Rad et al (2003) who reported that a risk management plan was important and that it should involve all team members in the implementation process. The highest mean was 4.21 where respondents agreed that there was a strategy in their virtual project teams for identifying situations that may hinder the completion of the project. This agrees with the study done by Harpham (2015) who reported that virtual team members should be part of the risk management process.

The respondents were also asked whether their contracting organization/ employer meet labour and personnel legal requirements in their residing county before hiring them. This question had the second highest mean of 3.92 showing that they thought it was balanced but leaned more towards agreeing with the statement. This is probably because the Kenyan government has recommended Upwork Global Incorporated has one of the sites that freelancers can look for online work. This corresponds to a study done by Plump and Ketchen (2013) who concluded that government and organizational involvement was necessary as a way of protecting the virtual workers legal personnel rights and positively influencing their performance.

6. CONCLUSIONS AND RECOMMENDATIONS

It was determined that there was a significant but weak relationship between the entry of new team members and there being a strategy to identify situations that may hinder the completion of the project on time. It was concluded that ill prepared team members and risk strategy were the main independent variables that had an effect on the dependent variable. The researcher recommends that organizations have a risk assessment and management plan for their virtual teams. The virtual team managers should also undergo risk assessment and management training. They also need to involve the team members in implementing the plan because they are able to identify members who may be in a crisis and need help so that they do not abandon their work before the successful completion of a project. Independent virtual workers also need a similar training to help them identify and manage situations that will affect their performance.

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