

**ST. MARY'S UNIVERSITY COLLEGE**  
**FACULTY OF BUSINESS**  
**DEPARTMENT OF MANAGEMENT**

**The Assessment of Implementation of Business Process Re-Engineering:  
The Case of Development Bank of Ethiopia**



**A SENIOR ESSAY SUBMITTED TO**  
**THE DEPARTMENT OF MANAGEMENT, BUSINESS FACULTY**  
**ST. MARY'S UNIVERSITY COLLEGE**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE**  
**OF BACHELOR OF ART IN MANAGEMENT**

**BY**  
**Mihret Getachew**

**June, 2011**  
**SMUC**  
**ADDIS ABABA**

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## **ACKNOWLEDGEMENTS**

I would like to thanks to my advisor Ato Daniel Meread for his valuable advise for the preparation of this paper.

I would also like to thank Development Bank of Ethiopian for giving me the opportunity to continue my education and my colleague for their moral and technical support.

Finally, for those who are not mentioned here but helped me, I extend a sincere thank.

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## **ABBREVAITONS**

DBE: Development Bank of Ethiopia

CSC: Customer Services Center

BPR: Business Process Reengineering

PRLR: Project Rehabilitation and Recovery

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# CHAPTER ONE

## INTRODUCTION

### **1.1. Background of the Organization**

The history of Development Bank of Ethiopia goes back to May 31, 1909. Through all these years the Bank operates through different generation, and has taken different names with slight changes of its operational emphasis. For the last hundreds year the Bank operates under the following name: (Zena Lemat Bank, March, 2010).

The Development Bank of Ethiopia (DBE) is one of the financial institutions engaged in providing short, medium and long –term development credits. Since its establishment May 1909, the Bank has been playing a significant role in promoting overall economic development of the country.

The Bank's Organizational set up comprises a supervisory authority, a management Board, a president, Vice presidents and the necessary staffs pursuant to proclamation No. 25/1992. The Bank has regional and branch offices strategically distributed throughout the country.

### **1.2. Background of the Study**

In an effort to comply with the national reform agenda Development Bank of Ethiopia (DBE) undertaken Business process reengineering study in its all functional areas.

The Business Process reengineering study first undertaken in work units responsible for core function of the Bank and thereafter in support functional areas. The results of all these BPR studies were implemented for past two years. This study aims to assess the manner in which BPR study were undertaken and what results were gained from implementation of the same across the Bank.

### **1.3. Statement of the Problem**

During the process of implementation of BPR study recommendation in the Bank's, some of the proposed changes which is expected to bring radical improvements on the overall operations of the Bank could not work as proposed. This problem manifested in such a way that stretch targets settled for different activities in various units of the Bank, in terms of time, quality and cost did not met during the implementation.

Furthermore the monitoring and evaluation reports reveals that many areas of the Bank activities recorded poor results even after Business Process Re-engineering (BPR) implementation as compared to the situation before Business Process Re-engineering (BPR). Due to these the performance of the Bank will not come to the level expected after BPR. This resulted in low level of satisfaction of the Bank's Customers. Therefore, this study is undertaken to identify the causes of failure for implementing BPR in the Development Bank of Ethiopia (DBE).

### **1.4. Basic Research Questions**

The following research questions are developed in order to focus on the topic chosen and to be able thoroughly examine various aspect of this research.

- What are the common pitfalls in BPR implementation in general and specifically in the DBE?
- What are components BPR implementation and how these components of BPR are addressed in the DBE?
- What are the causes of BPR implementation failure in DBE?
- What action to be taken to rectify the situation?

### **1.5. Objective of the Study**

#### **1.5.1. General Objective**

The general objective of this study is to make a thorough assessment of the implementation of BPR implementation in the Bank in relation to the implementation outcome expected during the study.

### **1.5.2. Specific Objectives**

More specifically, this research has endeavored to maintain the following particular objective

- To identify and assess the causes of failure for implementing some aspects of the proposed changes.
- To forward to concerned official suitable solutions to rectify the implementation and/or to amend some aspects of the study recommendations.

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

Undertaking Business Process Reengineering (BPR) study is the current phenomena almost in all public institutions of the country. Development Bank of Ethiopia (DBE) as one of public enterprise expected to be radically improved in all its functional processes. Therefore, making assessment study on already implemented BPR studies would help to identify why the implementation of BPR study in the Bank could not bring the desired change in the Bank's performance. Then the assessment study will provide proposed solution for future process improvement activities in the Bank.

### **1.7. Delimitation of the Study**

Development Bank of Ethiopia has 5 regional offices, 11 branches, 20 sub branches in different part of the country and one regional office, one branch and Head office in Addis Ababa. To cover all regional offices, branches and sub branches by the study require long time, money and other facilities. Therefore, the study addresses only one branch in Addis Ababa at Head Office, one regional office in Addis Ababa at Head Office and Head office by itself in Development Bank of Ethiopia located in Addis Ababa. Besides, customers of the organization have been included in the study.

### **1.8. Definition of Terms**

#### **Business Process Re-engineering (BPR):**

The radical redesign of business processes to achieve dramatic improvements in critical measures of performance such as cost, quality, service and speed.

**BPR business diamond:**

The cycle of BPR project includes four elements, process redesign, job and structure, management and measurement system, value and beliefs.

**1.9. Research Design and Methodology****1.9.1. Research Design**

The issues covered by the above research question is to assess why the Business Process Reengineering study implementation in the Bank was not brought the desired results, Therefore, this is the exploratory research, to examine and find the causes of BPR implementation problem in the mentioned work units of the Bank.

**1.9.2. Population and Sampling Techniques**

The populations of the study are composed of managers, employees at different level of the Bank and customers of the Bank. Employees and Managers were selected by using stratified sampling method. Population and sample size of each work units are summarized in the following table.

**Table 1.1:** Population and sample size of the survey

Name of Process and Office	Population Size			Sample Size		
	Supervisor employee	Operational employee	Total	Supervisor employee	Operational employee	Total
President Office and Loan Approval Team	8	16	24	1	2	3
Internal Audit	3	22	25	1	3	4
Risk Management Process	5	19	24	1	3	4
Legal Process	4	15	19	1	2	3
Project Appraisal Sub Process	3	18	21	1	3	4
Credit Process	5	32	37	1	3	4
Export Credit Process	1	8	9	1	1	2
Strategic Planning	5	12	17	1	2	3
HRM Process	4	20	24	1	3	4
Business Promotion	6	16	22	1	2	3
Research Process	6	28	34	1	3	4
Finance and Accounts	3	56	59	1	8	9
Information Technology Pro	4	16	20	1	2	3
Property Mgt Process	9	64	73	1	12	13
Ethics & Complaint Management Bureau	1	4	5	1	1	2
Project Rehabilitation & Loan Recovery Sub Process	3	17	20	1	3	4
Rural Financial Intermediation Program Bureau	3	7	10	1	1	2
Central Region	5	28	33	1	3	4
Addis Ababa Branch	1	10	11	1	1	2
Total	79	408	487	19	58	77

**Source:** Secondary data, 2011

Based on this, out of the 487 populations of the 19 management members and 58 employees were included in the study. This means 15.81% of the population is taken as a sample using stratified sampling techniques. In addition to this 40 customers of the Bank are included in study and the sample was made using purposive sampling technique.

Among the total questioners distributed to 58 employees, 48 (82.75%) were returned safe, from 19 questionnaire distributed to supervisor, 19 (100%) were responded and from 72 questionnaire distributed to customer of the Bank 40 (55.55%) were returned. In addition data were collected through interview from 4 executive and management members of the bank.

### **1.9.3. Types of Data Used**

Two basic types of data were used, primary and secondary data. Primary data includes information from respondents, which were collected through questionnaire, interview, observation, and it was assumed that this data would provide original information to the study. On the other side, secondary data was obtained from related literature, it includes different kinds of published and unpublished books, journal, internets and other relevant available materials.

### **1.9.4. Methods of Data Collection**

The primary data was collected through questionnaires and interviews. The questionnaires were distributed to the target respondents found in the mentioned offices. The questions were both closed and open ended type. The second tool of collecting information that was used in gathering the desired data was semi-structured interview. This might help the researcher to get a chance to dig out and raise some main questions.

### **1.9.5. Method of Data Analysis**

Descriptive statistics were applied to organize, present and analyze the data qualitatively. Furthermore, the qualitative methods of data analysis were also implemented to identify the differences in perception among different respondents.

### **1.10. Limitation of the Study**

In order to make a sound research it requires availability of sufficient time, money and other resources. In doing this study the main constraints were finance and time. In addition the willingness of employees and customers to give the necessary information can be mentioned as another limitation of the study.

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

This study contained four chapters, the first chapter discusses about background of the organization, background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope (delimitation of the study), and definition of terms, research design and methodology, limitation of the study and organization of the study. The second chapter focused on literature review. This is followed by the third chapter that contained data presentation analysis and interpretation. Finally the last chapter concentrated on the discussion of summary, conclusion and recommendation.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1. Definition of Business Process Re-engineering

Business process re-engineering (BPR) is the redesign of business process and associated system and organizational structures to achieve dramatic improvements in business performance. BPR is not downsizing, restructuring, reorganization, automation, or new technology. It is the examination and change of five basic components: strategy, process, technology, organization and culture. (Hammer and Champly, 1993)

BPR as a term and as practice has a short but complicated history. BPR become very popular in the early 1990s. However, the methodology and approach were not fully understood or appreciated. Despite the abuses of the practice of redesigning business process along with the associated technologies and organizational structures is more popular today than ever. Organizations continue to reexamine and fundamentally change the way they do their business.

The most common and used definition is given by Michael Hammer and [James](#) Champy, 1993.

“fundamental rethinking and radical redesign of business process to achieve dramatic improvements in critical contemporary measure of performance, such as cost, quality, service and speed”.

The above definition contains four key words. They are fundamental, radical, dramatic and process. These concepts can be elaborated one by one as follows:

#### **Fundamental:**

In doing reengineering managers must ask the most basic questions about their organization and how they operate why do we do what we do? And why do we do it the way we do? Asking these fundamental questions forcing the organizational managers to challenge tacit rules and assumptions that underlie the way they conduct their business.



Business process re-engineering first determine what an organization must do, then how to do it takes BPR takes nothing for granted . It ignores what is and what concentrates on what it should be.

**Radical:**

Radical design means getting the roots of things: not making superficial changes but throwing out the old. In BPR radical redesign means disregarding all existing structures and procedures and inventing new ways of accomplishing work. BPR is about reinvention-not business improvements, business enhancement and business modification.

**Dramatic:**

BPR is not about making marginal or incremental improvements but about achieving quantum leaps in performance. Marginal improvements require fine tuning, dramatic improvements demands blowing up the old and replacing it with something new.

**Processes:**

This word is the most important in the definition and it is the one that gives most corporate managers the greatest difficulty. Most managers are not process oriented, they are focused on tasks, on jobs, on people, on structure, but not processes. Business process is defined as collection of activities that takes one or more input and creates an output that is of value to customer.

Under the influence of Adam smith's notion of breaking work into its simplest tasks and assigning each of these to specialist, modern companies and their managers focus on the individual's tasks in this process. The individual tasks within this process are important, but none of them matters one whit to the customer if the overall process does not work. i.e. if the process does not deliver the goods.

The key words that characterize BPR are fundamental, radical, dramatic and process, but especially process. Task based thinking, the fragmentation of work into its simplest components and their assignment to specialist works - has influenced the organizational

design of companies for the last two hundred years. The shift to process based thinking is realized with the help of BPR as radical process improvement tool.

## **2.2. Type of Companies Who Should Undertake BPR**

First, organizations that finds themselves in deep trouble. They have no choice. These organizations need the order of magnitude improvement, that organization clearly needs BPR.

Second, organizations those are not yet in trouble, but whose management has the foresight to see trouble coming. These organizations have a vision to begin BPR in advance of running into adversity.

The third types of organization undertaking reengineering are those that are in peak condition. They have no discernable difficulties, either now or on the horizon, but their managements are ambitious and aggressive. Organizations in this third category see BPR as an opportunity to further their leads over their competitors.

## **2.3. What Business Process Reengineering (BPR) is Not**

People with poor knowledge of BPR and just being introduced to the concept often jump to the conclusion that it is much the same as other business improvement programs with which they are already familiar. They considered it as downsizing, restructuring or some other business fixes. But BPR has little and nothing in common with any of these other programs and differ in significant ways.

First, despite the prominent role played by information technology in BPR, it should by now be clear that BPR is not the same as automation. Automation simply provides more efficient ways of doing the wrong kinds of things

BPR is not restructuring and downsizing. These are activities for reducing capacity to meet current, lower demand. They only mean doing less with less. BPR, by contrast, means doing more with less.

BPR also is not the same as reorganizing, or flattening an organization, although BPR may, in fact flatter organization. This is on the ground that, the problem facing organizations do not result from their organizational structures but from their process structures BPR is not the same as quality improvement, total quality improvements (TQM) or any other manifestation of the contemporary quality movement. To be sure, quality programs and BPR share a number of common themes. They both recognize the importance of processes, and they both start with the needs of process customer and work backward from there. However, the two programs also differ fundamentally. Quality programs work within the framework of organization's existing processes and seek to enhance them by means of continual incremental improvement. The aim is to do what we already incremental improvement to process performance. BPR seeks breakthroughs, not by enhancing existing processes, but by discarding them and replacing them with entirely new ones. BPR involves, as well, a different approach to change management from that needed by quality programs.

Finally, BPR is about rejecting the conventional wisdom and received assumptions of the past, it is about inventing new approach to process structure, and it is the search for new model of organizing work.

## **2. 4. Principles of Business Process Reengineering (BPR)**

The BPR design principles come from successful experiences and other manufacturing technologies which draw the following general principles:

### **2.4.1. Several Jobs Combine into One**

This is the most basic feature of reengineered processes, that is many formerly distinct jobs or tasks are integrated and compressed into one. As a result the responsibility for various steps of the process become compressed and assigned to one person. The person now performs the whole process and also serves as single point of contact for the customer. Eliminating handoffs means doing away with errors, delays and rework that they endanger and also reduces process administration overheads. Improved control is another benefit of integrated processes; because they involve fewer people, assigning responsibility for them and monitoring performance is easier.

#### **2.4.2. Workers Make Decisions**

Organizations that undertakes BPR, not only compress processes horizontally by having individual or case team perform multiple, sequential tasks but vertically as well. Vertical compression means that at the points in a process where workers used to have to go up the managerial hierarchy for an answer, they now make their own decisions. Instead of separating decision making becomes part of the work. Workers themselves now do that portion of a job that, formerly, managers performed. The benefits of compressing work vertically as well as horizontally include fewer delays, lower overhead costs, better customer response, and greater empowerment for workers.

#### **2.4.3. The Steps in the Process are performed in Natural Order**

Process redesigning freed from tyranny of straight line sequence; natural precedence in the work, rather than the artificial one introduced by linearity, can be exploited. Linear sequencing of tasks imposes artificial precedence that slows work down. Reengineered processes work is sequenced in terms of what follow what. De-linearizing processes speeds them up in two ways. First many jobs get done simultaneously. Second, reducing the amount of time that elapses between the early and late steps of the process narrows the window for major change that might make the earlier work absolute or make the latter work inconsistent with the earlier. Organizations thereby encounter less rework, which is another major source of delay.

#### **2.4.4. Processes have Multiple Versions**

Traditional process was intended to provide mass production for a mass market. All inputs were handled identically, so companies could produce uniform and consistent outputs. To meet the demands of today's market we need multiple versions of the same process, each one tuned to the requirement of different markets, situations or inputs. Traditional one size fits for all processes are usually very complex, since they must incorporate special procedures and exception to handle wide range of situations. A multi- version process, by contrast, is clean and simple, because each version needs to handle only the cases for which it is appropriate.

#### **2.4.5. Work is performed where it makes the Most Sense**

In traditional organizations, work is organized around specialists and not just on the factory floor. This kind of process is expensive, since it involves a variety of departments plus the overhead that is associated with tracking all the pieces of the process together.

#### **2.4.6. Checks and Controls are reduced**

Another kind of non- value added work that gets minimized in reengineered processes is checking and control; or to put more precisely , reengineered processes use controls only to the extent that may they make more economic sense.

#### **2.4.7. Reconciliation is minimized**

Yet another form non value- adding work that reengineered processes minimize is reconciliation. They do it by cutting back the number of external contact points that a process has, thereby reducing the chances that inconsistent data requiring reconciliation will be received.

#### **2.4.8. The Case Manager Provides a Single Point of Contact**

The use of case manager is another recurring characteristic that we find in reengineered processes. This mechanism proves useful when the steps of the process either are so complex or are dispersed in such a way that integrating them for a single person or even for small team is impossible.

#### **2.4.9. Hybrid Centralized/Decentralized Operations are Prevalent**

Organizations that have reengineered processes have the ability to combine the advantage of centralization and decentralization in the same process.

The objective of pointing the characteristics that we see recurring in reengineered business processes is not to suggest that all reengineered processes look the same straightforward matter. Not all reengineered processes will display all of the characteristics cited above. Actually creating a new design requires insight, creativity and judgment.

## **2.5. Kind of Change after Undertaking Business Process Reengineering**

BPR entails the radical redesigning of organizations business processes. But while reengineering does start with process redesign, it does not end there. Fundamental changes in business processes have implication for many parts and aspects of an organization. When it is done properly, practically every aspect of the organization is transformed. The kinds of changes that occur when an organization reengineers its business processes are the following: -

### **2.5.1. Work Unit changes**

Once it is restructured, process teams - a group of people working together to perform an entire process turn out to be a logical way to organize the people who perform the work. Process teams replace the old departmental structure.

### **2.5.2. Job change**

People working in process teams will find their work far from the jobs they have been accustomed. Process teams worker, who are collectively responsible for process results rather than individually responsible for tasks, have different kind of job. They share joint responsibility with their team members for performing the whole process, not just a small piece of it. They not only use a broader range of skills from day to day, they have to be thinking of a far big picture. As work becomes more multidimensional, it also becomes more substantive. Reengineering eliminates not just waste but non- value adding work as well. Most of the checking ,reconciling, waiting, monitoring, tracking- the unproductive work that exist because of the boundaries within an organization and to compensate for process fragmentation- is eliminated by reengineering, which means that people will spend more time in doing real work. After reengineering, work becomes more satisfying, since workers achieve a greater sense of completion, closure and accomplishment from their jobs.

### **2.5.3. People's Roles change**

A task-oriented, traditional company hires people and expects them to follow the rules. People working in a reengineered process are, of permitted and powered. As process team workers they are both permitted and required to think, interact, use judgment, and make decisions.

Teams, of one person or several, performing process-oriented work are inevitably self-directing. Within the boundaries of their obligations to the organization—agreed upon deadlines, productivity goals, quality standards, etc.—they decide how and when work is going to be done. If they have to wait for supervisory direction of their tasks, they aren't process teams.

Empowerment is an unavoidable consequence of reengineered processes; processes can't be reengineered without empowering process workers.

#### **2.5.4. Job Preparation changes**

If jobs reengineered processes require that people not follow rules, but rather that they exercise judgment in order to do the right thing, then employees need sufficient education so that they can discern for themselves what that right thing is.

Training increases skills and competence and reaches employees the "how" of a job. Education increases their insight and understanding and teaches the "why".

#### **2.5.5. Focus of Performance Measures and Compensation**

Worker compensation in traditional companies is relatively straightforward: People are paid for their time. When work is fragmented into simple tasks, companies have no choice but to measure workers on the efficiency with which they perform narrowly defined work. The trouble is the increased efficiency of narrowly defined tasks does not necessarily translate into improved process performance. That value is measurable because in reengineered business processes, teams create products or services that have intrinsic value. In companies that have reengineered, performance is measured by value created and compensation should be set accordingly.

#### **2.5.6. Advancement Criteria change**

A bonus is the appropriate reward for a job well done. Advancement to a new job is not. In the aftermath of reengineering, the distinction between advancement and performance is firmly drawn. Advancement to another job within the organization is a function of ability, not performance. It is a change, not a reward.

### **2.5.7. Values change**

Reengineering entails as great a shift in the culture of an organization as in its structural configuration. Reengineering demands that employees deeply believe that they work for their customers, not for their bosses. They will believe this only to the extent that the company's practices of reward reinforce it.

An organization's management systems-the ways in which people are paid, the measures by which their performance is evaluated, and so forth-are the primary shapers of employees' values and beliefs.

### **2.5.8. Managers change**

When a company reengineers once, complex processes become simpler while once simple jobs grow complex.

Process teams, consisting of one person or many, don't need bosses; they need coaches. Teams ask coaches for advice. Coaches help teams solve problems. Coaches are not in the action, but close enough to it so they can assist the team in its work.

Traditional bosses design and allocate work. Teams do that for themselves. Traditional bosses supervise, monitor, control, and check work as it moves from one task performer to the next. Teams do those themselves. Traditional bosses have little to do in a reengineered environment. Managers have to switch from supervisory roles to acting as facilitators, as enablers, and as people whose jobs are the development of people and their skills so that those people will be able to perform value-adding processes themselves.

### **2.5.9. Organizational Structures change**

When a whole process becomes the work of a team, process management becomes part of the team's job.

In the traditional company, organizational structure is an important issue on which enormous amounts of energy are expended why? Because organizational structure is the mechanism through which a great many issues get resolved and questions get answered.



Consequently, whatever organizational structure remains after reengineering tends to be flat, as work is performed by teams of essentially coequal people operating with great autonomy and supported by a few managers-few, because while a manager can typically supervise only about seven people, he or she can coach close to thirty. At a one to seven manager-to-worker ration, an organization is of necessity hierarchical. At one to thirty, it is much less so.

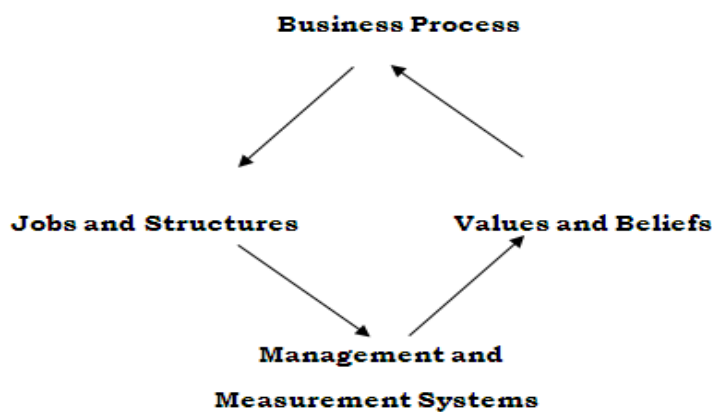
**2.5.10. Executive change**

Not the least of the changes set off by reengineering is the opportunity and necessity for a shift in the role of a company’s senior executives. Flatter organizations move senior executives closer to customers and to the people performing the company’s value-adding work. In a reengineered environment, the successful accomplishment of work depends far more on the attitudes and efforts of empowered workers than on the actions of the task-oriented functional managers. Therefore, executives must be leaders who can influence and reinforce employees’ values and beliefs by their words and their deeds.

**2.6. The Business System Diamond**

When we summarize the above changes that occur when a company reengineers its business processes: Jobs certainly change, as do the people needed to fill them, the relationships those people have with their managers, their career paths, the ways people are measured and compensated, the roles of managers and executives, and even what goes on in workers’ heads. In short, reengineering a company’s business processes ultimately changes practically everything. The following is the business system diamond which depicts the sequence of changes as result of undertaking BPR as process improvement tool.

**Figure 2.1:** Business system Diamond



**Source:** A research service of CSC Index and Hammer and Company, 1990

Diamond is the company's business processes-the way the work gets done; the second is its jobs and structure; the third, its management and measurement systems; and the fourth, its culture-what its employee's value and believe.

The linkages are key. The top point of the business system diamond, process, determines the second point, jobs and structure. The ways in which work is performed determine the nature of people's jobs and how the people who perform these jobs are grouped and organized.

Likewise, people who perform multidimensional jobs and who are organized into teams must be recruited, evaluated, and paid by means of appropriate management systems. In other words, jobs and structures, themselves determined by the process designs, in turn lead to the third point on the diamond, the kind of management systems a company must have.

The management systems-how people are paid, the measures by which their performance is evaluated, and so forth-are the primary shapers of employees' values and beliefs, the fourth point on the diamond. By values and beliefs, we mean the issues and concerns that people in the organization think are important and to which they pay significant attention. Finally, the reigning values and beliefs in an organization must support the performance of its process designs.

## **2.7. Business Process Reengineering Success Factors**

More than half of early reengineering projects failed to be completed or did not achieve bottom-line business results, and for this reason business process reengineering " success factors" have become an important area of study. The success factors below are derived from benchmarking studies.

Success factors are a collection of lessons learned from reengineering projects. Reengineering team members and consultants that have struggled to make their projects successful often sighted the following:- (Russell M. Linden, 1994).

1. Top Management Sponsorship (strong and consistent involvement)
2. Strategic Alignment (with company strategic direction)
3. Compelling Business Case for Change (with measurable objectives)
4. Proven Methodology (that includes a vision process)
5. Effective Change Management (address cultural transformation)
6. Line Ownership (pair ownership with accountability)
7. Reengineering Team Composition (in both breadth and knowledge)

### **2.7.1. Top Management Sponsorship**

Major business process change typically affects processes, technology, job roles and culture in the workplace. Significant changes to even one of these areas require resources, money, and leadership. Changing them simultaneously is an extraordinary task. If top management does not provide strong and consistent support, most likely one of these three elements (money, resources, or leadership) will not be present over the life of the project, severely crippling your chances for success.

It may be true that consultants and reengineering managers give this topic a lot of attention. Mostly because current models of re-designing business processes use staff functions and consultants as change agents, and often the targeted organizations are not inviting the change. Without top Management sponsorship, implementation efforts can be strongly resisted and ineffective.

### **2.7.2. Strategic Alignment**

You should be able to tie your reengineering project goals back to key business objectives and the overall strategic direction for the organization. This linkage should show the thread from the top down, so each person can easily connect the overall business direction with your reengineering effort. You should be able to demonstrate this alignment from the perspective of financial performance, customer service, associate (employee) value, and the vision for the organization.

Reengineering projects not in alignment with the company's direction can be counterproductive. It is not unthinkable that an organization may make significant

investments in an area that is not a core competency for the company, and later this capability be outsourced. Such reengineering initiatives are wasteful and steal resources from other strategic projects.

Moreover, without strategic alignment your key stakeholders and sponsors may find themselves unable to provide the level of support you need in terms of money and resources, especially if there are other projects more critical to the future of the business, and more aligned with the strategic direction.

### **2.7.3. Business Case for Change**

In one page or less you must be able to communicate the business case for change. Less is preferred. If it requires more than this, you either don't understand the problem or you don't understand your customers.

Why is this important? First, your project is not the center of the universe. People have other important things to do, too. Second, you must make this case over and over again throughout the project and during implementation the simpler and shorter it is, the more understandable and compelling your case will be.

Cover the few critical points. Talk to the current state, and what impact this condition has on customers, associates and business results. State the drivers that are causing this condition to occur. State what your going to do about it (vision and plan), and make specific commitments. Keep focusing on the customer. Connect this plan to specific, measurable objectives related to customers, associates, business results, and strategic direction.

The business case for change will remain the center piece that defines your project, and should be a living document that the reengineering team uses to demonstrate success. Financial pay back and real customer impact from major change initiatives are difficult to measure and more difficult to obtain; without a rigorous business case both are unlikely.

#### **2.7.4. Proven Methodology**

The previous module presented several BPR methodologies, and it is important to note that your methodology does matter. Seat-of-the pants reengineering is just too risky given the size of the investment and impact these projects have on processes and people.

Not only should your team members understand reengineering, they should know how to go about it. In short, you need an approach that will meet the needs of your project and one that the team understands and supports.

#### **2.7.5. Change Management**

One of the most overlooked obstacles to successful project implementation is resistance from those whom implementers believe will benefit the most. Most projects underestimate the cultural impact of major process and structural change, and as a result do not achieve the full potential of their change effort.

Change is not an event, despite our many attempts to call folks together and have a meeting to make change happen. Change management is the discipline of managing change as a process, with due consideration that we are people, not programmable machines. It is about leadership with open, honest and frequent communication.

It must be OK to show resistance, to surface issues, and to be afraid of change. Organizations do not change. People change, one at a time. The better you manage the change, the less pain you will have during the transition, and your impact on work productivity will be minimized.

#### **2.7.6. Line Ownership**

Many re-design teams are the SWAT type—senior management responding to crisis in line operations with external consultants or their own staff. It's a rescue operation. Unfortunately the ability of external consultants to implement significant change in an organization is small. The chances are only slightly better for staff groups. Ultimately the solution and results come back to those accountable for day-to-day execution.

That does not mean that consultants or staffs are not valuable. What it does mean, though, is that the terms of engagement and accountability must be clear. The ownership must ultimately rest with the line operation, whether it be manufacturing, customer service, logistics, sales, etc.

This is where it gets messy. Often those closest to the problem can't even see it. They seem hardly in a position to implement radical change. They are, in a matter of speaking, the reason you're in this fix to begin with. They lack objectivity, external focus, technical re-design knowledge, and money.

On the other hand, they know today's processes, they know the gaps and issues, and they have front-line, in-your face experience. They are real. The customers work with them, not your consultants and staff personnel.

Hence, your dilemma, the line operation probably cannot heal itself when it comes to major business re-design team. No group is off the hook.

### **2.7.7. Reengineering Team Composition**

The reengineering team composition should be a mixed bag. For example,

- Some members who don't know the process at all,
- Some members that know the process inside-out ,
- Include customers if you can,
- Some members representing impacted organizations,
- One or two technology gurus,
- Each person your best and brightest, passionate and committed, and
- Some members from outside of your company.

Moreover, keep the team under 10 players, if you are finding this difficult, give back some of the "representative" members. Not every organization should or needs to be represented on the initial core team. If you fail to keep the team a manageable size, you will find the entire process much more difficult to execute effectively.

## 2.8. Reasons for Businesses Process Re-engineering Failure

1. Trying to fix a process instead of changing it
2. Not focusing on business processes
3. Ignoring everything except process redesign (e.g. reorganization, reward system, labour relationships, redefinition of responsibility and authority)
4. Neglecting people's values and beliefs (need to reward behavior that exhibits new values and behavior).
5. Be willing to settle for minor results
6. Quitting too early
7. Placing prior constraints on the definition of the problem and the scope for re-engineering effort.
8. Allowing existing corporate cultures and management attitudes to prevent Reengineering from getting started. (E.g. consensus, short termism, bias against conflict).
9. Trying to make Reengineering happen from the bottom up
10. Assigning someone who doesn't understand Reengineering to lead the effort
11. Skimping on the resources to reengineer.
12. Burying Reengineering in the middle of the corporate agenda.
13. Dissipating energy across a great many Reengineering projects.
14. Attempting to Reengineer when the CEO is 2 years from retirement
15. Failing to distinguish Reengineering from other business improvement programs (e.g. quality improvement, strategic alignment, right-sizing customer-supplier partnerships, innovation, empowerment, etc.)
16. Concentrating exclusively on design (forgetting implementation)
17. Trying to make Reengineering happen without making anyone unhappy.
18. Pulling back when people resist making Reengineering changes
19. Dragging the effort out (1 year is long enough). (Malhotra, Y., Fall, 1998: Review, 26(3).

## **2.9. Steps to be undertake, in BPR Study Project**

### **Step I**

Develop a business vision and process objective: BPR is driven by a business vision that implies specific business objective such as cost reduction, time reduction, output quality improvements. (Mihail Stoica, 2004: 6)

### **Step II**

Identify the processes to be redesigned: most organization use a high impact approach that focuses on the most important processes or those that conflict most with the business vision. Not all organizations use an exhaustive approach that attempts to identify all the processes within an organization and then prioritize them in order of redesign urgency.

### **Step III**

Understanding and measure the existing processes: avoid the repeating old mistake and provide a baseline for future improvements.

### **Step IV**

Identify IT lever: Awareness of IT capabilities can and should influence process design.

### **Step V**

Design and build a prototype of the new process: the actual design should not be viewed as the end of BPR process. Rather, it should be viewed as a prototype, with successive iterations. Prototypes help produce quick delivery of results when projects are implemented, improving performance and customer satisfaction. Source:



## CHAPTER THREE

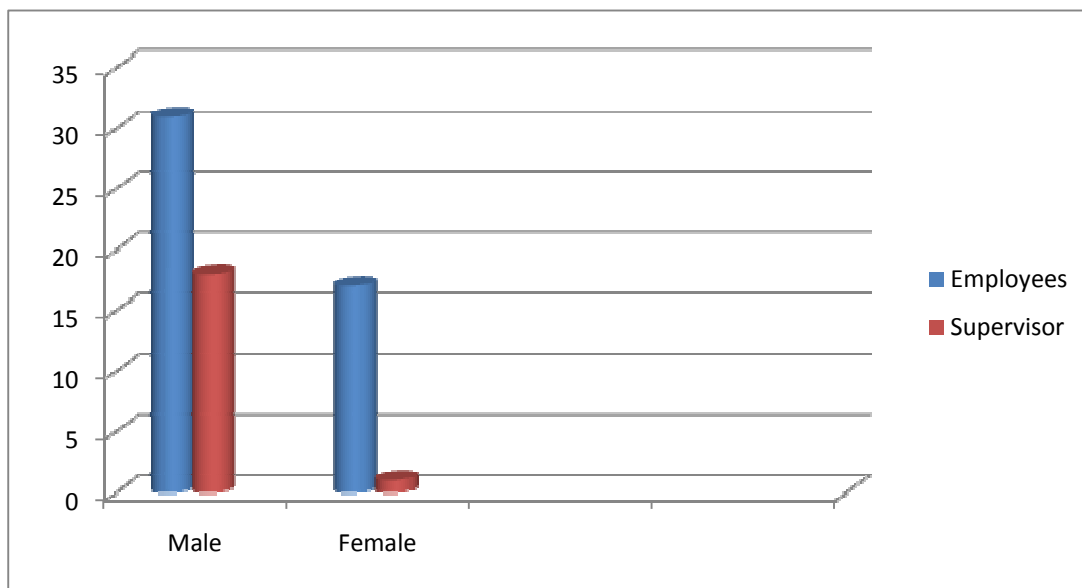
### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The previous chapter dealt with the related literature on Business process Reengineering (BPR) developed by various scholars. These chapters present, analysis and interpretation of the data collected from the sample respondents. A total of 77 sample respondents were taken from employees and supervisor from represented in this study in Development Bank of Ethiopia. It represents 15.81% of the total represented in the study and are selected by use of sampling technique for which the sample was selected from the list prepared by category.

Out of the total questionnaire distributed, 67(87%) were returned, 48 from employees and 19 from supervisor. Therefore, the analysis and interpretation of the survey data is based on 67 respondents.

#### 3.1. Background Characteristics of Respondents

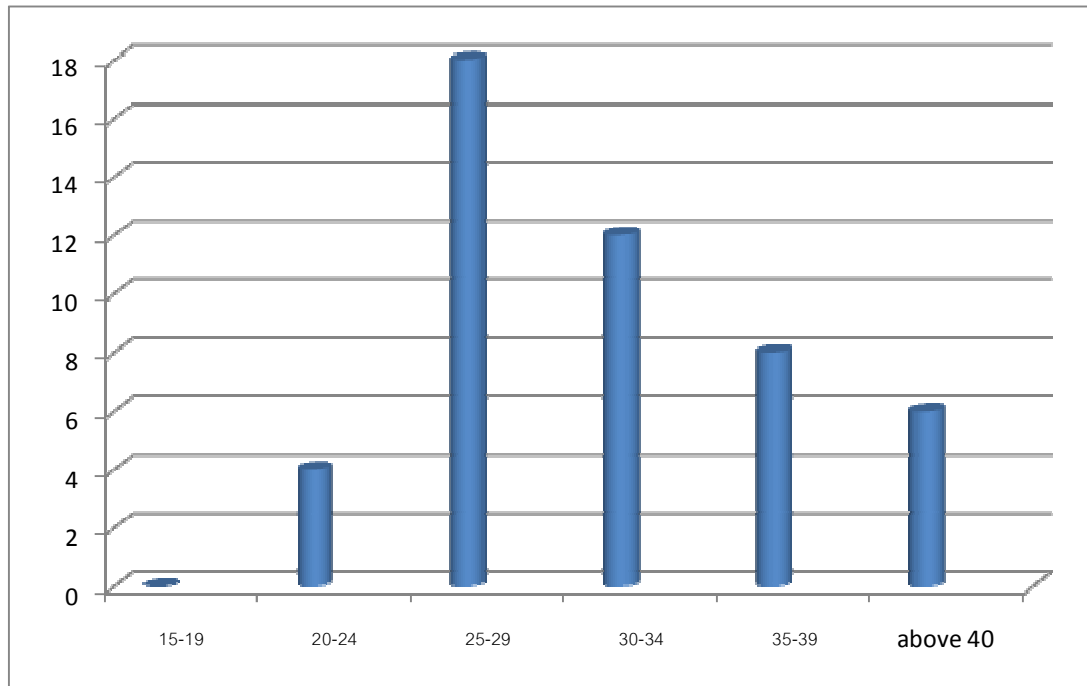
Figure 3.1.1: Sex Compositions of Respondents



Source: Primary data, 2011

Figure 3.1.1 shows the composition of respondents in terms of their sex. From the above figure out of 67 respondents 49 (73.13%) were males and 18 (26.86%) were females. So, the result shows that male employees represented in the study are greater than female ones.

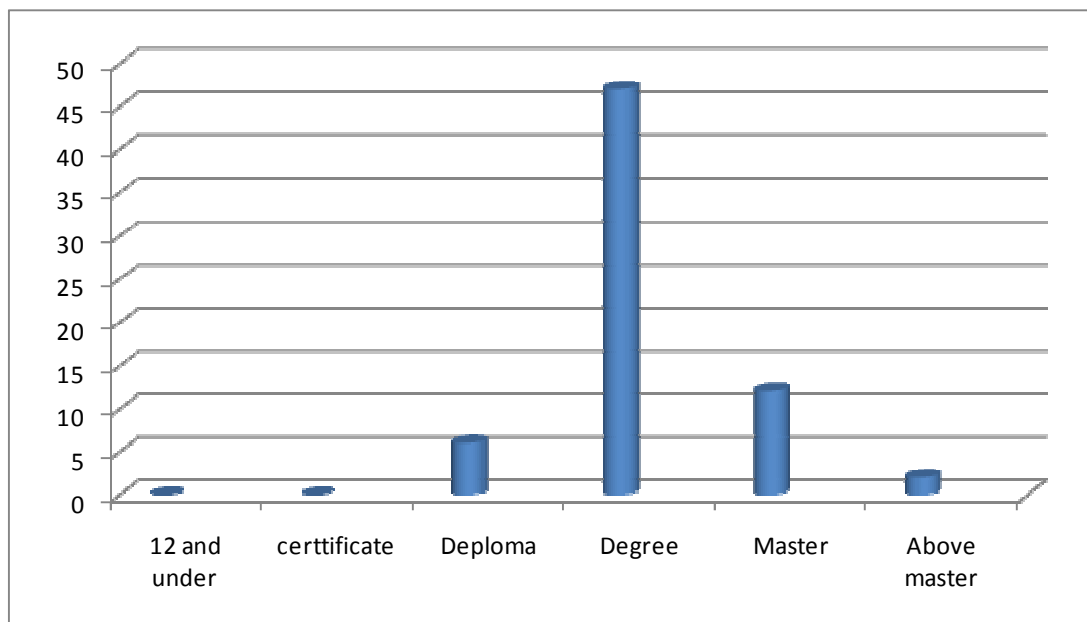
**Figure 3.1.2:** Age Composition of the Respondents



**Source:** Primary data, 2011

As indicated in figure 3.1.2 above out of 67 respondents 4(5.9%) respondents were found to be between 20 and 24, 18(26.86%) were between 25 and 29, 15(22.38%) were between 30 and 34, 8(11.94%) were between 35 and 39 and the rest 6(8.95%) were found to be above 40 years. This percentage indicates that DBE has young and employees that contribute a lot towards the success of the Bank.

**Figure 3.1.3:** Educational Level of the respondents

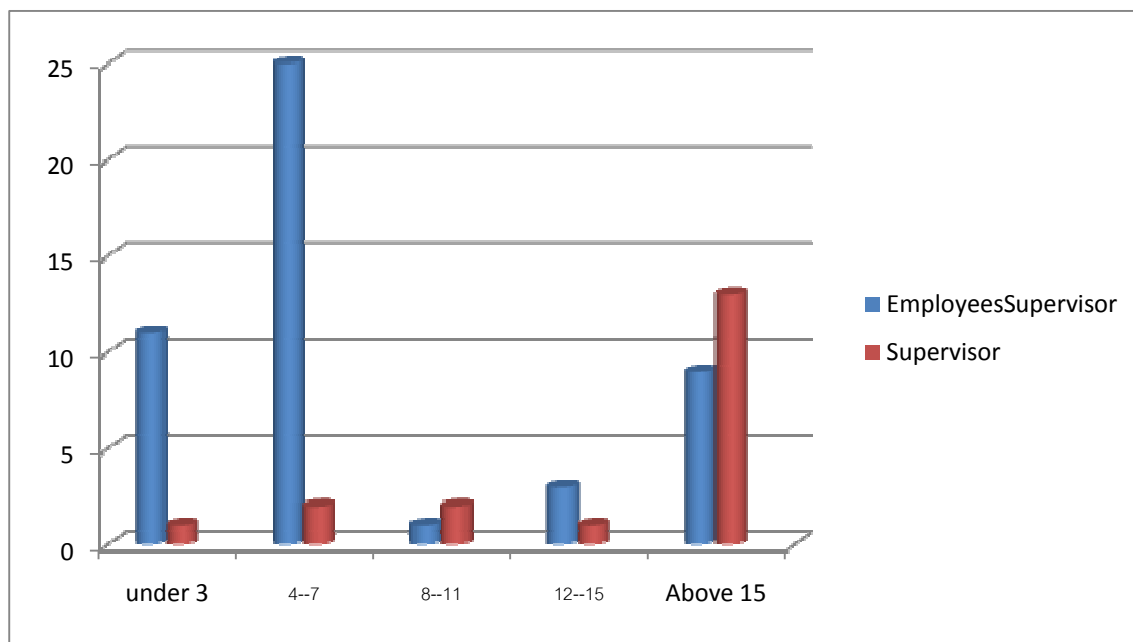


**Source:** Primary data, 2011

Figure 3.1.3 illustrates sample respondents regarding their education level. According to the figure the respondents are categorized into six groups, i.e. grade 12 and under, certificate, diploma, and degree, master and above master.

As can be seen from in the figure the survey respondent data represent a greater proportion of employees are degree holders, i.e., 47(70.14%), 12(17.91%) are master level and 2(2.9%) are above master level in this case 6 (8.95%) are diploma. According to the findings from 67 respondents, 70.14% of employees represented in the study are degree holders. This shows DBE has many professional employees which helps the Bank to operate its activities as deemed necessary. This has been noted during the assessment and implementation of business process reengineering through job and structure.

**Figure 3.1.4:** Service Year of the respondents



**Source:** Primary data, 2011

Figure 3.1.4 show the employee and supervisor regarding their service years, the respondents are categorized into five groups, i.e., under 3 years, between 4 and 7 years, between 8 and 11 years, between 12 and 15 and above 15 years.

As indicate in Figure 3.1.4 above 12 (17.9%) are served the Bank under 3 years, 27(40.29%) served between 4 and 7 years, 3(4.47%) served between 8 and 11 years, (45.97%) served between 12 and 15 years and 21(3134%) served the Bank above 15 years.

The above data shows the majority of the Banks employees are found at relatively the youngest age. In this regard, problem of getting experienced and professional manpower will not be a problem in the time ahead given the youngest generation of the bank could get the required experience from the experience ones. From this it can be deduced that human man resource requirement and mix of professionals will not be a problem if the required motivation and incentive is set by the Bank.

## 3.2. Findings of the Study

### 3.2.1. Analysis of the Findings obtained from Employees and Supervisors

Implementation of Business Process Reengineering is used in order to change the system which affects the outcome of the Bank.

The following tables are presents the summary of response from employees and supervisors.

**Table 3.2.1.1:** Summary of employee's response

Item		Sample Respondents									
No.	Area of change	Extent of change									
		75% and above		75 % of the area		50% of the area		25% of the area		24% and below	
		No.	%	No.	%	No.	%	No.	%	No.	%
1	The number of staff employed	6	13.5	10	20.8	20	41.6	8	16.6	4	8.33
2	New employees competencies	3	6.25	8	16.6	22	45.8	10	20.8	5	10.4
3	Reengineered the process with few steps	4	8.33	6	13.5	15	31.25	18	37.5	5	10.4
4	New organizational shared values	5	10.4	5	10.4	20	41.6	9	18.75	9	18.75
5	New type of organizational culture	3	6.25	6	13.5	20	41.6	12	25	7	14.58

**Source:** Primary data, 2011

As indicated in the table 3.2.1.1, Item 1, 6(13.5%) the response on number of staff employed after BPR , forward their opinion as the number of staff employed increased in 75 % and above of the work units, 10 (20.8%) of the respondents replied increased in exactly 75 % of the work units, 20 (41.8%) of the respondents replied increased in 50% of the work units, 8 (16.6%) of respondents replied increased 25% of the work units and 4 (8.33%) 24% and below of the work units the number staff employed increased.

As indicated in the above table employee's response shows the number of staff employed is not to the level expected after the BPR implementation.

Regarding the new employees competencies required and upgraded, Item 2, 3 (6.25%) the respondents forward that after BPR the change in employees competencies is seen in 75% and above of the work units, 8 (16.6%) of respondents replied see in 75% of the work units, 22 (45.8%) of respondents replied seen in 50% of the work units, 10 (20.8%) of the respondents replied seen in 25% of the work units and 5 (10.4%) of responded seen in 24% and below of the work units.

As summarized in the forgoing table, new employees competencies after the implementation of BPR is not as expected.

With regard to reengineered the process with few steps, the respondents forward their opinion that of the BPR undertaken in all units, Item 3, 4 (8.33%) of respondents forward BPR in 75 % and above work units resulted the process with few steps, 6 (13.5%) of respondents forward BPR in 75 % of the work units, 15(31.25%) of respondents forward BPR in 50% of the work units, 18 (37.5%) of respondents forward BPR in 25% of the work units and 5(10,4%) in 24% and below of the work units. From the findings, it can be deduce that the implementation of BPR did not bring the expected result.

Regarding the extent of change in the Bank's organizational values, Item 4, 5 (10.4%) respondents forward that after BPR the extent of change in new organizational shared value 75% and above, 5(10.4%) of respondent forward that as 75% extent of change in new organizational shared value, 20(41.6%) of respondent forward that as 50 % extent of change in new organizational shard value, 9(18.75%) of respondent forward that as 25% extent of change in new organizational shard value and 9(18.75%) respondent forward that as extent of change in new organizational shard value 24% and below. From the above findings, it is possible to draw lesson that the extent of change in the bank's organizational value is not realized as planned.

As to the extent of change that BPR in the Bank in bringing the new type of organization culture, Item 5, 3(6.25%) of respondents assert as 75% and above, 6(13 %) of respondents replied as 75%, 20 (41.6%) of respondents replied as 50%, 12(25%) of respondent replied as 25% and 7(14.58%) of respondents replied as 24% and below. From the analysis above, one can draw that the extent of change in bringing new organizational culture because of implementation of BPR is minimal or dismissal.

**Table 3.2.1.2: Summary of Employee Responses**

Item		Sample Respondent									
No.	Area of change	Extent of change									
		75% and above		75 % of the area		50% of the area		25% of the area		24% and below	
		No.	%	No.	%	No.	%	No.	%	No.	%
1	Use of process team	10	20.8	15	31.25	10	20.8	8	16.6	5	10.4
2	Use of new procedure, rules and regulations	12	25	18	37.5	6	13.5	8	16.6	4	8.33
3	Use of new IT system to support the new process	4	8.33	8	16.6	10	20.8	20	41.6	6	13.5
4	Empowerment	8	16.6	7	14.58	21	43.75	6	13.5	6	13.5
5	Team spirit	10	20.8	18	37.5	10	20.8	6	13.5	4	8.33
6	Participatory decision making	8	16.6	10	20.8	12	25	10	20.8	8	16.6

**Source:** Primary data, 2011

As indicated in the above table 3.2.1.2, Item 1, 10 (20.28%) of respondents forward as 75% and above of the extent of use of process team as designed, 15(31.25%) of respondents replied the extent of use of process team as 75% designed, 10(20.8%),of respondents replied the extent of use of process team as 50%, 8(16.6%) of respondent replied the extent of use of process team as 25% and 5(10.4%) of respondent replied the extent of use of process team as 24%.

The above table shows employee's response use of process team the change expected after BPR implementation is not as proposed in the BPR study.

With regard to the use of new procedure, rules and regulations, Item 2, 12(25%) employees are responded that 75% and above of reengineered processes are supported by new procedure, rules and regulations, 18(37.5%) of employees are responded that 75% of reengineered processes are supported by new procedure, rules and regulations, the process, 6(13.5%) of employees are responded that of reengineered processes are supported by new procedure, rules and regulations 50% of the process, 8(16.6) of employees are responded that of reengineered processes are supported by new procedure, rules and regulations 25% Of the process, and 4(8.33%) of employees are responded that of reengineered processes are supported by new procedure, rules and regulations 24% and below the processes.

Employee's response shows use of new procedure, rules and regulations the change expected after BPR implementation is not as proposed in the BPR study.

As to the use of new IT system to support the newly designed processes, Item 3, 4 (8.33%) of the respondents are forwarded that 75% and above of the process are supported by new IT system, 8(16.6%) of the respondents are forwarded that as 75% supported by new IT system, 10 (20.8%) of the respondents are forwarded as 50% of the process supported, 20(41.6%) of the respondents are forwarded as 25% supported and 6(13.5%) of the respondents are forwarded as 24% and below supported by new IT system.

The above data shows employee's response use of new IT system to support the new process the change expected after BPR implementation is not as proposed in the BPR study.

The extent of change in empowering employees, Item 4, 8(16.6%) of respondents forwarded their opinion that in 75% and above of the reengineered areas employees are empowered, 7(14.58%) of respondents forwarded their opinion that of the reengineered areas employees are empowered as 75% of the areas, 21(43.75%) of respondents forwarded their opinion that and above of the reengineered areas employees are empowered as 50% of the areas,



6(13.5%) of respondents forwarded their opinion that of the reengineered areas employees are empowered as 25% of the areas, and 6(13.5%) of respondents forwarded their opinion that of the reengineered areas employees are empowered as 24% and below of the areas.

This shows employee's response empowerment the change expected after BPR implementation is not as proposed in the BPR study.

The response on the extent of change, in team spirit brought after BPR implementation, Item 4, 10(16.6%) employees responded as 75% and above of the areas, 18(37.5%) employees responded extent of change in team spirit as 75% of the areas, 10(20.8%) employees responded extent of change in team spirit as 50 of the areas, 6(13.5%) employees responded extent of change in team spirit as 25% of the areas and 4(8.33%) employees responded extent of change in team spirit as 24% and below of the areas.

As indicated the above data employee's response team spirit the change expected after BPR implementation is not as proposed in the BPR study.

Regarding the extent of change brought in participatory decision making after BPR implementation, Item 5, 8(16.6%) employees responded the extent of change brought in participatory decision making as 75% and above of the areas, 10(20.8%) employees responded the extent of change brought in participatory decision making as 75% of the areas, 12(25%) employees responded the extent of change brought in participatory decision making as 50% of the areas, 10(20.8%) employees responded the extent of change brought in participatory decision making as 25% of the areas and 8(16.6%) employees responded the extent of change brought in participatory decision making as 24% and below of the areas.

The above data shows employee's response participatory decision making the change expected after BPR implementation is not as proposed in the BPR study.

To summarize the above data based on employee's response are an indication poor implementation result of BPR study. The majority of changes expected did not brought the expected change as proposed in the study.

**Table 3.2.1.3: Summary of Supervisor Response**

Item		Sample Respondents									
No.	Area of change	Extent of change									
		75% and above		75 % of the area		50% of the area		25% of the area		24% and below	
		No.	%	No.	%	No.	%	No.	%	No.	%
1	The number of staff employed	3	15.78	9	47.36	3	15.78	2	10.52	2	10.58
2	New employees competencies	5	26.31	8	42.1	2	10.52	4	21.05	-	-
3	Reengineered the process with few steps	4	21.05	6	41.57	4	21.05	3	15.78	2	10.58
4	New organizational shared values	2	10.52	8	42.1	5	26.31	2	10.58	2	10.58
5	New type of organizational culture	2	10.52	6	41.57	8	42.1	2	10.58	1	5.26

**Source:** Primary data, 2011

As indicated in the above table 3.2.1.3 the response on number of staff employed after BPR , Item 1, 3 (15.78%) respondents forward their opinion as the number of staff employed increased in 75 % and above of the work units , 9(47.36%) increased in exactly 75 % of the work units, 3 (15.78%) respondents forward their opinion as the number of staff employed increased in 50% of the work units, 2(10.52%) respondents forward their opinion as the number of staff employed increased in 25% of the work units and 2 (10.52%) respondents forward their opinion in 24% and below of the work units the number staff employed increased.

From this it can be noted that, most of the respondents in this category believe that the required staff has been allotted in implementing the BPR and in the course of its implementation.

Regarding the new employees competencies required and upgraded, Item 2, 5 (26.31%) the respondents forward that after BPR the change in employees competencies is seen in 75% and above of the work units, 8 (42.1%) the respondents forward that after BPR the change in employees competencies is seen in 75% of the work units, 2 (10.52%) the respondents forward that after BPR the change in employees competencies is seen in 50% of the work units, 4 (21.05%) the respondents forward that after BPR the change in employees competencies is seen in 25% of the work.

As indicate the above data based on supervisor response new employees competencies could not achieved as required though there is positive trends.

With regard to reengineered the process with few steps, the respondents forward their opinion that of the BPR undertaken in all units, Item 3, 4 (21.05%) of respondents forward BPR in 75 % and above work units resulted the process with few steps, 6 (41.57%) of respondents forward BPR in 75 % of the work units, 4(21.05%) of respondents forward BPR in 50% of the work units, 3 (15.58%) of respondents forward BPR in 25% of the work units and 2(10.524%) of respondents forward BPR in 24% and below of the work units.

As indicate the above data based on supervisor response reengineering of the process made possible to undertake works with few steps.

Regarding the extent of change in the Bank's new organizational values, Item 4 2(10.52%) respondents forward that after BPR the extent of change in new organizational shared value 75% and above, 8(42.1%) respondents forward that after BPR the extent of change in new organizational shared value as 75%, 25(26.31%) respondents forward that after BPR the extent of change in new organizational shared value as 50 %, 2(10.52%) respondents forward that after BPR the extent of change in new organizational shared value as 25% and 2(10.52%) respondents forward that after BPR the extent of change in new organizational shared value as 24% and below.

As indicate the above data based on supervisor response new organizational values are coming to the window subsequent to implementation of BPR.

As to the extent of change that BPR in the Bank in bringing the new type of organization culture, Item 4, 2(10.52%) of respondents assert as 75% and above, 6(41.57%) of respondents assert as 75%, 8 (42.1%) of respondents assert as 50%, 2(10.52%) of respondents assert as 25% and 1(5.26%) of respondents assert as 24% and below.

As indicate the above data based on supervisor response new type of organizational culture is being introduced along with the implementation of BPR.

**Table 3.2.1.4: Summary of Supervisor Response**

Item		Sample Respondents									
No.	Area of change	Extent of change									
		75% and above		75 % of the area		50% of the area		25% of the area		24% and below	
		No.	%	No.	%	No.	%	No.	%	No.	%
1	Use of process team	5	26.71	8	42.1	4	21.05	2	10.52	-	-
2	Use of new procedure, rules and regulations	4	21.05	8	42.1	4	21.05	2	10.52	1	5.78
3	New IT system to support the new process	2	10.52	4	21.05	8	42.1	3	15.78	2	10.52
4	Empowerment	4	21.05	7	36.8	4	21.05	2	10.52	2	10.52
5	Team sprit	5	26.71	8	42.1	4	21.05	2	10.52	-	-
6	Participatory decision making	4	21.05	9	47.36	3	15.7	2	10.52	1	5.78

**Source:** Primary data, 2011

As indicated in the above table 3.2.1.4 the extent of use of process team as designed, Item 1, 5 (26.71%) respondents forward their opinion as the extent of use of process team increased in 75 % and above of the work units, 8(42.1%) the extent of use of process team increased as 75%, 4(21.05%) the extent of use of process team increased 50%, 2(10.52%) the extent of use of process team as 25%.

As indicate the above data based on supervisor response use of process team was realized after implementation of BPR.

With regard to the use of new procedure, rules and regulations, Item 2 4(21.05%) employees are responded that 75% and above of reengineered processes are supported by new procedure, rules and regulations, 8(42.1%) employees are responded of reengineered processes are supported by new procedure, rules and regulations 75% of the process, 4(21.05%) employees are responded of reengineered processes are supported by new procedure, rules and regulations 50% of the process, 2(10.53%) employees are responded of reengineered processes are supported by new procedure, rules and regulations 25% Of the process, and 1(5.78%) employees are responded of reengineered processes are supported by new procedure, rules and regulations 24 % and below the processes.

As indicate the above data based on supervisor response new procedure, rules and regulations are availed while implementing BPR and in the course of its implementation.

As to the use of new IT system to support the newly designed processes, Item 3, 2(10.52%) of the respondents are forwarded that 75% and above of the process are supported by new IT system, 4(21.05%) of the respondents are forwarded that 75% of the process are supported by new IT system, 8 (42.1%) of the respondents are forwarded that 50% of the process supported by new IT system, 3(15.78%) of the respondents are forwarded that 25% of the process supported by new IT system and 2(10.52 of the respondents are forwarded that 24% and below of the process supported by new IT system.

As indicate the above data based on supervisor response there is visible change on practical IT system to support the new process after implementation BPR.

The extent of change in empowering employees, Item 4, 4(21.05%) of respondents forwarded their opinion that in 75% and above of the reengineered areas employees are empowered, 7(36.8%) of the reengineered areas employees are empowered as 75% of the areas, 4(21.05%) of the reengineered areas employees are empowered as 50% of the areas, 2(10.52%) of the reengineered areas employees are empowered as 25% of the areas, and 2

(10.52%) of the reengineered areas employees are empowered as 24 % and below of the areas.

As indicate the above data based on supervisor response with regard to empowerment there is better achievement after BPR implementation.

The response on the extent of change, in team sprit brought after BPR implementation, Item 5, 5(26.71%) employees responded as 75% and above of the areas, 8(42.1%) employees responded as 75% of the areas, 4(21.05%) employees responded as 50% of the areas, 2(10.52%) employees responded as 25% of the areas. And item 5 of the same table, 70% of the supervisors said we don't give feedback.

As indicate the above data based on supervisor response team spirit has shown some change after BPR implementation.

Regarding the extent of change brought in participatory decision making after BPR implementation employees responded that, Item 6, 4(21.05%) employees responded as 75% and above of the areas, 9(47.36%) employees responded as 75% of the areas, 3(15.7%) employees responded as 50% of the areas, 2(10.52%) as 25% of the areas and 1(5.78%) as 24% and below of the areas.

As indicate the above data based on supervisor response participatory decision making expected change is poor BPR implementation result.

To summarize the above data based on employees' response there is an indication of poor implementation result of BPR study while the supervisor's have some positive remarks on the extent of change prevailed after implementation of BPR. The majority of changes expected did not brought the expected change as proposed in the study.

### **Findings obtained from the Open Ended Questions**

As per the opinions and response collected from supervisors and employee for the questioners supplied by the writer about strength, weakness and outcomes of BPR in the Bank, the following results are obtained.

In your opinion what are the major strength of the Bank's BPR study?

- The duties and responsibilities of performers' /teams/ are clearly shown and it has created some sort of transparent as well as motivation.
- New organizational structure setup
- The Banks BPR study tries to design customer focused services policies and procedures.
- It empowers in making decision
- Cycle time for implementing task are developed
- Team sprit gradually developed and accountability and responsibility is given for any decision and team work.

In your opinion what are the Major weakness of the Bank's BPR study?

- Implementation of BPR and workers moral become weak because of the low motivation of employees.
- There is lack of strong monitoring and commitment to realize the desired change
- No proper way of measuring the performance of employees.
- The process is not interlinked and decision making power is not given to the performer.
- No use of effective information technology system support
- The BPR studied at the Bank level is good in paper wise where as it is more personal subjectivity during implementation. The implementation is not based on the studied documents, rather done as per on individual perspectives.
- Up dated rules and regulation, and continuous research data are not prepared to make clear the BPR implementation.
- During the BPR study, there were some conditions put into consideration; such as full IT support, generalist professionals, full office equipment, furniture, fixtures, internet services and others that can enhance the officers' efficiency. But these are not fulfilled in real terms and hence what the BPR is supposed to bring can't be attained at least a half level.
- Less focus to employees benefit and salary package
- The system developed are not followed up and evaluated frequently, and these open a door for corrupted activities.

- The leaders remain as a boss rather than involving themselves in the work process and facilitating the hardships.

Among the outcomes of BPR study which ones are satisfy you most?

- Improvement of working environment between staffs and managements.
- Improvement in the area of empowering the performers.
- Team work, organizing Project Rehabilitation Loan Recovery (PRLR) sub process as a separate unit, development of checklists, work procedure manuals, etc are some of results of the BPR study.
- The cycle time reduction for a work given to the performers.
- Sign of development in the area of accountability and transparency

From the above responses and opinions, we can judge that BPR study brings a little change in the Bank or it hasn't been implemented as expected to be done while it was designed.

### **3.2.2. Findings obtained from the Bank's Customers**

Regarding the response of the customer, questionnaire for 72 customer of the Bank were distributed, out of which 40(56%) were returned. Customers were requested to respond their level of satisfaction and therefore the results of their response will be summarized in the following frequency table.



**Table 3.2.2.1: Summary of the customer response**

No.	Questions presented to the Bank's customer	Number of customer answer this particular questions	Sample Respondent					
			Positive		Dissatisfaction		Neutral	
			No	%	No	%	No	%
1	Listening to your specific needs	39	31	79.5	6	15.38	2	5.12
2	Ease and convenience to access	38	30	78.95	3	7.9	5	13.15
3	Commitment to serve you	37	24	64.86	7	18.92	6	16.22
4	Timeliness	37	15	40.54	9	24.32	13	35.14
5	Issue resolution	36	19	52.77	10	27.77	7	19.44
6	Quality of technical skill and advice	38	24	63.15	8	21.05	6	15.78
7	Promptness of answering telephone call	37	29	78.38	1	2.70	7	18.92
8	Overall quality of issue handling	38	23	60.53	7	18.42	8	21.05
9	Helpfulness of the staff	39	25	64.1	7	17.95	7	17.95
10	Skill of the bank staff	36	25	69.44	4	11.11	7	19.44
<b>Average</b>				65.22		16.55		18.22

**Source:** Primary data, 2011

As indicated in the table 3.2.2.1 above based on the questions which indicates some attributes of the bank's service delivery, those who forward positive response to the bank's service were 65.22%, those whose response indicate dissatisfaction on the Bank's service were 16.55% and 18.22% were neutral. However, the data indicates the level of customer satisfaction was not as expected after BPR.

### 3.2.3. Findings obtained from the Interviews

The data collected through interview from executive management members is summarized in the following way:

1. What was the employees' attitude during implementation of BPR?

Some of the executive management members believe that there was a mixed up attitude among employees of the organization while implementing the Bank's Business process reengineering. And most of the concerns or negative attitudes on BPR were rooted from lack of awareness on the concept and on how the business process reengineering is implemented. Generally, most of the employees of the organization had negative or misguided attitude on implementation and relevance of its implementation especially while implementing the first BPR. Whereas, there was positive attitudes while implementing the recent BPR of the Bank.

On the other hand, most of the employees were familiar with BPR given it has been an issue for the Bank since 2003. To this end, employees were reluctant and had negative attitude during the implementation of the BPR. However, the Bank along with concerned stakeholders has created persistent awareness to the employees and training was provided. In doing so, the attitude of employees has been improved and end to end implementations of BPR were realized within the Bank.

2. Does the Bank evaluate the benefit and challenges of BPR?

The response of management members for this particular question was affirmative relying on the results of evaluation of the benefits and challenges of BPR through its change management unit. Moreover, an activity has been measured against the parameter set on the BPR. To this end, the benefits & challenges of the BPR are assessed on weekly, monthly & quarterly bases.

3. Do you think BPR brought fundamental change in the Bank?

The response for this is also affirmative. Change is a process and fundamental change is not expected within short period of time. However, it is believed that the implementation of BPR has brought interesting changes on cycle time of activities, reduction of cost and customer satisfaction. Moreover, through not up to the expectation of employees, implementation of BPR has brought increase in salary & some benefits which in turn increased belongingness and boost employees' morale.

4. What solutions can be taken to overcome the challenges of implementation practices?

From the analysis, the management forwards the following measures to overcome the challenges occurred while implementing the BPR:-

- Expand awareness to its customer an requirements police and other guidelines
- Boost employees morale using different mechanisms
- Periodically monitor evaluates proper implantation of BPR.
- Placing the right person at the right time.

Moreover, it was also pinpointed that the revealed challenges while implementing BPR can be overcome by undertaking frequent monitoring and evaluation ways on the BPR implantation itself and passing the way for successful implantation of it through fulfilling all the assumption laid down at the time of formulating.

5. Does the Bank under took appropriate training to implement BPR?

Almost all interviewed management members confirm that all the employees of the Bank had more or less the required training before implementing the BPR in the Bank. The important thing is how the management & employee take the rendered trainings seriously. Trainings and awareness creation programs has been made before and after implementing BPR. Accordingly, the management believes that the essential training has been rendered for performers with the available resources of the Bank.

## CHAPTER FOUR

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Chapter four summarizes the main findings of the study and it forwards possible recommendations based on conclusions.

#### 4.1. Summary

The main purpose of the study is to make a thorough assessment of the implementation of BPR study in the Bank. Therefore, based on the above problem the objective of study is to assess the cause of poor BPR implementation and recommend possible way to rectify the gap in BPR implementation in the Bank.

To undertake the assessment study, stratified sampling procedure was used questionnaire and interview methodologies were used to collect data from selected target groups.

Findings of this study can be summarized as follow:-

- The number of staff to be increased after BPR was not implemented as per the proposal.
- New employees competencies required to work in newly designed process were not acquired as proposed.
- Shortening of process steps as designed was not fully implemented in some of the work units.
- The new organizational values and culture expected to support the implementation of newly designed process in not up to standard.
- The uses of team works through implemented in most of work units, still it is not as proposed.
- Supporting the newly designed process by IT is not as proposed in BPR study.
- The level of empowerments, team, sprit and participatory decision making is not up to expectation after BPR.

## 4.2. Conclusions

From the data analysis made in chapter three, the following conclusions can be drawn:

- Based on both employees and supervisor response staffing employees after is not implemented as per the staffing requirement prepared during BPR study.
- As the nature of jobs and employees and supervisor role changed after BPR, the changed jobs required the new competencies which the employees did not have before. The findings reveal that there is very little effort is done to upgrade employees' competencies to help them fit to the requirements of the newly designed jobs.
- After BPR, that radical shift in terms process cycle time is expected, in this regard the analysis reveals that the radical shift expected in shortening the process cycle time were not as expected as designed across the Bank except in some work units.
- One component of BPR is the prevalence of the new organizational shared value which supports the implementation of the newly designed processes. In this regard, the data analysis made indicates much has not been done to build Bank wide organizational value.
- BPR implementation requires new organization culture as different from before, however the data analysis results imply very little is done in establishing Bank wide organizational culture which support the implementation of BPR results.
- Organization structure after BPR is team based, however much has been left to be done in organizing all work units of the Bank along team work.
- The implementation of BPR should supported by enacting new policies, procedures and regulation which can help the management of the newly designed processes. But in the Bank the data analysis shows not in all areas this were happened.
- With regard to support the newly designed processes by IT the data reveals very little is done.
- Considering team spirit, empowerment and participatory decision making data shows somewhat encouraging results, however still need a lot of effort to fulfill these aspect of BPR implementation across all units of the Bank.

### **4.3. Recommendations**

Based on the above conclusion the following recommendations can be made:-

- The Bank management should have to make comprehensive assessment on the implementation of BPR across all units of the Bank, so that can identify bottlenecks to implement BPR as per the study.
- The Bank should strengthen its follow-up on BPR implementation.
- The Bank should give due attention to upgrade staff competencies as established during BPR studies.
- The IT framework required as per the BPR studies in all work units of the Bank should be implemented.
- Some of the BPR implementation results should have to take actions based on the findings on this study.
- The Bank should implemented incentive packages promised during the BPR studies.

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**St. Mary's University College**

**Business Faculty**

**Implementation of Business Process Re-Engineering Questionnaires**

**To be filled by Supervisor and Employees**

The purpose of this questionnaire is to present a senior essay concerning the problems of Implementation of Business Process Re-Engineering, as a fulfillment of the requirement for the completion of B.A degree in management. So, your valuable responses are very important to make the paper effectual and perhaps for the improvement of the Bank. The researcher will keep the responses top secret.

Directions:

Indicate your response to the following inquiries by putting ✓ mark in the box or by writing in the space provide.

Thank you in advance



**I. Personal Information**

1.1. Position \_\_\_\_\_

1.2. Sex

Male

Female

1.3. Age

From 15-19  From 20-24

From 25-29  From 30-34

From 35-39  Above 40

1.4. Educational level

Grade 12 and under  Degree level

Certificate  Master

Diploma  Above Masters

1.5. Your service in the Bank

Under 3 years  From 4-7 years

From 8-11 years  From 12-15 years

Above 15 years

**II. Questions Regarding impact of Business Process Reengineering (BPR) study and implementation in the Bank.**

2.1. Please indicate the extent to which the BPR Project undertaken in the Bank has brought organizational changes within the following areas impacted by the project.

No.	Area of change	Extent of change				
		75% and above	75% of area	50% of area	25% of area	24% & above
1.	The number of staff employed					
2.	New employees competencies					
3.	Reengineered the processes with few steps					
4.	New organizational shared values and beliefs					
5.	New type of organizational structure					

2.2. Please indicate the extent to which the Bank's BPR project involves the following changes in your department.

No.	Area of change	Extent of change				
		75% and above	75% of area	50% of area	25% of area	24% & above
1.	Use of process teams.					
2.	Use of new procedure, rules and regulations					
3.	Use of new IT systems to support the new processes					
4.	Empowerment					
5.	Team spirit					
6.	Participatory decision making					

III. In your opinion what are the major strength in the Bank's BPR study?

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IV. In your opinion what are the Major weakness of the Bank's BPR study?

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V. Among the outcomes of BPR study which ones are satisfy you most?

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**St. Mary's University College**

**Business Faculty**

**Implementation of Business Process Re-Engineering Questionnaires**

**To be filled by Customers**

The purpose of this questionnaire is to present a senior essay concerning the problems of Implementation of Business Process Re-Engineering, as a fulfillment of the requirement for the completion of B.A degree in management. So, your valuable responses are very important to make the paper effectual and perhaps for the improvement of the Bank. The researcher will keep the responses top secret.

Directions:

Indicate your response to the following inquiries by putting ✓ mark in the box or by writing in the space provide.

Thank you in advance

**I. Personal Information**

- 1.1. Sex  
 Male   
 Female
- 1.2. Age  
 From 15-19  From 20-24   
 From 25-29  From 30-34   
 From 35-39  Above 40
- 1.3. Educational level  
 Grade 12 and under  Degree level   
 Certificate  Master   
 Diploma  Above Masters
- 1.4. Your service in the Bank  
 Under 3 years  From 4-7 years   
 From 8-11 years  From 12-15 years   
 Above 15 years

**II. Questions Regarding impact of Business Process Reengineering (BPR) study and implementation in the Bank?**

- 2.1.1. Are you a customer of the Bank?  
 Yes   
 No
- 2.2. What kind of agreement have you made related to credit facilities with the Bank?  
 New loan  Additional   
 Expansion  Buyout
- 2.3. How satisfied with the following characteristics of the Bank's services?

Particulars	5-highly satisfied	4-somewhat satisfied	3-neither satisfied nor dissatisfied	2-somewhat dissatisfied	1-very dissatisfied
Listening to your specific needs					
Ease and convenience to access					
Commitment to serve you					
Timeliness					

2.4. How important are the following characteristics with the Bank enquire services?

Particulars	5- extremely important	4-very important	3-somewhat important	2-not very important	1-not at all important
Quality					
Timeliness					
Listening to your specific needs					
Commitment to service you					

2.5. Have you ever had a word about the services offered by the Bank with your friends or colleagues?

Yes

No

No response

2.6. Based upon with the Bank's over all experience, please rate your satisfaction with customer service in the following areas:

Particulars	5-very satisfied	4-satisfied	3-neither satisfied nor dissatisfied	2-somewhat dissatisfied	1-very dissatisfied
Issue resolution					
Quality of technical advice					
Promptness of answering phone					
Skills of performers					
Helpfulness of performers					
Ease of contacting customer service					

2.7. Please rate your level of agreement with the service provider (performer) in the following statements.

Particulars	5-Strongly agree	4-Agree	3-Neutral	2-Disagree	1-Strongly disagree
Knowledgeable					
Enthusiastic					
Listened carefully					
Responsive					

2.8. The Bank gives clients adequate opportunity to provide feedback on its services or to lodge complaints.

- Strongly agree  Agree   
 Neither Agree nor disagree  Disagree   
 Strongly disagree

2.9. The Mechanisms that the Bank uses for disseminating information about the services it provides, the procedures and customer requirements is easily accessible and clear.

- Strongly agree  Agree   
 Neither Agree nor disagree  Disagree   
 Strongly disagree

2.10. The newly implemented loan processing system has improved the service delivery, (expected to be responded by those clients who have past experience).

- Strongly agree  Agree   
 Neither Agree nor disagree  Disagree   
 Strongly disagree

2.11. Overall, how satisfied are you with the Bank's loan processing services?

- Highly satisfied  Somewhat satisfied   
 Neither satisfied nor dissatisfied  Somewhat dissatisfied   
 Very dissatisfied

2.12. Would you use the service of the Bank again?

- Definitely  Not sure   
 Probably  Probably not   
 Definitely not

## Interview Questions for Executive Management

1. What was the employees' attitude during implementation of BPR?

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2. Does the Bank evaluate the benefit and challenges of BPR?

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3. Do you think BPR brought fundamental change in the Bank?

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4. What solutions can be taken to overcome the challenges of implementation practices?

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5. Does the Bank under took appropriate training to implement BPR?

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## DECLARATION

I, the undersigned, declare that this senior essay is my original work, prepared under the guidance of Ato **Daniel Meraad**. All sources of materials used for the manuscript have been duly acknowledged.

Name: **Mihret Getachew**

Signature: \_\_\_\_\_

Place of submissions: St. Mary's University College  
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Department of Management  
Addis Ababa

Date of submission: \_\_\_\_\_



## SUBMISSION APPROVAL SHEET

This Senior Research Paper has been submitted to the Department of Management in partial fulfillment for the requirement of BA Degree in Management with my approval as an advisor.

Name: **Daniel Mereal**

Signature: \_\_\_\_\_

Date: \_\_\_\_\_