

**INDRA GANDHI NATIONAL OPEN UNIVERSITY SCHOOL OF
SOCIAL SCIENCE MPA PROGRAM**

**THE EFFECT OF BUSINESS PROCESS REENGINEERING ON CUSTOMERS
PERCEPTION OF SERVICE EFFICIENCY, RESPONSIVENESS, EFFECTIVENESS
AND EQUITY IN COMMERCIAL BANK OF ETHIOPIA: THE CASE OF
SELECTED BRANCHES IN ADDIS ABABA**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
MASTERS DEGREE IN PUBLIC ADMINISTRATION (MPA)**

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The Effect of Business Process Reengineering (BPR) on Customers' Perception of Service Efficiency, Effectiveness, Responsiveness and Equity in Commercial Bank of Ethiopia the Case of Selected Branches in Addis Ababa.

A Thesis Submitted in Partial Fulfilment of Master's Degree in Public Administration (MPA).

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Declaration

I, the undersigned graduate student, hereby declare that this MPA thesis is my original work, has not been presented for a degree in this or any other university and that all sources of the materials used for the thesis have been fully acknowledged.

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ABSTRACT

This study was designed to assess the relationship between customers' perception on service efficiency, responsiveness, equity and effectiveness and the practice of business process reengineering (BPR) in commercial Bank of Ethiopia. A Sample of 465 was drawn from indefinite population and 264 responses were collected. Time location sampling techniques was used to conduct the study. Data collected from customer by using a structured questionnaire. Both primary and secondary data sources were used for the study. Descriptive statistics was employed to understand respondents' level of agreement on factors affecting BPR. Besides, Pearson correlation and regression analysis were conducted to show nature of relationship between dependent variable and the independent variables. The result of descriptive statistics depicts that majority of the respondents agreed on factors under dependent and independent variables. However, still there is improvement areas that should be considered as a sizable number of respondents were among those who were disagreeing and indicating existence of grey area on each factors. The result of Pearson's correlation reveals that, BPR has moderate positive relationship with: customer's perception of service efficiency, Effectiveness, Responsiveness and equity. The findings of regression analysis portrays that, change in independent variables contribute to 59.7% variation in BPR. Hence if these factors taken into consideration, BPR can contribute to increase service efficiency and effeteness and prove existence of responsiveness and equitable service delivery system in CBE.

Key words: Business Process reengineering, Customers Perception, Efficiency, Effectiveness, Responsiveness, Equity

Contents

ACKNOWLEDGEMENTS	5
ABSTRACT.....	6
Appendix 2: Interview conducted with the Bank’s Managers.....	10
Appendix 3: Letter of Consent from Commercial Bank of Ethiopia.....	10
CHAPTER ONE.....	1
INTRODUCTION	1
1.1. Background of the Study.....	1
1.2. Statements of the Problem.....	3
1.3. Basic Research Questions	4
1.4. Objectives of the Study	4
1.4.1. General Objective	4
1.4.2. Specific Objectives	4
1.5. Definition of Terms.....	4
1.5.1. Conceptual Definition of Terms	4
1.5.2. Operational Definition of Terms	5
1.6. Significance of the Study	6
1.7. Delimitation/Scope of the Study	6
1.8. Limitation of the Study	6
1.9. Organization of the Research Report	7
CHAPTER TWO	8
REVIEW OF RELATED LITERATURE	8
2.1. Theoretical Review.....	8
2.1.1. Business Process Reengineering	8
2.1.2. Factors Determining the Effectiveness of Business Process Reengineering	10
2.1.3. Responsiveness to Customers	13
2.2. Empirical Review	15

2.3. Conceptual Frame Work.....	19
CHAPTER THREE	20
METHOD OF THE STUDY	20
3.1. Description of the study Area.....	20
3.2. Research Design and Methodology	20
3.2.1. Research Design	20
3.2.2. Sample and Sampling Techniques.....	21
3.2.3. Source and Tools/Instruments of Data Collection.....	22
3.2.4. Procedure of Data Collection	22
3.2.6. Methods of Data Analysis	23
4. Ethical Consideration.....	24
CHAPTER FOUR.....	25
DATA ANALYSIS AND INTERPRETENTIONS	25
4.1. Demographic Characteristics of the Respondents.....	25
Table:4.1 Socio Demographic Variables	26
Table 4.2 Business Process Reengineering (BPR) Measure Questions	27
4.2. Factors determining Business Process Re-engineering (BPR)	28
Table 4.3 Descriptive Statistics on Independent Variables.....	28
4.3. Inferential Statistics.....	29
4.3.1. Pearson’s Correlation Coefficient	29
4.3.2. Regressions Analysis	30
CHAPTER FIVE	34
SUMMARY, CONCLUSION AND RECOMENDATION.....	34
5.1. Summary.....	34
5.2. Conclusion.....	35
5.3. Recommendations	36

LIST OF TABLES

Table:4.1 Socio Demographic Variables.....	26
Table 4.2 Business Process Reengineering (BPR) Measure Questions	27
Table 4.3 Descriptive Statistics on Independent Variables	28
Table 4.4 Pearson's Product Moment Correlation Coefficient.....	30
Table 4.5 The PAS Model Summary	31
Table 4.6. Summary of ANOVA	31
Table 4,7 BPR Regression Model	32

LIST OF APPENDIXES

Appendix 1: Questionnaire filled by Customers

Appendix 2: Interview conducted with the Bank's Managers

Appendix 3: Letter of Consent from Commercial Bank of Ethiopia

ACRONYMS

BPR	Business Process Reengineering
CBE	Commercial Bank of Ethiopia
BPRCC	Business Process Reengineering Complimentary Competences
ANOVA	Analysis of Variance
ATM	Automatic Teller Machine
ICT	Information Communication Technology.
IT	Information Technology

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

In today's ever-changing world, the only thing that doesn't change is 'change' itself. In a world increasingly driven by the three Cs (Customer, Competition and Change) companies are on the lookout for new solutions for their business problems (Hammer and Champy, 1993). Faced with intensified competition, ever changing customer requirements and increased new environmental regulations, business organizations need to make drastic changes for future success and economic survival by looking for new management approaches and techniques.

Since the 1990's and the late eighties, particularly the service industries have experienced unprecedented substantial changes. Consequently, organizations are forced to develop new customer-oriented processes and to redesign existing ones (Heckel and Moormann, 2007). Many studies have been done and showed that the business world has become aware of the potential of re-engineering in planning and designing processes and organizations based on the principles of business process re-engineering (Kuwaiti and Kay, 2000).

It has been commonly agreed that Business process re-engineering (BPR) first became known in the late 1980s and developed into one of the important management concepts discussed by organizations and by the mid-1990s attracted strategic management or senior managers (Rigby, 2001). The concept of BPR has attracted academic and industrial attention in the 1990s mainly as a result of two papers by Michael Hammer (on reengineering, see Hammer, 1990) and Thomas Davenport (on business process redesign, see Davenport and Short, 1990).

Since 1994, the government of Ethiopia has embarked on reforming its civil service organizations with the objective of improving the public sector service delivery system. The government sponsored a lot of management training programs to enhance the capacities of

civil service employees and to implement *Result Based Performance Management System* in all of its civil service organizations. Though this brought some improvements in the performance of some civil service organizations, the effort required was too much as compared to the benefits obtained. Since 2004, the government has also endorsed Business Process Reengineering (BPR) as a foundation for strengthening Result Based Performance Management System in the Civil Service.

BPR has been implemented in both service and manufacturing firms in different countries around the world (Shin and Jemella, 2002). Successful implementation of BPR brings many benefits to the organization and it increases customer satisfaction, increased productivity, higher flexibility, increased employees and improved coordination, and improved competitive advantage are the main benefits of successful BPR implementation. BPR helps organizations to achieve new heights of success by dramatically changing existing business processes (Holland and Kumar, 1995).

A study conducted in 2009 in Ethiopian civil service organizations concludes that, considering the human resource and the technological capacities of Ethiopian civil service organizations, BPR can bring incremental benefit and evolutionary transformation instead of dramatic and radical change for foreseeable future to come. In addition to this, a study conducted by Michael E. milakovich indicted that although a great deal of progress has been made since the reinvention era began nearly a decade ago, many governments still need to be encouraged to respond to multiple citizen-customer demands. Furthermore, a study conducted on business process reengineering and organizational performance in 2014 in the banking sector in Ethiopia reveals that there is significant reduction in service delivery time, however; still challenges exist on providing the service consistently due to different reasons. As far as the researcher's knowledge is concerned studies conducted have tried to indicate the performance of the bank in specific manner and comprehensive assessments were not conducted on customers' perception of the banks responsiveness, efficiency, effectiveness and equitable service for all customers. Hence the purpose of this study is to assess the relationship between customer's perception on service efficiency, responsiveness, equity and effectiveness and the practice of business process reengineering (BPR).

1.2. Statements of the Problem

According to, Hammer and Champy, (1993) the reengineering of business processes is concerned with fundamentally rethinking and redesigning business processes to obtain dramatic and sustaining improvements in quality, cost, service, lead-times, outcomes, flexibility and innovation which guarantee the performance of the organization in the world of competition that is why reengineering has become a fairly accepted approach today in the reform efforts of any organizations. On the contrary, other holds the opposing view claiming that BPR has failed to meet its expectations (Mumford, 1995; Biazzo, 2002). According to Al-Mashari, Irani and Zairi (2001) the average success rate achievement of implementing BPR in developed countries was 55 percent, being 61 percent achieved in the USA and 49 percent in Europe. The majority of studies on BPR have focused on the importance of the various factors for successful implementation in the manufacturing industry, while relatively few studies have been conducted in the banking industry. Therefore, it is risky to generalize the BPR success rate, because the evaluation is subjective as cross national differences (such as cultural belief, norms and values) may exist. Reengineering is a painful process because the whole set of values and beliefs in the organization are being challenged (Hammer & Champy 1993).

Similarly, even though improvements are observed on customer satisfaction in speed of service provision, researches show that the banks have challenges in providing its all rounded service consistently. As per the researcher's personal observation, it is also witnessed that customers are complaining about the service rendered by the Commercial Bank of Ethiopia specially in connection with network issues, when the power fail despite the implementation of the new initiative, BPR . Therefore, it makes sense to conduct a study on Business Process Reengineering (BPR) and Customers Perception of Service Efficiency, Responsiveness, Equity and Effectiveness in commercial bank of Ethiopia in a comprehensive manner.

1.3. Basic Research Questions

- 1) Do customers perceive that Business Process Reengineering has brought efficiency and effectiveness?
- 2) What is the perception of customers on the responsiveness of the organization for the queries of customers?
- 3) Do customers perceive that they are getting equitable treatment?

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of this study is to assess the relationship between customers' perception on service efficiency, responsiveness, equity and effectiveness and the practice of business process reengineering (BPR).

1.4.2. Specific Objectives

- To describe the impact of the BPR practice on responsiveness to customers concern.
- To describe the impact of the BPR practice on the efficiency of services in the aforementioned organization.
- Describe the perception of customers on the organizations' responsiveness for their concern
- Explain customers' perception on equitable service provision after the implementation of the BPR.

1.5. Definition of Terms

1.5.1. Conceptual Definition of Terms

Responsiveness: the extent to which public service agencies demonstrates receptivity to the views, complaints and suggestions of service users, by bringing about and implementing changes to its own structure, culture and service delivery patterns in order in deliver a more appropriate product or service(public system management 2008)

Customers' perception: customer's impression, awareness and/or consciousness about a company or its offerings.

Efficiency: performing or functioning in the best possible manner with the least waste of time and effort; having and using requisite knowledge, skill, and industry; competent; capable:

Equity: refers to how well public organizations are able to tailor service provision to meet the needs of the diverse groups of citizens that they serve.

Effectiveness: The degrees to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, effectiveness is determined without reference to costs and, whereas efficiency means doing the thing right, effectiveness means doing the right thing.

1.5.2. Operational Definition of Terms

Efficiency To gauge customers' perceptions of the efficiency with which services are provided by the bank we draw upon a survey measure, which captures the extent to which service users are content with the price/quality ratio of the services that they receive, and so closely mirrors the classic definition of technical efficiency as a ratio of outputs over inputs.

Responsiveness The responsiveness of the bank will be tapped by utilising a survey question asking informants whether they had been treated with respect and at most consideration this includes how well local banks are meeting the personal expectations of service users.

Equity refers to how well public banks are able to tailor service provision to meet the needs of the diverse groups of customers that they serve

Effectiveness Customers' perceptions of the overall effectiveness of Commercial Bank of Ethiopia's service as measured by a Survey question which asked respondents how satisfied they are with the way that the bank deliver service to customers.

1.6. Significance of the Study

The study is significant to give feedback to employees, employers, other stakeholders and researchers about the organizations level of responsiveness, equity in service delivery and its efficiency and effectiveness.

The study is significant to the stakeholders in its provision of information about level of employee's motivation. If the level of motivation among employees is high the quality of service and level of responsiveness to their clients will be high and if the motivation of employee is very low the level of provision of service and responsiveness will be low. Additionally, the study also helps researchers in provision of information as secondary data for future use in the academic arena.

1.7. Delimitation/Scope of the Study

It would have been much better and exhaustive for the study if there was a chance of accommodating more branches. However, to make the study manageable and to evaluate the problem in detail, the researcher is forced to delimit the study to the case of five busiest branches located in Addis Ababa. The study has focused on customers of the selected branches in Addis Ababa and completed May, 2015. In addition to this, interviews were held with managers of selected branches.

1.8. Limitation of the Study

During the study a number of limitations were encountered by the researcher. The bigger Challenge was time limitations by the respondents. The respondents due to their tight schedule allocated very little time thus the researcher could not inquire very deeply into a number of issues. In addition some of the respondents were hesitant in divulging all the information despite being assured of anonymity and the use of the data only for educational purposes. Another limitation of this study is that only four factors i.e. efficiency, effectiveness, equity and responsiveness and demographic factors were considered though there might be other factors

1.9. Organization of the Research Report

The remaining part of this study will include literature review, methodology to be employed, data analysis and interpretations, the findings, conclusions and recommendations.

The second chapter deals with a review of related literatures with detail theoretical concepts, empirical studies that will highlight the most important studies conducted on the areas of Business Process Reengineering and conceptual frame work used as a base to conduct the study.

Chapter three describes research methodology used in this study; it describes the study area, research design, target population, sampling techniques. It also represents details of instruments used for collecting data, and statistical method applied.

Forth chapter discusses detail of data analysis and interpretation. In this chapter demographic characteristic of respondents; data analysis result presented using descriptive statistics such as frequency distribution and percentage. In addition to this, inferential statistics will be considered to draw relationship between dependent and independent variables. Detail discussions of the findings also included in the final parts of the chapter. The last chapter includes summary of findings, conclusion drawn and implications for practice.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Review

2.1.1. Business Process Reengineering

Business process reengineering (BPR) is one of the top five issues of concern for IT executives in 2010 (Luftman and Ben-Zvi, 2009). BPR is also beginning to be embraced by public sector organizations of many countries to reform the traditional function-based bureaucratic system with result and customer-oriented process based system (Ongaro, 2004; Thong et al., 2000). Accordingly, there are now many cases of BPR adoption and implementation in the public sector in general (Sia and Neo, 2008) and public sector of developing economies (DEs) in particular (Mengesha and Common, 2007; Tarokh et al., 2008). The value of BPR can be seen at both process such as cost and time reduction (Grover *et al.*, 1995) and overall organizational performance such as productivity, profitability and market advantages (Ozcelik, 2009) levels.

Business Process Reengineering (BPR) is the analysis and redesign of workflow within and between enterprises according to (Hammar and Champy 1990 as cited by Mlay, Zlotnikova and Watundu 2013). BPR can also be defined as a total transformation of a business, an unconstrained reshaping of all business processes, technologies and management systems, as well as organizational structure and values, to achieve quantum jumps in performance throughout the business Mlay, Zlotnikova and Watundu 2013 citing (Crowe, Fong and Zayas-Castro, 2002). Stoica, Chawat and Shin (2004) stressed that BPR is the evaluation and amendment of strategy, process, technology, organization, and culture. This radical process includes plummeting organizational goals that are no longer valid.

Most organizations that have undertaken BPR can improve their business processes performance. However, achieving order of magnitude improvements that go beyond process level benefits and that impact overall organizational performance depend not only on reengineering business processes per se but also on creating a set of BPR complementary skills, systems and technologies. These set of skills, systems and technologies are necessary

to institutionalize and reinforce the redesigned business processes post-BPR implementation (Ozcelik, 2009). This implies that the degree of investment and change made to BPR complimentary organizational skills, systems and technologies is as important as the process change itself. We refer to such skills, systems and technologies as 'BPR Complimentary Competences (BPRCC)'.

According to Stoddard and Jarvenpea (1995) Business Process are simply a set of activities that transformed a set of inputs into a set of outputs (goods or services) for another person or process using people and equipment. Business process entails set of logically related tasks performed to achieve a defined business output or outcome. It involves a wide spectrum of activities procurement, order fulfilment, product development, customer service and sale (Sharma 2006). Thus, Business Process Re-engineering becomes an offshoot of Business Process. Hammer and Champy (1993) argued that the fundamental reconsideration and radical redesign of organizational process in order to achieve drastic improvement of current performance in cost, service and speed enjoys a fair measure of consensus. One can then assume that Business Process Re-engineering connotes the analysis and design of workflows and processes within and between organizations (Davenport and Short 1990).

Sharma (2006) posited that business process re-engineering implies transformed processes that together form a component of a larger system aimed at enabling organization to empower themselves with contemporary technologies business solution and innovations. Organizational effective performance has become a watchword in modern business; as a result there is inexorable pressure for Business Process Re-engineering. These questions necessitate venturing of Business Process Re-engineering into the overall strategy for sustained competition advantage, check costs, and differentiate products and effective price management with greater intensity and then flawless execution. At this juncture, it is pertinent to ask what Business Process is and as well as Business Process Re-engineering. Business processes are characterized by three elements: the inputs, (data such customer inquiries or materials), the processing of the data or materials (which usually go through several stages and may necessary stops that turn out to be time and money consuming), and the outcome (the delivery of the expected result). The problematic part of the process is processing. Business process reengineering mainly intervenes in the processing part, which is reengineered in order to become less time and money consuming (Ozcelik, 2009).

2.1.2. Factors Determining the Effectiveness of Business Process Reengineering

Carmeli and Tishler (2004) found that managerial capabilities, human capital, perceived organisational reputation and organisational culture have a positive effect on organisation service performance. A case study of the Calgary Health Region in Canada by Pablo *et al.* (2007) also found that identification, utilisation and management of internal capabilities and resources had an effect on enhancing organisational service performance. Bryson, Ackermann and Eden's (2007) case study demonstrated the relevance of identification and effective utilisation of competencies in strategy formulation and implementation for better organisational success. Based on their observations, Bryson, Ackermann and Eden (2007) indicated the importance of identification, exploitation, development, sustenance and protection of organisational competencies for better organisational effectiveness.

The management of change is an essential skill to facilitate the insertion of newly-designed processes and structures into working practices, and to deal effectively with resistance. This is considered by many researchers to be a crucial component of any BPR effort. Zairi and Sinclair (1995) further emphasized on it as they placed emphasis on the revision of reward systems, communication, empowerment, people involvement, training and education, creating a culture for change, and stimulating receptivity of the organization to change are the most important factors related to change management and establishing a culture of performance measures.

The commitment and leadership of management are often cited as the most important factors resulting in a successful outcome of BPR programme. Carr and Johansson (2005) make the point that leadership must provide a clear vision of the future. This vision must be clearly communicated to a wide range of employees who, then become involved and motivated rather than directly guided. Other leadership traits and characteristics that are cited and considered to be important in the literature are the leadership has to be effective, strong and visible, it requires creative thinking and understanding there must be commitment to and support for the BPR effort and the support from senior management must be constant throughout the lifetime of the BPR programme.

BPR creates new processes that define jobs and responsibilities across the existing organizational functions. This results in a clear need to create a new organizational structure which determines how BPR teams are going to look, how human resources are integrated,

and how the new jobs and responsibilities are going to be formalized. The organization must therefore, have the ability to create the new organizational structures without disrupting or destabilizing the existing manufacturing capabilities. This requirement for the organization to have the ability to create new organizational teams and structures forms a key element of the case study.

Zairi and Sinclair (2005) emphasized that successful BPR implementation is highly dependent on an effective BPR management programme which should include adequate strategic alignment and effective planning and project management techniques. These techniques should identify a methodology for external orientation and learning, making effective use of consultants in building a process vision, which integrates BPR with other improvement techniques, and ensures adequate identification of the BPR value.

Brancheau et al (1996) make the point that factors related to IT infrastructure have been increasingly considered by many researchers and practitioners as a vital component of successful BPR efforts. IT function competency and effective use of software tools have been proposed as the most important factors that contribute to the success of BPR. These include building an effective IT infrastructure, adequate IT infrastructure investment, adequate measurement of IT infrastructure effectiveness, proper IT integration, effective reengineering of legacy IT, Kettinger et al (2007) go on to state that: BPR and IT infrastructure strategies which are both derived from organizational strategy need to be in effective alignment to ensure the success of the BPR initiative. While, McDonald and Earl (2005) adopt the stance that: IT can best enhance an organization's position by supporting a business-thrust strategy which should be clear and detailed. Top management should be involved in strategy formulation, as well as providing a Commitment for the whole process of redesign, while the IT manager should be responsible for designing and implementing the IT strategy. The degree of alignment between the BPR strategy and the IT infrastructure strategy is indicated by including the identification of information resource needs in the BPR strategy. Alignment is also achieved by the active involvement of management in the process of IT infrastructure planning, and IT managers in business planning, and also by the degree of synchronization in formulating the two strategies.

The use of information technology for gaining competitive advantage and supporting business activities in a dynamic environment has been emphasized extensively during the past years by some authors like Ciborra 1992; Harrington 1991; Davidow 1992; Clegg 1990; and Keen 1991. They all point out the importance of modern information technology. Information Technology (IT) is becoming the most important driver of the global economy. The competitiveness of a country's economy and well-being is getting closely aligned to its ability to innovate and participate in the IT industry. The information revolution is enabling the emergence of a new type of trade system on electronic network.

People can exchange goods without having to exchange money. This has led to the emergence of virtual markets in the form of Electronic business which replaced going to shops.

Same is the case with electronic banking system. The impact of IT on economy has accelerated with the development of satellite communication, increasing powerful and smaller memory chips and developments in software programming. This has had a fundamental impact on organizational structures and human resource management. Intermediate middle management levels have been thinned down and intellectual capital has become a key resource. Industrialized and developing countries alike are formulating policies and programs to accelerate IT development and diffusion.

The journey into the information age is for improvement in the quality of every aspect of human life, emergence of a competitive society and a vibrant economy of new age technologies through transparent governing systems, sound infrastructure and skilled human resources.

Most BPR theorists and practitioners consider IT as being the essential enabler for any reengineering effort, even if there is a minority claiming, that reengineering can be done without engaging IT. However, it can be stated that IT plays a major role in the majority of BPR projects.

Yates (1989) observed as stated in Simon (1994), when looking on the impact of IT development on organizational change that the period from implementation to change can vary significantly in time. Beyond that delay in time, the performed change was often of rather incremental nature.

It may be concluded, that IT is only one of an assembly of change enablers, and if used inappropriately, it might even be a disabling factor. Especially, when information logical constraints are disregarded, the systems workability is suffering, or wrong technological platforms are used.

2.1.3. Responsiveness to Customers

In addition to redefining the different needs of various types of customers, empowered employees must realize the importance of responding promptly when customers have something needs response. Officials must understand that most customer demands, like constituent casework, require the intervention of empowered front-line employees with specialized knowledge and expertise. Responsiveness, together with reliability, assurance, empathy, and tangible outcomes, is one of the principle dimensions that can be used to judge an organization's customer service quality (Zeithaml, Parasuraman, and Berry, 1990).

The first step in developing a successful customer-service strategy is identifying various existing and potential customers in the public marketplace (McClendon, 1992). Organizations that systematically define who their customers are, what they want, and how expectations can be met, increase the probability of success by more precisely targeting limited organizational resources. To successfully respond to customer problems at the point-of-contact, problem resolution and secondary recovery techniques (procedures to correct errors after they have occurred) must be taught to all employees, not just to managers. An effective customer service system rewards employees for quality service; management is responsible for designing and maintaining that system.

One technique being used in a few local governments to allocate rewards and make employees aware of the consequences on not responding to customers is the "secret shopper" program. Employees from different divisions volunteer to act as citizens seeking a public service from another agency. The quality of service is evaluated and opportunities for internal process improvement are identified. As public service organizations become more customer-driven, governments will respond to citizens as recipients who want issues resolved quickly without unnecessary bureaucratic delay or unreasonable excuses for inaction. (How much delay is necessary and which excuses are reasonable can be analysed by agencies with

customer input to establish performance standards.) Customer satisfaction and administrative responsiveness can and should be the ultimate objectives of these efforts, not simply bureaucratic efficiency or political expediency. Organizations can adopt a marketing orientation, in the sense that each person in the organization can be trained to empathize with a customer and help resolve the problem no matter how trivial or openly hostile the question (Coffman, 1986). When disputes occur, most people need a reassuring statement from an official that he/she is aware of the problem and trying to resolve it as soon as possible. Unfortunately, public agencies are often so consumed with bureaucratic accountability and control that the emotional support needs of citizens are often neglected. Traditional public administration practice, crisis management, and historical patterns of governmental accountability favour top-down management and are used to justify not deploying a customer service focus where government workers identify and respond directly to citizens' needs and management expedites the process. Balancing these top down and bottom-up pressures is viewed by some as a problem in public agencies (Kettl, 1998). Most elected officials prefer to delegate authority to agencies that implement rules from the top. At the same time, they realize that rigid command and control systems stifle individual service, restrict flexibility, and impede immediate responsiveness to customers.

2.1.4. BPR and Cost efficiency

BPR is used by most firms to improve performance substantially on key processes that impact customers. BPR reduces costs and cycle time by eliminating unproductive activities and the employees who perform them. Reorganization by teams decreases the need for management layers, accelerates information flows and eliminates the errors and rework caused by multiple handoffs. Productivity is defined as ratio of output to input for a specific production situation. Productivity changes can be caused by either improvement on best technology or changes in level of efficiency. Performance measures can be used to track productivity over time. The concept of productivity is closely linked with efficiency. Rising efficiencies would therefore imply rising productivity. Equally the shift outwards of a production frontier also imply performance growth. Reengineering key processes may produce tangible benefits such as cost savings and other improvements. However the

cumulative sum of these benefits is not enough to declare success. Traditional theories of planned change have taught that radical changes in some systems produce quick desired outcomes but also cause stress and overload which hasten system failure. (Schlottmann, A., et al, 2004).

As Commercial Bank of Ethiopia is also under the supervision of government, it could not escape this reality. The networked customer service approach of granting bottom-up, instead of top-down, accountability encourages entrepreneurship by modifying the traditional relationship between citizens, managers, suppliers, and elected officials (Sarbaugh-Thompson, 1998). Within pre-determined limits for almost all routine decisions, front-line workers assume the authority to resolve the problem and accept the accountability for the results of the decision. Extensive training is provided to teach line employees to distinguish between routine situations and those that require a special response. Public managers have to balance the two potentially conflicting perspectives: the traditional top-down legal-rational approach and the empowered bottom-up process likely to lead to greater satisfaction for recipients. Without comprehensive employee training, shifting to the bottom-up networked approach too quickly could pose a challenge to the rule of law and administrative regulation upon which American government is based. Conversely, not focusing on customer needs within a reasonable timeframe increases frustration levels and inhibits accountability, empowerment, and responsiveness.

2.2. Empirical Review

Review on BPR studies shows that the opinion of scholars on the subject matter can be classified into two (Herzog, Polajnar, & Tonchia, 2007). The first group includes the scholars that agree that BPR is a panacea to turbulent market changes, customer demand and competition (Davenport & Short, 1990; Hammer, 1990, Terziovski, Fitzpatrick, & O'Neill, 2003), while the second group holds the opposing view claiming that BPR has failed to meet its expectations (Mumford, 1995; Biazzo, 2002). According to Al-Mashari, Irani and Zairi (2001) the average success rate achievement of implementing BPR in developed countries was 55 percent, being 61 percent achieved in the USA and 49 percent in Europe.

Global competition has brought change. Because of the competitive economy, organizations today seek to rationalize, innovate and adapt to changing environments and circumstances as part of business process reengineering (BPR) efforts. Irrespective of the process reengineering program selected and the techniques used to model it, BPR initiatives involve risk taking. Effective management of risks and their prediction and estimation should help in minimizing failures from BPR efforts.

Sidikat and Ayanda (2008) carried out a study on Impact Assessment of Business Process Reengineering on Organizational Performance in First Bank Nigeria. They used the case study method and data was analysed through simple percentage and regression analysis. The results revealed that business process reengineering (BPR), service quality (SQ), and innovative & strategic change (I & SC) are positively (Directly) related to the success of organization. Business Reengineering Process will only be successful if the activities in which the processes are based are directly related to the needs and objectives of the business. The impact of Business Reengineering Process to the Nigerian organizations cannot be over-emphasized with the economic situation of this country, because it helps in meeting the domestic and industry needs or pursuance of better and high performance. Business Reengineering Process has helped in the achievement of the organization over-all objectives. It concludes that BPR has become useful weapon for any corporate organizations that is seeking for improvement in their current organizational performance and intends to achieve cost leadership strategy in its operating industry and environment. It recommended that reengineering process remains effective tools for organizations striving to operate as effectively and efficiently as possible and organizations are required to reengineer their business processes in order to achieve breakthrough performance and long term strategy for organizational growth and performance.

Aregbeyen (2011) carried out a study on Business Re-Engineering and Organizational Performance in Nigeria: A case study of First BankNigeria PLC (FBN). He used the paired data samples method between 1986 and 2008. The study was aimed at evaluating the impact of the reengineering of operational processes on the performance of the bank. To do this he tested the hypothesis that business re-engineering has no significant effect on the FBN's operational performance. To test this hypothesis, he measured the operational performance of the bank through three major indicators namely growth, profitability and the extent of

financial intermediation. Growth of the bank was measured using alternative but complementary measures.

These are annual changes in gross earnings, total assets, total deposit mobilized. Profitability was assessed with profit margin, return on assets and return on equity. The extent to financial intermediation by bank was ascertained through the loans and advances to total deposit ratio. The results revealed after the necessary tests that the bank neither grew better during the pre nor post re-engineering period. It can be inferred that the re-engineering project positively improved the profitability of the bank. The re-engineering project made no significant improvement on financial intermediation by the bank. In conclusion, the analysis of the data showed that the re-engineering project significantly improved the profitability performance of the bank but not for growth and the extents of its financial intermediation.

Ringim, Razalli & Hasnan (2011), carried out a study on Effect of Business Process Reengineering Factors on Organizational Performance of Nigerian banks: Information Technology Capability as the Moderating Factor. The survey method was used. A pilot test was conducted to seek the objectives. Instrument content and face validity and reliability were examined through panel of expert in both academic and practice. The data received from the commercial bank departments were analysed using the SPSS software. The results show that the dimensions of BPR are reliable and valid. In addition BPR implementation was found in various operations processes in Banks.

Habib (2013) carried out a study on Understanding Critical Success and Failure Factors of Business Process Reengineering in Pakistan. He used the explorative survey methods to carry out his study. The results revealed that companies are shifting from product centered approach to customer oriented approach. Therefore the priorities are also changing and the companies are trying to satisfy their customers to deliver what they want in terms of values. He concluded that bringing change into an organization is very difficult and very much demanding. Therefore proper planning from top management is very important in accordance with the organizational needs and resources. The supportive role of management is a key to successful implementation. The involvement of HR in planning and implementation is also essential. He said management and companies should understand that BPR is a customized change tool thus, do not copy what your competitors are doing or else it will result in only failure. He recommended that companies need to identify the tasks that are unnecessary,

causing delay and inefficiency, identification of areas and jobs that can be reengineered with the help of developed and up to date technology – THEN SHOOT and you achieve success.

Asgarkhani and Patterson (2012) did a study on Information and Business Process Reengineering through Application of Information and Communication Technologies (ICTs) in Pattaya (Thailand). They used exploration method. The result revealed that continued innovation in IT will make sure its role in process redesign will not decline and the more that business becomes the focus of process redesign. They concluded that information technology has a huge role in BPR; this is because information technology's unique attributes cover most PBR heuristics.

The study showed that only 30.4% of BPR projects in Uganda have delivered the intended usable Information Systems. They identified the factors impacting on BPR and possible causes of BPR failures. They identified that emotional response of the users towards the BPR implementation ranges from 'Acceptance' to 'Testing', 'Indifference' and 'Anger'. They concluded that many organizations in Uganda and elsewhere need to reengineer their processes to improve on efficiency. They recommended that organizations intending reengineer processes should put a lot of emphasis on soft issues of the BPR implementation. It is important to establish good and open communication between the implementers and the management (also indicated by Crowe et al (2002); Maull and Tranfield (2003)). The majority of studies on BPR have focused on the importance of the various factors for successful implementation in the manufacturing industry, while relatively few studies have been conducted in the banking industry. Therefore, it is risky to generalize the BPR success rate, because the evaluation is subjective as cross national differences (such as cultural belief, norms and values) may exist. Reengineering is a painful process because the whole set of values and beliefs in the organization are being challenged (Hammer & Champy 1993). BPR factors in the present study have been adapted based on the scope of study and fit to the banking industry, which is in line with the previous studies (Al-Mashari & Zairi, 1999; Ahmad et al., 2007; Salimifard, et al., 2010).

On the other account, a paper conducted by Khuzaimah in February 2011 concludes that Business Process Reengineering has become useful weapon for any corporate organizations

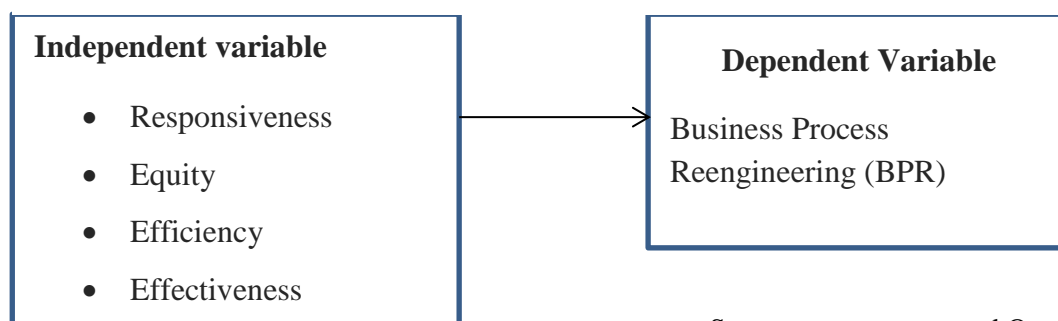
that is seeking for improvement in their current organizational performance and intends achieve cost leadership strategy in its operating industry and environment. It recommends that reengineering process remains effective tools for organizations striving to operate as effectively and efficiently as possible and organizations are required to reengineer their business processes in order to achieve breakthrough performance and long-term strategy for organizational growth and performance. A research memorandum of Getachew 2006 shows that, BPR has brought significant change in the efficiency and performance of service delivery departments and units in two ministries in Ethiopia.

This study tries to assess customers' perception of service efficiency, equity, effectiveness and responsiveness in relation to Business Process reengineering in commercial bank of Ethiopia.

2.3. Conceptual Frame Work

The independent variables selected for this study presented diagrammatically to demonstrate the relationship between them and the dependent variable as follows.

Figure 1: Conceptual frame work



Source: own constructed October, 2015

CHAPTER THREE

METHOD OF THE STUDY

3.1. Description of the study Area

Commercial Bank of Ethiopia is the leading bank in Ethiopia, established in 1942 and pioneer to introduce modern banking to the country. It has more than 900 branches stretched across the country. The bank has assets of 276.3 billion Birr as on April 30th 2015. Play catalytic role in the economic progress & development of the country. It is the first bank in Ethiopia to introduce ATM service for local users. Currently, CBE has more than 8.5 million account holders. It has strong correspondent relationship with more than 50 renowned foreign banks like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank ... CBE has a SWIFT bilateral arrangement with more than 700 others banks across the world. CBE combines a wide capital base with more than 20,000 talented and committed employees. Pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), and Xpress Money. CBE has opened four branches in South Sudan and has been in the business since June 2009. CBE has reliable and long-standing relationships with many internationally acclaimed banks throughout the world. www.cbe.org.et

3.2. Research Design and Methodology

3.2.1. Research Design

Research design is essentially a statement of the objectives of the inquiry and strategies for collecting the evidences, analysing the evidence and reporting the finding (Y.K Singh)

The data analysed by using both quantitative and qualitative method. Descriptive survey design adopted because it is usually the best method for collecting information that will demonstrate relationship and describe things in natural setup as it exists. A quantitative method is chosen to be proper and suitable to collect and analyse primary data needed for this study given the fact large sample is needed to meet the objectives and it is also consistent

with earlier studies. Kothari (2004) also stated that quantitative research is used to meet objectives that require mathematical analysis of data obtained from large sample.

3.2.2. Sample and Sampling Techniques

A target population included in this study is only those customers who are getting service from the organization from February 20, 2014 to March 20, 2014; at 8:30 am – 12:00pm and 1:30 pm - 5:00 pm. The population within this time period is targeted to facilitate the data gathering using the Time Location Sampling Method.

It is impractical to collect data on the whole population, considering the size as well as time available for the study, hence a sample that represent the whole population was selected. The survey is conducted considering infinite population given the fact that; the spread of the population is not clearly known as the customers may come from Different part of the City at any given time. The sample size is calculated using the infinite population formula as suggested in Kothari (2004:179).

$$n = \frac{Z^2 \cdot p \cdot q}{e^2}$$

Where;

n = sample size of customers

P= sample proportion

q= 1-P

Z= Standardized normal variable and its value that corresponds to 95 % confidence interval equals 1.96

d(e) = Allowable error (0.05)

Accordingly, the sample size is determined to be;

$$n = \frac{1.96^2 \cdot 0.5 \cdot 0.5}{0.05^2} = 385$$

Hence, the sample size for this study is 385

Beside a 20 % is added for the contingency to overcome potential non response rate and invalid responses; making the number of respondents 465. A total of 465 questionnaires distributed to undertake this survey. Out of this only 264 questionnaires were collected and

the remaining 201 were left uncollectable. All the collected questionnaires were used for analysis. Peretomde (1992) and Owojori (2002) maintain that a sample size that is not less than 10% of the study population is a good representative of the population.

3.2.3. Source and Tools/Instruments of Data Collection

Both primary and secondary sources of data were used for this study. The primary data, which were known as first hand that, have collected for the first time and hence original in character (Kothari, 2004) collected through survey research by distributing questionnaires for customers.

Relevant theoretical and empirical related literatures consulted mainly on Business process reengineering versus customers perception of service efficiency, effectiveness, equity and responsiveness. In addition to this, data gathered from published and unpublished sources of Commercial Bank of Ethiopia's Website.

3.2.4. Procedure of Data Collection

The researcher uses questionnaire to collect primary data from customers of the Bank and interview to get information from branch managers. The researcher has paid visit to a selected branch and collect data from respondents himself. For the rest experienced enumerators have been arranged to facilitate distribution and collection of questionnaire on hard copy from customers. The views of managers of each selected branches are sought through interview to balance the response of customers. The questionnaire has three parts. Part one of the survey require respondents to provide demographic information on their age, sex, educational level, and how long he/she is customer to the bank while Part two focuses on BPR measure questions and customers perception of service efficiency, effectiveness, equity and bank's responsiveness to customers query. A five-point Likert-type scale (1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree) used to enable respondents rate on each characteristic. The third part has also included few open ended questions to let participants express their idea.

3.2.5. Instrument Development

The questionnaires and interview questions to be used are developed in line with the research question and objectives. Due attention is given to maintain principle of a good questionnaire by using short and brief statement, plain language, avoid leading question etc.

3.2.5.1. Validity

Instrument validity depends on the extent to which the item measures what it intends to measure (Creswel, 2009). Questionnaires are adopted from Abdurezak (2013).

The questionnaires translated into Amharic, local, language to ensure clarity in interpretation of the meanings. Besides, it is pilot tested before conducting the survey to make sure that proper language structure was used and the question was capable of collecting the data intended for the study.

The respondents of the study requested to provide comments on how well they understand the instruction. Time taken to answer a questionnaire was recorded to properly plan on final survey. Any major difficulties found in this stage were given due attention and thoroughly corrected for the final survey questionnaire.

3.2.5.2. Reliability

To measure consistency of the instrument, the questionnaire was tested for reliability during the pilot test respondent's response using A Cronbach alpha value 0.916 was obtained proofing the measurement is reliable to be applied. A Cronbach alpha value above 0.7 is usually considered to offer reasonable reliability for research purpose (Creswel, 2009, PP. 190 - 92).

3.2.6. Methods of Data Analysis

After collected questionnaires are checked for completeness and consistency and properly coded to recheck in case error occurred, the data entered into SPSS. Frequency will computed to check for range of response, count missing data, and screening data before analysis. Descriptive statistical techniques like frequency and percentage will be used.

Inferential statistics will also be used to test the significance of difference between dependent and independent variables.

4. Ethical Consideration

Permission secured from Commercial Bank Ethiopia to conduct the study at selected branches (Finfine, Mexico, Addis Ababa, Joseph and Nifas silk) located in Addis Ababa before starting data collection. All participants of the study have participated voluntarily and they will be given a full description of the study before participating on the study. Due care taken to protect harm against any research participants. All surveys kept anonymous for the research. This study was conducted in a straight forward manner and participants are not being deceived.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

This chapter represents the results of data analysis and discussions that were described in the previous chapter. It gives an overview on the responses that are generated from the study. The chapter organized in sections describing the overall demographic profile of respondents, and descriptive statistics of respondents on BPR versus customers perception on service efficiency, responsiveness, equity and effectiveness.

It also includes ANOVA results on Pearson's Correlation and Multiple Regression analysis result used to establish and explain the association between the BPR and independent variables (service efficiency, responsiveness, equity and effectiveness)

4.1. Demographic Characteristics of the Respondents

The demographic characteristics of sample respondents are presented in table 4.1 below. The respondents profile gives an indication towards respondents gender, educational status, type of customer, type of saving, length of customer relationship and customers' frequency of visiting to the bank. Male respondents constitute 65.9% while female respondents account for 34.1%.

Table 4.1 Socio Demographic Variables

		Frequency	%
Gender	Male	174	65.9
	Female	90	34.1
Educational level	Primary	23	8.7
	Secondary	74	28
	Bachelor	99	37.5
	Masters	41	15.5
	PhD	6	2.27
	Others	21	8
Customer type	Individual	175	66.3
	Corporate	55	20.8
	Both	34	12.9
Type of saving	Saving account	187	70.8
	Current account	43	16.3
	Other	30	11.4
Length of customer relationship	1 year	11	4.2
	5 year	83	34.4
	6-10 year	141	43.
	11-16 year	17	6.4.
	17-20 year	10	3.73
	Above 20 year	7	2.66
Frequency of visit to the bank	Daily		
	Twice a week	60	22.7
	Once a week	13	4.5
	Monthly	172	65.
	Occasionally	29	11
Total		264	100

Source: Own survey, 2015

Looking at the respondents educational background, majority of them 37.5 % are first degree holders, 8.1 % primary education, 28% secondary education, 15.5 % Masters, 2.3 % PhD and 8% are others.

The survey result also shows that, 70% of the respondents are individual customers while 20.8% of them are corporate customers. Both individual and corporate customers account for 12.9 %.

As it is shown in the above table 70.3% of the respondents have saving account, 16.3% current account and 11.4% of customers have both accounts. This implies that the saving culture of the nation is increasing compared to the last five years.

The study result reveals that many of the customers have 6-10 years customer relationship with the bank 43%, followed by 5 years 34.4 %. This implies that the bank is attracting new customers from the market.

Majority of the customers visit the bank on monthly bases 64%, followed by 22.7% twice a month, 4.5% on weekly basis and 11% of them go to the bank occasionally.

Table4.2 Business Process Reengineering (BPR) Measure Questions

Descriptive Statistics			
Items Description	N	Mean	Std. Deviation
I know that CBE has implemented business process reengineering (BPR).	264	4.02	1.002
I understand that there is significant change in banks performance after implementation of BPR	264	3.58	1.032
I have noticed that BPR has brought new way of doing things in the bank.	264	3.62	1.127
I am very satisfied with the service provided after BPR implementation.	264	3.71	1.083
Valid N (listwise)	264		

Table 4.2 shows mean and standard deviation on Business Process Reengineering (BPR). The result indicated that majority of the participants of the study have shown their agreement in implemented business process reengineering (BPR).with 4.02 mean and 1 standard deviation. Similarly, they have agreed on the point that BPR has brought new way of doing things in the bank with 3.58 mean and 1.032 standard deviation. The mean value of 3.62 and standard deviation 1.127 also indicated their agreement on the statement I have noticed that

BPR has brought new way of doing things in the bank. By the same token, they have shown their agreement on the statements: I am very satisfied with the service provided after BPR implementation with 3.71 mean and 1.083 standard deviation.

On this regard, it is possible to conclude that majority of respondents 66% have shown their agreement on factors under BPR. But still there are improvement areas that should be considered as 34% of respondents were among who were disagreeing and indicate existence of gray area. Most organizations that have undertaken BPR can improve their business processes performance. However, achieving order of magnitude improvements that go beyond process level benefits and that impact overall organizational performance depend not only on reengineering business processes per se but also on creating a set of BPR complementary skills, systems and technologies. These set of skills, systems and technologies are necessary to institutionalize and reinforce the redesigned business processes post-BPR implementation (Ozcelik, 2009).

4.2. Factors determining Business Process Re-engineering (BPR)

Table4.3 Descriptive Statistics on Independent Variables

Description of items	Rating scale					Total (%)
	Strongly Disagree (%)	Disagree (%)	Neither agree nor disagree (%)	Agree %	strongly agree (%)	
Service Efficiency	3(1.1)	11(4.2)	78(29.5)	162(61.4)	10(3.8)	264(100)
Service Effectiveness	0	10(3.8)	67(25.4)	127(48.1)	60(22.7)	264(100)
Equitable service Provision	3(1.1)	15(5.7)	96(36.4)	106(40.2)	44(16.7)	264(100)
Responsiveness	9(3.4)	15(5.7)	68(25.8)	148(56.1)	24(9.1)	264(100)

Data Source: own constructed, 2015

From table 4.3 it is also possible to understand that majority of respondents, 61.4 %, agree while 29.5 of them are indifferent and 5.5 disagree on factors relating to service efficiency. On the independent variables relating to responsiveness to customers concern 56.1% of respondents agree, 9.1strongly agree, 25.80 neither agree nor disagree, 5.7 disagree and 3.4 strongly disagree. Similarly, on the factors relating to equitable service Provision majority of the respondents, 40.2 % agreed, 16.7 strongly agree while the other majority of respondents, 36.4 %, neither agree nor disagree, 5.7 disagree, and 1.1 % strongly disagree. By the same token, on factors relating to service effectiveness 48.1 % of them have agree, 22.2 strongly agree, 25.4 neither agree nor disagree and 3.8 % disagree.

4.3. Inferential Statistics

Inferential statistics is the whole family of statistical techniques used to make generalisations from a sample to a population. The result of Pearson's correlation coefficient and regression analysis were analyzed and interpreted.

4.3.1. Pearson's Correlation Coefficient

In this study Pearson's correlation coefficient was applied to determine whether there is significant relationship between the dependent and independent variables. The below table shows the result of correlation:

Table 4.4 Pearson’s Product Moment Correlation Coefficient

Correlations		
		BPR
Efficiency	Pearson Correlation	.646**
	Sig. (2-tailed)	0.000
	N	264
Responsiveness	Pearson Correlation	.653**
	Sig. (2-tailed)	0.000
	N	264
Equitable service	Pearson Correlation	.583**
	Sig. (2-tailed)	0.000
	N	264
Effectiveness	Pearson Correlation	.658**
	Sig. (2-tailed)	0.00
	N	264

** . Correlation is significant at the 0.01 level (2-tailed).

The above table presents the linear correlation exists between dependent and independent variables. The results shows that moderate correlation exists at 5% level of significance with the dependent variable BPR (r = 0.646, 0.653, 0.583 and 0.658) respectively. The result of Pearson’s product moment correlation coefficient implies that Efficiency, Responsiveness, Effectiveness and Equitable provision of service for customers have positive relationship with BPR.

4.3.2. Regressions Analysis

Further analysis conducted using multiple regression analysis technique to determine the extent to which the explanatory variables explain the variance in explained variable. The below regression model shows Efficiency (X1), Responsiveness (X2), Effectiveness(3) and Equitable provision of service for customers(X4) have positive relationship with BPR (Z):

$$Z = a_0 + a_1X_1 + a_2 X_2 + a_3X_3 + a_4X_4 + \epsilon.$$

The regression coefficients, standard error of estimate and coefficient of multiple determinations were used to interpret and test result of the regression. Here BPR was used as the dependent variable (Z) while independent variables included X1, X2, X3 and X4.

Table 4.5 The PAS Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.777 ^a	.603	.597	.49569

Predictors: (Constant), Efficiency, Responsiveness, Effectiveness, Equitable provision of service.

As a whole the regression does good job of modelling BPR. 59.7% of variation in BPR is explained by the model. The above quantitative analysis results were also favoured by majority of responses provided in open ended part of the questionnaire, qualitative data analysis result. Given the good results and progress BPR bring about in the bank, the following gaps were reported in the qualitative analysis part.

Participants of the study also mentioned that, inconsistency in quality of service provided, unreliability of Network, frequent down of ATM Machines and not valuing customer as a king were problems observed.

Table 4.6. Summary of ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	96.732	4	24.183	98.422	.000 ^b
	Residual	63.638	259	.246		
	Total	160.369	263			

Dependent Variable: PAS

The ANOVA table reports a significant F statistics, indicating that using the model is better than guessing the mean. The above table portrays that the value of F (98.422) with a P value < 0.05. Hence it is possible to conclude that, Efficiency (X1), Responsiveness (X2), Effectiveness (3) and Equitable provision of service for customers(X4) were simultaneously contributing to the variation in Business Process Reengineering.

Table 4,7 BPR Regression Model

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.237	.207		-1.147	.252
	Efficiency	.402	.066	.306	6.096	.000
	Responsiveness	.180	.069	.179	2.605	.010
	Equitable service	.133	.062	.132	2.156	.032
	Effectiveness	.372	.059	.322	6.281	.000

Dependent Variable: BPR

Table 4.8 shows independent variables significantly contributed in variation of the PBR at 5% significance. Though, the relative importance of each independent variable was different. Also, since the p- value is less than 0.05, coefficients are significant and the linear regression equation would be:

$$BPR = 0.207 + 0.066 * Efficiency + 0.069 * Responsiveness + 0.062 * Effectiveness + 0.059 * Equity.$$

All predictors are positively related with BPR and have the below quantitative association indicating all them has influence on PAS:

Efficiency $\beta = 0.306 (\alpha < 0.05)$

Responsiveness $\beta = 0.179 (\alpha < 0.05)$

Equity $\beta = 0.132 (\alpha < 0.05)$

Effectiveness $\beta = 0.322 (\alpha < 0.05)$

Thus, Efficiency, Responsiveness, Effectiveness and Equitable provision of services have influence on the BPR, indicating 59.7 % of the variation in the Business Process Reengineering. However, looking at standardized coefficients, Efficiency and effectiveness have relatively high influence on PBR because they have larger absolute standardized coefficient.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMENDATION

The final chapter includes summary of findings, conclusion drawn and implications for practice. The chapter is organized into three sections describing: s summary of finding's, discussion conclusion, and presenting implication for Commercial Bank of Ethiopia.

5.1. Summary

Looking at the respondents educational background, majority of them (37.5 %) are first degree holders, 8.1 % primary education, 28% secondary education 15.5 % Masters, 2.3 % PhD and are 8% others. The survey result also shows that, 70 % of the respondents are individual customers while 20.8% of them are corporate customers. Both individual and corporate customers account for 12.9 %. As it is shown in the above table 4.1 70.3% of the respondents have saving account, 16.3% current account and 11.4% of customers have both account this implies that the saving culture of the nation is increasing compared to the last five years. The study result reveals that many of the customers have 6-10 years customer relationship with the bank 43%, followed by 5years 34.4 %. This implies that the bank is attracting new customers from the market. Majority of the customers visit the bank on monthly bases 64%, followed by 22.7% twice a month, 4.5% on weekly basis and 11% of the go to the bank occasionally.

Summary of descriptive statistics of dependent variable, BPR revealed that 66.6 % of the respondents agree, 27.7 % indifferent and 5.7 % disagree on factors related to BPR. The result indicated respondents overall reactions to the BPR were favourable, indicating that BPR has the potential to improve business process.

From table 4.2 it is also possible to understand that majority of respondents, 61.2 %, agree while 29.5 of them are indifferent and 5.5 disagree. On the independent variable responsiveness, 56.1% of respondents agree, 9.1 strongly agree, 25.80 neither agree nor disagree, 5.7 disagree and 3.4 strongly disagree. Similarly, on the equitable service provision majority of the respondents, 40.2 % agreed, 16.7 strongly agree while the other majority of

respondents, 36.4 %, neither agree nor disagree, 5.7% disagree, and 1.1 % strongly disagree. By the same token, effectiveness; 48.1 % of them have agree, 22.2 strongly agree, 25.4 neither agree nor disagree and 3.8 % disagreed.

Given the good results and progress BPR bring about in the bank, the following gaps were reported in the qualitative analysis part.

Participants of the study also mentioned that, inconsistency in quality of service provided, unreliability of Network, frequent down of ATM Machines and not valuing customer as a king were problems observed.

The result of Pearson's product moment correlation coefficient implies that Efficiency, Responsiveness, Effectiveness and Equitable provision of service for customers have positive relationship with BPR.

The regression results also showed that 59.7% of the variation in BPR can be explained by the changes in service efficiency effectiveness, responsiveness and equity, while 40.3% remain unexplained. These quantitative analysis results were also favoured by majority of responses provided in open ended part of the questionnaire, qualitative data analysis result. Given the good results and progress BPR bring about in the bank, Participants of the study also mentioned that, inconsistency in quality of service provided, unreliability of Network, frequent down of ATM Machines and not valuing customer as a king from some front desk employees were problems observed.

5.2. Conclusion

This paper tried to assess the relationship between customers' perception on service efficiency, responsiveness, equity and effectiveness and the practice of business process reengineering (BPR). Based on the findings of the study, the bellow conclusions are drawn:

The descriptive statistics on agreement of respondents on the dependent variable, BPR , and independent variables reveals that, majority of participants of the study have shown their agreement on factors under each variable. But still there are improvements areas that should be considered as significant number of respondents were among those who were disagree and indicated existence of gray area on each factors.

Pearson's correlation was computed to identify the relationship between dependent and independent variable and the result shows there is significant moderate positive relationship between dependent and independent variable.

Multiple regression analysis result has also shown that there is positive relationship between Dependent and independent variables. It also indicated that Efficiency, Responsiveness, Effectiveness and Equitable provision of service for customers have influence with BPR. The study shows that, Efficiency and effectiveness have relatively high influence on BPR. Hence, if the organization has given due attention for this issues, BPR helps it to meet its short and long term goals and objectives by helping management and employees do their jobs more efficiently and effectively.

5.3. Recommendations

The finding of this research has implication for practice in Commercial Bank of Ethiopia. This study find out that Commercial Bank of Ethiopia is evaluated positively by respondents in general, however, continuous improvements are recommended to maintain its complete advantage. Some of the implications include;

Some customers are complaining the approach and services they get from front desk employees of the bank. Hence, it is recommendable for the bank to consider its man power recruitment and selection strategy. As employees are the main assets of any organization, above all, it is important to make sure that they are able to render standard service for its customers. Cook (2008) notes that training and development help organizations to be more flexible, proactive and customer-focused in the face of fierce competition and serve as a prime motivational tool.

In an extremely competitive and dynamically changing environment, change in customers demand is unquestionable. Corporations have to gear their products and service to customers need. Likewise customers of commercial bank of Ethiopia needs reliable and easily accessible ICT infrastructure for its customer. Adapting new technologies by itself is not enough; the bank has to ensure that the newly introduced technologies are helping up to the customers' expectation. Moreover, the bank should give due consideration for

customers on top of improving transparency and responsiveness for customers queries. Moreover, the bank should pay more attention to customer needs. Customer satisfaction is improved when the service provided surpasses the perceived value and of customers in all aspect.

Ringim et al (2011) citing (Goll & Cordovano 1993) BPR is a major management approach that can focus on doing things in a better way that is clearer and easier to achieve a radical improvement on quality, speed, customer service, and reduction in cost. As one of the primary goals of financial service industry is to always enhance processes that would improve customer service performance through the management approach of cost reduction, improve quality, speed, and customer service for profit maximization. Therefore, the Commercial Bank of Ethiopia's management will better work proactively in operation by adopting the business process reengineering (BPR) to achieve remarkable improvement in the organizational performance.

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Appendix1: Questionnaires filled by Customers

Indra Gandhi National Open University School of Social Science MPA Program

Dear Respondent:

The undersigned is conducting a research study as a partial requirement for the Master's Degree in Public Administration (MPA). The study is aimed to understand customers' perception of service efficiency, effectiveness, equity and responsiveness versus business process reengineering (BPR) in Commercial Bank of Ethiopia.

To this end, the researcher is requesting your kind cooperation to fill in this survey questionnaire and return it back to the data collector promptly. You are required to answer all questions because your opinion on this matter is most important.

May I assure you that your information will be kept anonymous and completely confidential and will be used only for academic purpose. Your kind cooperation is highly indebted.

With Thanks,

Kemal Gado Elemo

Phone (cell phone) 0911 41 77 19

Part I

Demographic characteristics (Tick whichever is applicable to you)

1. Gender : Male Female
2. Educational Level: Primary Secondary Bachelor Master
PhD other
3. What type of customer are you? Individual Corporate Both
4. What type of saving do you have in the bank? Saving Current Other
5. For how long are you customer for this bank? 1 year 5year 6- 10
11 -16 17- 20 above 20year
6. How frequently do you goes to the nearest branch? Daily once a week
twice a week once a month Occasionally

Part –II

BPR and customer perception measures questions on service efficiency, effectiveness, equity and responsiveness.

General Instruction:

Rating scale for sections (Please highlight or circle one answer in each line across):

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Sn	Description	strongly disagree	Dis agree	Neither agree nor disagree	Agree	Strongly Agree
Business Process Reengineering(BPC) measure questions						
1.	I know that CBE has implemented business process reengineering (BPR).	1	2	3	4	5
2.	I understand that there is significant change in banks performance after implementation of BPR	1	2	3	4	5
3.	I have noticed that BPR has brought new way of doing things in the bank.	1	2	3	4	5
4.	I am very satisfied with the service provided after BPR implementation.	1	2	3	4	5
Service Efficiency						
5.	Currently I spent little time to get service from the bank than I used to do	1	2	3	4	5
6.	I can access the bank service at any location at ease.	1	2	3	4	5
7.	The bank's branch and Automatic teller machines are available at convenient place for customers	1	2	3	4	5
8.	I can get the service from any commercial bank branches.	1	2	3	4	5

9.	The bank offers all services at single window after BPR implementation.	1	2	3	4	5
Service Effectiveness						
10.	The bank always keeps my record correctly	1	2	3	4	5
11.	I found the new system(BPR) support the bank to meet the need of customers	1	2	3	4	5
12.	I always feel safe in my transaction with the bank (account maintenance, cash transfer, cash deposit and withdrawal, ATM card, etc)	1	2	3	4	5
13.	The bank has implemented new technology that meets customers expectation	1	2	3	4	5
14.	The new technology the bank applied is user-friendly.	1	2	3	4	5
Providing equitable service						
15.	Every customers treated equally while they are looking for service	1	2	3	4	5
16.	The bank's employees value and treat each customer with dignity regardless of sex, ethnicity, religion, economic status etc.	1	2	3	4	5
17.	The bank is impartial and unbiased on provision of service.	1	2	3	4	5
Responsiveness						
18.	The bank's procedure of handling customer request is meant to give immediate response?	1	2	3	4	5
19.	Front desk employees have always showing welcoming face for customers.	1	2	3	4	5
20.	Employees of the bank provide prompt	1	2	3	4	5

	response for the customers query					
21.	Employees of the bank accept comments and complaints of customers and improve it for the next service time.	1	2	3	4	5
22.	The front office employees of the bank are customer centered	1	2	3	4	5
23.	Whenever I request for service, the bank's employees give me individual attention	1	2	3	4	5

Part –III

Please answer all the below questions as fully as possible, in the space provided.

1. What is the general difference that you notice in the bank for the last five years?

2. If you have any additional suggestions and comments on the bank and its services?

Thank you very much!

Appendix 2: Interview conducted with the Bank's Managers

1. What is the level of employees understanding the connection between the works they do and the mission and goals of the bank?
2. How was the top management and senior line managers of the bank are committed to the design and implementation of the Bank's BPR?
3. How do other employees involved in the process designing and implementing the new system?
4. What are the major improvements observed after the implementation of BPR?
5. What are the feedbacks of employees and customers?
6. Why do customers prefer commercial bank of Ethiopia, what is unique for the bank?

Thank you!