

**THE IMPACT OF BUSINESS REENGINEERING ON CUSTOMER  
SATISFACTION IN THE BANKING INDUSTRY. A CASE STUDY OF STANBIC**

**BANK GHANA, LIMITED**

**KNUST**

By

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## DECLARATION

I declare hereby that this research thesis is my own work which is in fulfillment in the direction of obtaining a Masters of Business Administration degree in Strategic Management and Consulting and hence all sources used/stated or cited by me, have been shown and recognized by way of complete references. Therefore, to the best of my knowledge, this study contains materials that has not been earlier submitted or published in full or partial fulfillment of the above mentioned qualification by any person or persons and has also not been accepted by any other educational institution as requirements for this purpose.

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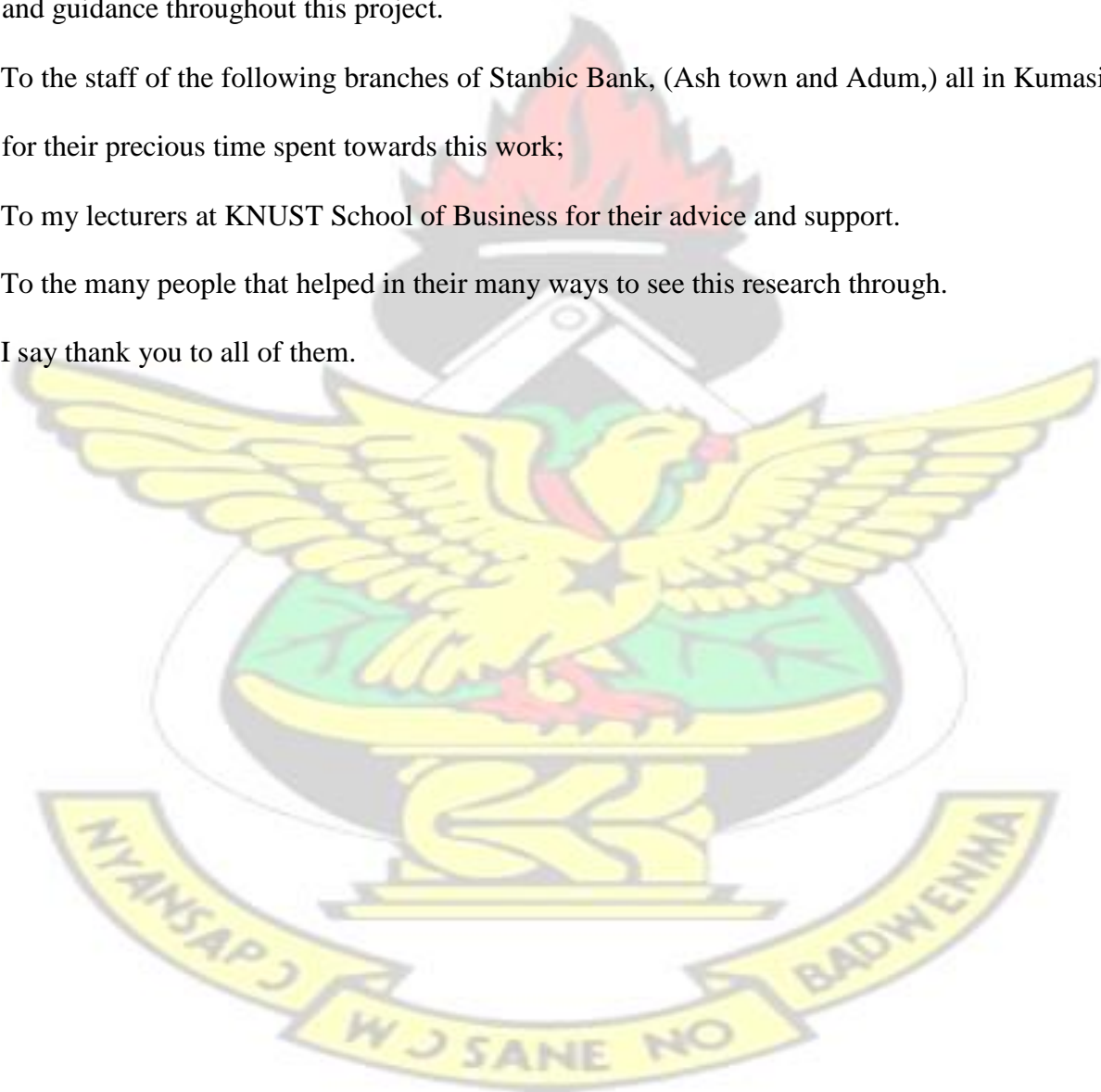
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## ABSTRACT

Business Process Reengineering is essential to the success of every organization of which banks cannot be left out. The keen competition in the service industry has made business processes reengineering in banking services very vital. Banks have therefore come under increased demands to provide quality services and continuous quality improvement programs for customer satisfaction and even customer delight. In spite of the positive trends and reforms in the banking industry situation in Ghana, it still remains a fact that there is more than much room left for improvement. It is against this locale, that the research was conducted to investigate the impact of business process reengineering on customer satisfaction in the banking industry, a case study of Stanbic bank Ltd. The objectives of this study were to identify the type of BPR practice Stanbic Bank Ltd uses, ascertain the level of customer satisfaction with the introduction of BPR at Stanbic Bank Ltd, find out the attitude of employees to BPR project and lastly examine the challenges management faced with the introduction of BPR practice at Stanbic bank Ltd. The literature looked at what other researchers have said about BPR, the importance of BPR, types of BPR and customer satisfaction.. The study was structured in five chapters. The main method for the study is the survey method where a questionnaire and interview. The responses of the respondent indicated BPR has an impact on customer satisfaction in the area of software change. The recommendations were that provision should be made to cushion employees especially in the area of change receptivity. Also, employees should be given early awareness of change processes which may be engineered at one point or the other during the induction session into the organization. It is recommended that attention be directed to those ones that strengthen the patronage of customers.

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## CHAPTER ONE

### GENERAL INTRODUCTION

#### 1.1 Background of the Study

Currently organizational processes are evidently different than decades ago. A century back estimates suggest that nine out of ten employees produced and moved material things. The mid 1990's saw this being reduced by about 70%. Drucker (1993) observed that the percentage reduction was as a result of the workers shifting to the production of intangible products mostly services and information. Presently the people and the processes of an organization represent its central core. Highly motivated and hardworking employees are not enough for organizational performance; the business process must be knitted with valueadding activities (Peter & Sohal, 1999). Linden (1994) aver that organizations from both service oriented to manufacturing based are challenged with 1900's climate of speed, quality, efficiency and increased productivity in the bid to be more competitive and meet industry standards.

Market survival for any organization is highly dependent on their customer base. Customer service is critical and the customer has more prominence in determining market performance of an organization (Guo *et al.*, 2008). Customer service provides a basis for differentiating an organization from its competitors (Naeem & Saif, 2009). A key success factor in a competitive environment revolves around customer satisfaction such that a company's efficacy in customer service delivery is seen as a hallmark of a progressive organization.

Consequently the contentment of a customer is an essential ingredient for success. Spathis *et al.*, (2004) noted that service based organization must have as part of their strategic plan their customer service quality to ensure a successful enterprise. The advantages of providing high quality service are numerous. It provides for the retention of an optimum level of customer satisfaction. In addition to this it provides a competitive edge over other industry players. Research shows that there is high positive correlation between profit increase per employee and excellent customer service (Duncan, 2004). Duncan (2004) reports that a 72% increase is seen in profit brought per employee for such organizations. He also found out that it is five times more costly to draw in new customers than to hold present customers (Duncan, 2004).

Customer satisfaction is thus imperative in the running of a business. It is a critical tool in achieving a company's objectives and goals. A company which has a firm grip on its customer satisfaction process has secured a place in the industry in which it operates. It also provides for ensuring future operation and growth. Perng (2007) avers that one technique to provide high level of satisfaction to customers and retention is by providing higher levels of service.

Many terms and various names are used to describe business process reengineering (BPR) including; 'core process redesign', 'new industrial engineering' or 'working smarter'. They all carry the same concept of understanding which involves the process of integrating business process redesign and the use of information technology to support the reengineering work. The subject of BPR is an interesting one and comprises discovering the state and procedures currently functioning in a business, eliminating redundancy and improving efficiency by redesigning the business processes and implementation of process modifications for

competitive advantage. Sherwood-Smith (1994) describes the aim of BPR as providing processes that enable organization achieve its goals by developing new ways of task organization, IT system redesign and organizing people. This is achieved by identifying key business processes, examining and evaluating these processes and redesigning for efficacy and gains. The reengineering concepts involve four dimensions.

Innovative Rethinking is a process that is itself wholly reliant on creativity, inspiration and good luck and nothing calculative. Drucker (1993) reasons that this irony is apparent only and unreal. He further argues that most of the results of successful innovations are not the eruption of a blinding insight but on the contrary, the calculated implementation of discreet but methodical management discipline.

Process Function involve a methodical view, Process function is defined as a pool of actions that take one or more different kinds of input to make an output that is valuable to the customer. (Hammer & Champy, 1993). Some typical processes of this include the ordering of organizational structure, development, production, manufacturing, invoicing, delivery etc.

The transformation of some structural constituents is a cardinal business process necessary for radical change. This change leads to innovative concepts, technology, improvements etc. It makes it important that organizations make out the necessity for change and study to manage the process. (Pamela et al, 1995).

To keep up standards and respond positively to the pressure of competition, a firm must consider its efficiency and ways towards improving its levels of activity. This is termed Organizational Development and Performance. Comparing an organizations performance with others in the same league and market is a good way to judge its performance. However, comparing with outsiders can highlight best industrial practices and foster dynamism. (Roberts, 1994).

## **1.2 Statement of the Problem**

Profitability of organisation is paramount if the organisation wants to be in competition. The introduction of a new work process goes a long way to affect the organisation in the area of satisfying its customers. When customers' expectations are not met with introduction of the new process the organisation losses some customers to competitors. The introduction of BPR in an organisation is assumed to improve the process work flow to increase the market share of the organisation and improve efficiency. (Sherwood-Smith, 1994). The introduction of a new work flow in Stanbic bank Ghana Ltd resulted in a reduction in the number of their customers. (Stanbic bank, 2014 annual report). The study seeks to find out why the introduction of a BPR negatively affected Stanbic bank.

## **1.3 Research Objectives**

The overall objective of this study is to investigate the effect BPR has on organisations in the area of customer satisfaction. Specifically, the study seeks to:

1. Identify the type of BPR practise Stanbic bank Ltd uses

2. Ascertain the level of customer satisfaction with the introduction of BPR at Stanbic bank Ltd
3. Find out the attitude of employees to BPR project at Stanbic bank Ltd
4. Examine the challenges management face with the introduction of BPR practices at Stanbic Bank Ltd.

#### **1.4 Research Questions**

The following research questions are set in order to achieve the objectives of the study:

1. What type of BPR practise did Stanbic use?
2. Were customers satisfied with the introduction of BPR?
3. What was the attitude of employees to BPR project at Stanbic bank Ltd?
4. What were the challenges management faced with the introduction of BPR practices at Stanbic bank Ltd?

#### **1.5 Scope of the Study**

The focus of the study is on the effect of BPR on organisations in the area of customer service in Stanbic bank. The research was limited to personal business banking department of Stanbic bank Ltd in the Kumasi metropolis. Stanbic bank has four branches in the Kumasi and the study will cover two branches.

## 1.6 Justification of the Study

A lot of research has been carried out on BPR and the effect it has on organisations especially in the area of customer service. Again companies can use them to gain customer retention and competitive advantage. This study is important as it will contribute to both theory and practice.

Firstly, this study will provide a basis for potential entrepreneur and organizations that want to enter the banking industry to know the effect BPR processes have on organisations. Many organizations in their bit to redefine their working process to make it better have landed themselves in losses. This study will therefore aid sinking organizations in their competitive efforts.

Secondly, the research will help the management of Stanbic bank and other organisations to carefully select the type of BPR that will be effective to bring out the results they expect. Identification of customer needs and wants are important if organizations want to compete in the competitive business environment and could be achieved through effective customer retention practice. The study will in this case be very useful in customer retention strategies when the organisation is under- going the change.

Thirdly, it will be relevant for academic purposes. The study will serve as a base for further research for students, consultants, teachers and others who are interested in studying similar topic. It will also serve as an academic reference in marketing and strategic management disciplines.

## **1.7 Overview of Research Methodology**

The study population is made up of the entire two branches of Stanbic bank in the Kumasi metropolis. The population of personal business banking customers is estimated to be seven hundred and fifty (700). For the purpose of this research, a sample of 200 personal customers was selected and two management staff. This is based on the 95% confidence level and 5% margin of error considered for selecting an appropriate sample for a study (Saunders et al, 2009). The study adopted purposive sampling method to select both management and personal business banking respectively. Statistical Package for Social Scientist (SPSS) will be used to run the analysis. Regression analysis, mean and standard deviation and simple percentage were used in analyzing the data which were presented in tables.

## **1.8 Organisation of the Study**

The study is made up five (5) chapters. In the first chapter study background was captured together with the problem statement, objectives of the study, research questions, and justification of the study, summary of research methodology, scope of the study, limitations of the study and organization of the study. The second chapter of the study reviewed existing literature on relationship marketing and customer retention strategies in the banking industry. Chapter Three discussed the methodology used to accomplish the study. Chapter Four presented the research findings, analysis and discussion. Chapter five provided brief discussions of the findings and presented the recommendations arising from the work and subsequent conclusion of the study.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

Companies all over the world like to be the best in all that they do. This will require that these organizations put in place processes and procedures to ensure they are able to serve their customers effectively, address customer queries and problems, improve the speed and time it takes to transact business and above all improve their profitability. Processes and procedure for workflow with time become outmoded and are not able to cope with the changing demands of the ever erudite customers.

In advanced world markets, the keen edge for entities in this trade is the dynamics they bring to their operational process which outwits the contenders (Randle, 1995). In a turbulent financial environment, investors and depositors retain or withdraw their investment based on a bank's performance. Banking sector in developing countries have come appreciate the essence to improve customer's service quality, speed, reduce operational costs and enhance cost-effectiveness (Randy, 1995)

In business process reengineering, diverse methodologies and frameworks have been proposed after several research findings (Heusinkveld & Benders, 2001). Organizations get their benefits of using BPR from achieving the anticipated level of services and processes. BPR achieves this for organizations by making strict alterations and eradicating repetitive and irrelevant processes, which cause lags in their systems.

Business Process Reengineering started as a private sector technique, which enhances the relation of organizations-customer service to ascend through reducing the operational costs and hence overall cost on customers thereby increasing the competitiveness. Business process reengineering is the primary avenue organizations become more effective and reformed to meet existing trends. One established truth is that the people and process are what makes the organization. BPR is the necessary tool used to shape the attitude of employees work culture in a firm. The impact of minor fluctuations in process can have significant dent on cash flow, service delivery and customer satisfaction (Davenport, 2003). Business process reengineering is well thought-out as the appropriate measure for firms that applicable qualitative ascends in the processes.

Improved level of productivity and customer service is as a result of the application BPR. There is pain and obstacles during the implementation because business process involves successions of steps that changes the state of business objects (Riemer, 1998). Notwithstanding, the risk is worth taking. The evolution of banking trends with technology has placed its stakeholders to re-engineer their processes. The modus operandi of banks and financial institutions were restructured to suffice difficulties of bank consolidation, reducing operational cost, subcontracting, portfolio investment, payments and settlement systems. The modern banking practices engaged in Ghana has erased the dividing line between the service and products which is akin to the banking sector in Ghana.

Over the last decade, the Ghanaian economy has seen an invasion of foreign banks. This has been elaborated by many financial experts as a good fortune that would drive banking to the

Over 70% of Ghanaian populace where banking services were not available to them (Business and Financial Times 2006). These banks have also brought about increased competition within the banking sector through the introduction of new products and services as well as new faster ways of doing things.

Stanbic bank is one of the divisions of Standard Bank, which in turn is a member of the Standard Bank Group, centered in Johannesburg, South Africa. Stanbic Bank was introduced as its trading name in 1992, when the Standard Bank Group, then known as Standard Bank Investment Corporation, acquired the African operations of ANZ Grindlays Bank. The new brand name was adopted to avoid misunderstanding with the Standard Bank's British former parent bank, Standard Chartered Bank, which continued to operate in Africa. Stanbic bank permeated the Ghanaian banking industry and in a span of ten years, it has earned an enormous reputation as a customer oriented, business friendly and socially relevant bank. Stanbic Bank has over thirty branches in Ghana (Stanbiclit, 2014)

## **2.2 Definition of Business Reengineering Process**

Business process reengineering as defined by Hammer & Champy (1993) is the fundamental rethinking and radical redesign of business processes to achieve intense improvements in critical modern measures of performance such as cost, quality service and speed.

Another well know researcher on this subject know as Davenport (1993) also outlines business process reengineering as the envisioning of new work strategies that is the actual process design activity, the implementation of the change in all its complex technological, human and organizational dimensions. Johansson (1993) explains BPR as a radical rather than

just an uninterrupted improvement. It pursues to empower process coordination a tactical tool and an essential skill of the organization. Thus BPR distillates on core business processes and uses definite procedures within just in time and total quality management as enablers while broadening the process visualization. Comparing the definitions given by Hammer and Champy (1993) to that of Davenport (1993) it is evidently seen that Davenport (1993) presents a new thought into business process reengineering which is the human factor.

Though both definitions take into account the need for information technology Davenport (1993) does not just end on the information aspect but goes on to add that human resources play a very significant role in this process. Lyndall Urwick a business engineer supported Davenport (1993) point by stating that it is not sufficient to make people responsible for certain undertakings but that it is also vital that the required authority to discharge those duties are bestowed to them. This thus goes to show the need for worker empowerment which is key to reengineering. Davenport (1993) asserts the major differential between BPR and other approaches to organizational development is that businesses seek not fractional but multiplicative levels of improvement. Johansson (1993) definition tries to find to look at business process reengineering in relation to other process-oriented views such as Total quality Management and Just in Time Systems.

Conventional reengineering echoes that, the same errors as the classical approach to management by separating the design of work from its execution and this tends to lead to friction. In order to accomplish the anticipated benefits of BPR there is the need for change in

the structure and other means of managing and performing work as well as utilize information (Davenport, 1993). Stoddard & Jarvenpea (1995) defines Business Processes are primarily as a cluster of events that altered set of inputs into a set of outputs (goods or services) for another person or process by means of people and equipment. Business process involves set of logically interconnected tasks performed to achieve a defined business output or outcome.

Business process reengineering (BPR) is not considered as an applicant to qualify as a scientific theory. This is because among several other things, its duplicability is not viable and limited scope (Maureen et al, 2005). In recent times, organizational growth is an unceasing process but the pace of change has increased in diverse ways. An organization can only remain competitive if is able to successfully and consistently implement Business Process Reengineering (BPR) It involves the harvest of activities procurement, order fulfillment, product development, customer service and sale (Sharma 2006).

A wider range of philosophical systems is the root in which Business Process Reengineering takes life from. It fuels on uninterrupted process enhancement, re-engineering assumes that existing process null and void so the is the requirement to begin an alternative one. This fresh perspective enables the engineers of business process to concentrate on new process the will make the workflow more efficient and faster.

From Thomas (1996) cited by Ezigbo (2003), the indispensable ethics of reengineering include rethinking the theory of the business which involves a second look at the organization's

workflow to see which processes that needs to be changed. Furthermore, they explain the need of digressing form traditional knowledge and parameters of organization.

The use of information technology to redesign the organization's workflow to generate greater value for customers. Thomas (1996) explained that as part of the essential element of reengineering the potentials of people must be harnessed and this could be achieved through training and development by building creative environment. From the above definition, it suggests that, the triumph of a business reengineering process is not achievable if the people in the organization are not involved because they form an integral part of the process. Also, outcomes of business processes should not be skewed to achieve firm's goals only, but also to make the customer satisfied according to their demands.

### **2.2.1 Importance of BPR**

BPR plays a vibrant role in banks since it offers many benefits to customers. BPR entails the restructuring of individuals, processes, technology and infrastructures of the venture to produce durable outcome. Business process reengineering brings a lot of benefits to organization and some of the benefits are as follows.

Firstly, BPR outdoors the enabling teaming values leading to greater output and job satisfaction. Organizations embark on BPR with the aim of having a greater output at the end of the implementation. This result is achieved when the organization is able to locate the right BPR and it implements (Sharma, 2006).

Also, BPR takes away unprofitable tasks in the organization's processes, which in return gives the company greater output with lesser labour. From the definition of BPR, the BPR is a

radical change that occurs in the organization to enhance operations of the organization to increase output and reduce cost. Cost reduction is released in the area operations when BPR is implemented (Sharma, 2006).

Furthermore, BPR results in Customer loyalty and satisfaction. A well-defined BPR process in an organization gives the customer satisfaction and value for money. Without customers organizations cannot be in business. The extent of loyal customers the organization has, depends on how the customer is satisfied with the services provided. Customers become loyal to an organization when the organization is able to identify their need and provide services to meet and even exceed the expectation of the customer (Vidgen et al. 1994)

Again, one advantage that organizations obtain from BPR is competitive edge.

Organizations undertake BPR to redefine their processes to an improved corporate image. The aim of every organization is to be a house hold name in the market. In this age of competition, to be a leader in the market one has to have a competitive edge over its competitors in the area of the service one provides. The implementation of BPR removes every outmoded process that does not bring value to the organization. The rewards of BPR is enormous thriving on the grounds that it promotes organizations to achieve success.

Hammer, who is greatly recognized as the forerunner in the field of reengineering speculated the conditions why BPR will not succeed.

The first is the narrow definition given to process objectives which makes it ineffective in implementation to achieve the objective. When the BPR process is not fully understood by the people going to use it a lot of conflict arises in the process and this leads to a failure in the

entire BPR process. The need for the BPR practice in the organization must be understood by all the parties that are involved (Hammer, 1990).

Secondly, the BPR can be destructive both physically and psychologically. It can initially end up in extended working time and a substantial amount of opposition during its implementation. If the total indulgence for the introduction of the BPR is against the working culture, the implementation may be unsuccessful. One significant requirement for a successful BPR is A good error free and winning strategy. If the strategy is defective and does not have detailed guidelines for the implementation, then the process may fail (Galliers, 1998).

### **2.3 Types of business process reengineering**

There are various types of BPR in the banking industry. The following are some of the types of business process reengineering in the banking industry.

#### **2.3.1 Information Technology change**

Information technology is an important ingredient in process reengineering that cannot be done away with. Information technology is used to access the work flow of organizations to identify which process best suits their customers. The idea of identifying outmoded processes comes to play at the stay of implementing BPR (Hammer, 1990). The gaps identified with the present information technology leads to a more redefined one. These course of action of work design are beached on assumptions about technology, human and organizational goals that have lost importance with time. Aremu and Saka (2006) opposed that a deliberate resource

that empowers major modifications in competitive behaviour, marketing and customer service is Information Technology (IT).

Further, Business Process Reengineering involves a look at the link between business activities and information technology (Davenport & Short 1990). IT has to be constantly reviewed to ascertain its relevancy to the business. For an organization to have competitive edge over its competitors, the organization must use information technology as a tool to achieve that. Updated information technology enhances the processes of work flow.

### **2.3.2 Electronic Banking**

Another area in the banking industry where business process reengineering is under taken is the electronic banking. Electronic banking is alternative means of banking other than the traditional way of banking. The customer gets to transact using the internet without necessarily being at the banking hall.

For some decades now, banks that give their customers the option to electronic banking are seen to be implementing technology. The electronic banking is providing another platform for customers to bank other than the tradition way of banking. A lot of concerns were raised by customers who did not have the luxury of time to always travel to the banking halls to perform a transaction. Through the electronic banking, many banks have increased their profit margins over the years and also increased their portfolio of customers (Nathan, 1999).

Aside the satisfaction that customers obtain banking electronically, banks that have been able to migrate majority of their customers to the internet banking platform have been able to reduce their operation cost (Wright & Ralson, 2002).

Another advantage that the banking industry obtains in the area of cost cutting with internet banking is that, few staff will be employed to work in the banking halls. Since most of the transactions are done online by customers' themselves. Also, the length of time it takes for a cheque to be processed will be reduced since most of the payment will be done electronically with the introduction of the internet banking. This in effect will go a long way to reduce the cost the bank incurs in paper and mail delivery through the post. The risk of a customer's bank statement falling into the hands of a wrong person is also reduced (Wright & Ralson, 2002).

According to KPMG (1998), banks revenue increases from Internet Banking due to the following factors; increased account sales, new fee-based income, improved customer satisfaction, wider market reach, new market opportunities. For consumers, Internet banking provides an attractive option for busy people, the cost they incur in transacting at the banking halls is also reduced and they are able to view their accounts and even make transfers with the internet banking platform. E-banking brings diverse benefits to both the banks and customers. Simply put, electronic banking gives the customer convenience. As part of the business process reengineering process, electronic banking speeds up the banking process, saves times, and reduces cost on the part of the customer and also on the part of the bank. These are the areas the business process reengineering seeks to effect change

#### **2.4 Definition of customer satisfaction**

Customers recognize a service rendered as satisfying when they are content. (Oliver, 1997)

The consumer is the user of a product or service, while the customer pays for the service

without necessarily using it. There are various groups of customers. There are customers who purchase a service and are the end users of the service. There are others who only purchase but are not the end users of the service purchased. These groups of customers would measure satisfaction with different indicators. Obtaining understanding in these groups of customers is key in a modelling satisfaction for researchers. Satisfaction is best explained when a product or service has been used or experienced. (Oliver, 1997).

Satisfaction is obtained based on the circumstance. The various circumstances surrounding a service rendered or a thing purchased informs the satisfaction obtained. The picture of satisfaction in a user's mind is different from the one who is just purchasing. This elaborates that a consumer's satisfaction may drop as a result of getting enough of a good thing. Corporate society focuses upon the lower threshold and abandon the prospects for an upper threshold. (Davis & Heineke, 1998; Szymanski & Henard, 2001).

Consumer's fulfillment response is the definition Oliver, (1997) gives to satisfaction based on the behavioral viewpoint. With the progress in the fields of research for consumer satisfaction, the indicators for measuring customer satisfaction has still not been identified. The question keeps on resurfacing in the numerous researches on customer satisfaction. The difficulty experienced is as a result of the different groups of customers that exist. An indicator can be used to measure satisfaction in one group but fail when applied in another group of customers.

Research has shown that, organizations that go all out to satisfy their customers have a greater percentage of the market share. They focus on retaining their existing customers by constantly improving on their service and also avoid the cost in trying to win new customers. The service they provide attracts more customers because they get satisfied as they patronize their service. (Rust & Zahorik, 1993). Customers become glued to a particular service because of the quality of service they experience. They will always want value for their money spent on any service or good. (Hallowell, 1996). Customer retention thrive on customer satisfaction (Reichheld & Sasser, 1990).

In the banking industry accessibility and convenience are the two basic indicators why customers would always want to bank with a particular bank (Anderson, 1994).

Reichheld & Sasser (1990) indicated that, banks generate more profit from customer loyal customers. This assertion is so because, the longer a customer stays with a particular bank, the bank is able to sign the customers on their different products. For instance, a loyal customer can ask his suppliers to bank with his bank to make payment of goods easier. This move will increase the banks profit and also the banks customer base in the market.

Frantic efforts are being made by banks to constantly retain their customers. Customers will always want to compare products and services before sticking to a particular one (Strategic Direction, 2007). Once a customer obtains value for money, it becomes difficult for a competitor to win that customer over. The customer would want to find out what new thing the competitor is bringing on board that he is not obtaining from his old service.

## **2.5 Levels of customer satisfaction**

From literature review, customer satisfaction is informed by a number of factors (Hokanson, 1995). How welcoming the organization staff is anything a customer enters the place can contribute to customer satisfaction. When customers are able to approach staff easily to ask for assistance, when customers complains are handled swiftly with a lot of professionalism, when staff are knowledgeable about their products, it becomes difficult for the customer to switch to another bank. They become comfortable and content with their bank. Building a good customer relationship is tool for organizations especially those in the service industry. Increasing of price of goods with no addition of quality, providing slow service and delay in handling customer complaints are some of the factors that drive customers away.

### **2.5.1 Service Quality**

Service quality has become an expanse of concern in recent times for managers. According to Brown & Swartz (1989), a customer's choice is informed by the value obtained and the quality of service rendered. Customers of late, are more concern about quality they obtain when they receive a service. The quality rendered distinguishes one organization from the other. The organization that invests in research to improve on quality of service always attract customers and also the customers become loyal to that organization (Gronroos, 1982).

Measuring goods quality is easier because it can be measured objectively with indicators like durability and number of defects, but service quality is an intangible item. According to Parasuraman, Zeithaml and Berry (1988), some principal dimensions that customers use to judge service quality include- reliability, responsiveness and assurance.

Reliability is the ability of the organization to render as promised and sometimes even exceeding what was promised. Reliability counts because the customer builds trust in organization and even recommend the organization to others.

Another factor the customer use judge companies is their responsiveness. An organization's willingness to help customers and to provide prompt service without delaying creates perceptions of good service. If a service failure occurs, the ability to recover quickly and with professionalism can also create perceptions of quality.

Assurance is a tool that informs a customer's choice of bank. Every customer would want to bank with an organization that can be trusted. The assurances given to customers and the organization's ability to meet what it assured is a service quality measure.

### **2.5.2 Service Charge**

In the banking industry, service charge is an avenue through which profit is granted.

Customers are willing to pay more for a service rendered to them if they are of high quality.

Customers compare prices they are paying for a service to another organization to see if they are obtaining value for money. For a company to grant enough profit from service charge, the number measuring tool is quality. Quality of service delivered determines the number of customers that will frequent that service. (Lien and Yu-Ching, 2006).

### **2.5.3 Perceived value**

Perceived value is customers' psychological valuation regarding the product and service. Recently value perceptions have been focused by marketing researchers and managers to explain customer satisfaction and loyalty (Lin & Wang, 2006). The customer patronizing the service sees it as value when his expectation is met. Service sees it to assess value perception; customers consider perceived benefits relative to sacrifice (Lee et al., 2007).

Every customer would want to get value for each amount of money spent. From Lin and Wang definition, until a customer benefit from a service rendered, that customer will not be a loyal one to the organization. As the organization provides its service, it is important that it takes into consideration the suggestions the concerns of the customers.

### **2.5.4 Customer complaint handling**

When customers are confronted with difficulties they might respond by switching service provider. Customer switching cost is too high and makes the bank to be passive in taking action for unsatisfied customer. In this era of competition among banks, the failure of a bank to address an aggrieved customer results in losing not just one customer but a lot of them.

Customer complaint handling has become a tool that some banks use to win customers over. Customers based on the response they receive for their complaint choose to stay with a particular bank or move to another competitor. This signifies that consumer satisfaction has a relation with complaint handling (Terrence & Gordon 1996).

## **2.6 Employees Reaction to Business Process Reengineering**

Literature indicates that a high share of change creativities are unproductive (Beer & Nohria, 2000). Researchers generally agree that employee resistance is one of the leading causes for

the failure of change initiatives (Bovey & Hede, 2001b; Waldersee & Griffiths, 1996). Such findings indicate that, change agents focusing on employee reaction including resistance and acceptance during organizational change is of utmost importance to the success of the initiative.

Employees' reactions to change are influenced by a number of factors. It is reasonable to expect employees to react since the procedure of change entails going from the familiar to the unfamiliar, and when employees react, it is vital to distinguish between the indicators of their reactions and the causes behind them (Bovey & Hede, 2001).

### **2.6.1 Employees' Emotions and Cognitions**

Many change efforts fail since change agents undervalue the significance of the individual, cognitive-affective nature of change (Ertuk, 2008), and emotions and cognition are closely entwined (Pessoa, 2000). Emotional intelligence (EI) is “the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships” (Vakola, Tsaousis, & Nikolaou, 2004). The role of EI in employees' reactions to change is important because individuals with high levels of EI experience more career success, feel less job insecurity, are more effective in team leadership and performance, are more adaptable to stressful events, and exhibit better coping strategies than those with low EI levels (Vakola, Tsaousis, & Nikolaou, 2004).

Research has shown that employees will always react to change when they notice that they will be affected. They try to get reasons to stop the change (Bovey & Hede, 2001). During change, employees create their own interpretations of what is going to happen, how others perceive them, and what others are thinking or intending (Bovey & Hede, 2001) Employee

reaction to business process reengineering is important for the success of the change. Employee reaction can be positive or negative based on the communication process. It is very important that management communicate effectively to employees and also involve all in the change process to have a successful change. Enhancing the skills of the employees with the necessary skills to match up with the change is an effective too that builds the confidence of the employees to meet the change.



## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

All research is based on some underlying philosophical assumptions about what constitutes valid research and which research method(s) is/are appropriate for the development of knowledge in a given study. This chapter presents the research methods adopted in accomplishing the study.

#### 3.2 Research Paradigms

According to Terre Blanche and Durrheim (1999), to study paradigm is an all-embracing system of interconnected practice and philosophy that define the nature of enquiry along these three dimensions.

The term paradigm originated from the Greek word *paradeigma* which means pattern and was first used by Thomas Kuhn (1962) to denote a conceptual framework shared by a community of scientists which delivered them with an expedient model for examining problems and finding solutions. Kuhn defines a paradigm as an integrated cluster of substantive concepts, variables and problems attached with corresponding methodological approaches and tool.

According to him, the term paradigm refers to a research culture with a set of beliefs, values, and assumptions that a community of researchers has in common regarding the nature and

conduct of research (Kuhn, 1977). A paradigm hence implies a pattern, structure and framework or system of scientific and academic ideas, values and assumptions (Olsen, Lodwick, and Dunlop, 1992).

Additionally, Weaver and Olson's (2006) definition of paradigm reveals how research could be affected and directed by a certain paradigm. Paradigms are patterns of beliefs and practices that regulate inquiry within a discipline by providing frames and processes through which investigation is accomplished. Therefore, to clarify the researcher's structure of inquiry and methodological choices, an exploration of the paradigm adopted for this study will be discussed prior to any discussion about the specific methodologies utilized in this study. There are quantitative, qualitative and mixed paradigm researches. Qualitative research focus on obtaining a deeper understanding from one subject matter other than a group. Qualitative research employs numerous methods in arriving at the result (Denzin & Lincoln, 2005). Quantitative research is a research that entails the use of mathematical approach in explaining the results.

Study paradigm seeks to understand occurrence from which a specific occurrence can be gained and explained. The study adopted mixed approach thus both qualitative and quantitative data were collected.

### **3.3 Purpose of the Study**

In undertaking a study, the research has the option of employing three methods or either of the methods to obtain information. Based on what the research seeks to obtain, either the descriptive, exploratory or explanatory can be used. A researcher who seeks to interview a

sample of people who are directly related to the subject matter will employ exploratory method to obtain his results (Marvasti, 2004). According to Robson (2002), descriptive research gathers information so that a description of what is happening is seen.

Explanatory research seeks to establish causal relationships between variables (Saunders et al., 2009). Exploratory research explores a whole new field of thoughts in the area of study to obtain more information on the subject matter. This exposure to new ideas and thoughts helps the research to gain a better understanding of the trend and also know which method will be appropriate in the next study.

Descriptive research seeks to provide an accurate description of observations of phenomena. In research work, information about the population is gathered to know the size that the research is using to conduct the study.

This study therefore employed descriptive, exploratory as well as explanatory approach to accomplish the objectives of the study. This study employs explanatory approach because it sought to establish the relationship between BPR and customer satisfaction. The interview with management bequeathed a deeper understanding into the type of BPR practice Stanbic Bank has been employing in their operations. The interview with management portrays the exploratory aspect of the study.

### **3.4 Sampling Procedures**

In research, a number is chosen to represent the area of the research study. This method of choosing a certain group in the entire area to represent the masses is known as sampling.

This carefully selected group describes the various units in the area of the study. Sampling theory is important because without it research work will be difficult and not efficient. Using the entire population of an area will be stressful during the analysis stage (Henry, 1990). This section discusses the population of the study, sample size and sampling technique adopted in selecting the respondents for the study.

### **3.4.1 Population and Sample size**

A study of Brynard & Hanekom (2005) explain that in research methodology, population does not refer to the population of a country, but rather to the objects, subjects, phenomena, cases, events or activities specified for the purpose of sampling. Population in research study, is the specified section of the sample that is selected to contact a research on to obtain findings to able to draw conclusions. For this study, the population of personal business banking is estimated to be 700.

In choosing a sample size, some parameters are used to ascertain what the sample size should be. Sample size depends on the nature of the analysis to be performed, the desired precision of the estimates one wishes to achieve, the kind and number of comparisons that will be made, the number of variables that have to be examined simultaneously and how heterogeneous a universe is sampled. In non-experimental research, most often, relevant variables have to be controlled statistically because groups differ by factors other than chance. More technical considerations suggest that the required sample size is a function of the precision of the estimates one wishes to achieve, the variability or variance, one expects to find in the

population and the statistical level of confidence one wishes to use. In conducting this research a sample size of 200 was used to access information for the study.

### **3.4.2 Sampling Techniques**

Every research work is aimed at contributing to study. The end result of the research is what informs the choice of the sampling technique and this is based on the questions the researcher asks.

The purposive sampling technique as the name suggests is a sampling technique in which the researcher decides on what information to use. In this technique, the researcher fishes out informants based on the kind of information and analysis the researcher wants to get (Bernard, 2002). In selecting respondents for the survey, purposive sampling technique was adopted.

## **3.5 Sources of Data**

Data can be explained as a set of information collected for a study. The data serves as proofs and thoughts and are recorded for the purpose of analysis. The data is usually stored to serve as a reference for future work (Saunders et al., 2007). Sources of data speak of the ingenuity of information. Primary and secondary are the two main sources of information.

### **3.5.1 Primary data collection**

Primary sources of data include fresh data collected from staff and customers of Stanbic Bank Ltd. This is done through the use of questionnaires and interview guide with management.

### **3.5.2 Secondary data collection**

Secondary data refers to existing information that was available for a study. Sources of secondary data can be from journals, textbooks, manuals, reports and publications and articles from internet.

### **3.6.1 Questionnaires**

The primary sources of data required information from employees through filing questionnaires concerning the research under study. Questionnaires were administered to employees and customers of Stanbic Bank Ltd. The questionnaire entailed both open ended and closed questions. The purpose for using the questionnaire to collect data is because it is the most effective instrument as far as field work is concerned.

### **3.6.2 Interviews**

There was an interview guide that collected information from management of Stanbic Bank Ltd on BPR practice and the challenges management faced with the introduction of BPR practice. The research conducted a one on one interview with some management members.

## **3.7 Data Analysis**

The information gathered was examined. The questionnaires were all coded into the Statistical Program for Social Science (SPSS) software after which the analysis was performed. Descriptive results were presented in tables. Regression analysis was used to ascertain the impact of BPR on customer satisfaction at Stanbic Bank. Mean and standard deviation were also used to assess the variables used for the study. Reliability test was run to ascertain the

Cronbach Alpha of the study. The data was analyzed based on the responses received from the respondents.

### **3.8 Quality of the Research**

The reliability and validity of the data collected and the response achieved depend, to a greater extent on the design of the questions as a valid question will enable accurate data to be collected and one that is reliable will mean these data are collected consistently (Saunders et al 2009).

### **3.9 Research ethics and limitation**

Ethics can be explained as morals rules and behaviours and research ethics that serves as a guide to the researcher conducts the research (Struwing & stead, 2001). The ethnics seeks to prevent the researcher from engaging in scientific misconduct such as distorting data, plagiarizing the works of others failing to maintain the confidentiality of research respondents and others.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the information on the data collected from the respondents on the impact of business process reengineering on customer satisfaction in the banking industry. A case study of Stanbic Bank, Ghana ltd. The chapter presented the findings base on the objectives

set for the study. The study explored demography of the respondents, identify the type of BPR practice Stanbic Bank Ltd uses, ascertain the level of customer satisfaction with the introduction of BPR at Stanbic bank Ltd and the examine the challenges management face with the introduction of BPR practices at Stanbic Bank Ltd. The data was presented in tables, and other statistical tools. The survey was conducted on a total of two hundred and two (202) out of which all responses were received representing 100% response rate.

## 4.2 Demography of respondents

The study discussed background information about respondent’s gender, age, educational level, occupation, department, the number of years the customer has been banking with Stanbic Bank and the number of years the employee has been working with Stanbic Bank.

### 4.2.1 Age of respondents

#### Customers

The age distribution revealed distributed respondents of customers. 10 respondents were between the ages of 18-30 years, 42 respondents between the ages of 31-40 years, 41 of them are between 41-50 years and 7 of them are between 51 and above years. This information is presented in table 4.1 below.

**Table 4.1 Age of respondents (employee)**

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid 18-30 years	10	10.0	10.0	10.0
31-40years 41-50years	42	42.0	42.0	52.0
51 and above	41	41.0	41.0	93.0
Total	7	7.0	7.0	100.0
	100	100.0	100.0	

**Source: Researchers field work, 2015**

### **Employee**

The age distribution revealed distributed respondents of customers. 46 respondents were between the ages of 18-30 years, 52 respondents between the ages of 31-40 years, 2 of them are between 41-50 years. This information is presented in figure 4.2.1 below.

**Table 4.2 Age of respondents (employee)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-30years	46	46.0	46.0	46.0
31-40years	52	52.0	52.0	98.0
41-50years			2.0	
Total	2	2.0	100.0	100.0
	100	100.0		

**Source: Researchers field work, 2015**

#### 4.2.2 Gender of respondent

##### Customers

The study was conducted on a total of 100 respondents out of which 58 respondents representing males and 42 were females. This information is presented in table 4.2 below.

**Table 4.3: Gender of respondents (customers)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	58	58.0	58.0	58.0
female	42	42.0	42.0	100.0
Total	100	100.0	100.0	

Source: Researchers field work, 2015

##### Employees

The study was conducted on a total of 100 respondents out of which 69 respondents representing males and 31 were females. This information is presented in table 4.4 below.

**Table 4.4 Gender of respondents (employee)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	69	69.0	69.0	69.0
female	31	31.0	31.0	100.0
Total	100	100.0	100.0	

Source: Researchers field work, 2015

#### 4.2.3 Educational Background

##### Customers

The study sort to find out the educational background of the respondents at Stanbic Bank. Findings revealed 17 respondents have primary education, 45 of them have secondary education, 26 of them tertiary education whiles 12 of the respondents have masters. The educational background is presented in table 4.5 below

**Table 4.5 Educational background of respondents (customers)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid primary		17.0	17.0	17.0

secondary	17	45.0	45.0	62.0
tertiary	45	26.0	26.0	88.0
masters	26	12.0	12.0	100.0
Total	12	100.0	100.0	100.0

Source: Researchers field work, 2015

### Employees

The study sort to find out the educational background of the employees at Stanbic Bank. Findings revealed 17 respondents have primary education, 45 of them have secondary education, 26 of them tertiary education whiles 12 of the respondents have masters. The educational background is presented in table 4.6 below

**Table 4.6 Educational background of respondents (employee)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid tertiary	86	86.0	86.0	86.0
masters	14	14.0	14.0	100.0
Total	100	100.0	100.0	

Source: Researchers field work, 2015

#### 4.2.4 Occupation of respondent

The study was conducted on a total of 100 respondents out of which 60 respondents were traders, 14 respondents were teachers, 16 respondents were into construction and 10 were into administrative work. This information is presented in table 4.7 below.

**Table 4.7 Occupation of respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid trading	60	60.0	60.0	60.0
teaching	14	14.0	14.0	74.0
construction	16	16.0	16.0	90.0
administrative work	10	10.0	10.0	100.0
Total	100	100.0	100.0	

Source: Researchers field work, 2015

#### 4.2.5 Department of respondents

The study was conducted on a total of 100 respondents out of which 25 respondents were in the credit department, 26 were in the cash department, 44 were at corporate department and 10 were in the sales department. This information is presented in table 4.8 below.

**Table 4.8 Department of respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Credit	25	25.0	25.0	25.0
Cash	26	26.0	26.0	51.0
Corporate	44	44.0	44.0	95.0
Sales Total	5	5.0	5.0	100.0
	100	100.0	100.0	

Source: Researchers field work, 2015

#### 4.2.6 Number of years in Banking

The study sort to find out the number of years the respondents has been banking with Stanbic Bank. Findings revealed 17 respondents have primary education, 45 of them have secondary education, 26 of them tertiary education whiles 12 of the respondents have masters. The educational background is presented in table 4.9 below

**Table 4.9 Number of years in Banking**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-12 months	1	1.0	1.0	1.0

1-2years	19	19.0	19.0	20.0
3-4years 4-	45	45.0	45.0	65.0
5years over 5	34	34.0	34.0	99.0
years	1	1.0	1.0	100.0
Total	100	100.0	100.0	

Source: Researchers field work, 2015

#### 4.2.7 Length of stay of respondent

The study sort to find out the number of years the respondents has been banking with Stanbic Bank. Findings revealed 3 respondents have worked in Stanbic Bank between 12 months, 23 of them between 1 to 2 years, 45 between 3 to 4 years, 24 between 4 to 5 years and 5 of them have worked in Stanbic Bank over 5 years. The data is presented in table 5.0 below

Table 4.10 length of stay of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-12 months	3	3.0	3.0	3.0
1-2years	23	23.0	23.0	26.0
3-4years 4-	45	45.0	45.0	71.0
5years over	24	24.0	24.0	95.0
5years	5	5.0	5.0	100.0
Total	100	100.0	100.0	

Source: Researchers field work, 2015

### 4.3 REGRESSION

The regression results show that, satisfaction had a weak relationship with business process reengineering. The correlation value was 0.572 indicating a moderate relationship (when the correlation value is between 0.3 - 0.7 it is considered a moderate relationship). The value was also positive which indicates that when business process reengineering (independent variable) is implemented the level of satisfaction of customers (dependent variable) will change. The  $R^2$  value indicates that 7.4% (0.074) prediction can be made by business process reengineering when it comes to the level of satisfaction of customers

The analysis indicated that the co-efficient value for electronic banking is 0.513 which is a positive relationship to customer satisfaction. This means that, all things being equal, when the other independent variable (software change) is held constant, electronic banking will decrease by 6.6 %. This statistically insignificant thus - 0.066 ( $0.066 > 0.05$ ) since the variable is not making any unique contribution to the prediction of customer satisfaction.

The analysis indicated that the co-efficient value for software change is 0.326 which is a positive relationship. This means that, all things being equal, when the other independent variable (electronic banking) is held constant, software change will increase the level of customer satisfaction. This statistically significant thus 0.007 ( $0.007 < 0.05$ ) since the variable is making a unique contribution to the prediction of customer satisfaction.

In comparing the contribution of the independent variable (business process reengineering) to influence the level of customer satisfaction, the beta values are used ignoring the negative sign. Software change and electronic banking have values 0.287 and 0.068 respectively. In

this case, the largest beta value is 0.287, which is software change. This variable therefore makes the strongest contribution explaining the dependent variable (level of customer satisfaction), when the variance explained the other variable in the model is controlled for. Electronic banking is not making the strongest contribution because few customers interviewed revealed that, thou literature says electronic banking gives customers comfort, they are not experiencing that on the Stanbic electronic banking platform. Their reason is that the platform is not user friendly. They find it difficult navigating through the icons on the platform. Further studies needs to carried out.

**Table 4.11 Regression Results**

	Unstandardized coefficients. B (S.E)	T	Sig.	Beta
(Constant)	2.078 (.417)	4.985	.000	
Electronic Banking	-.066 (.101)	-0.068	.513	.068
Software	.326 (.118)	2.762	.007	.287
R	.572			
R Sq.	.074			
Adj. R. Sq.	.055			
F Statistic	3.848***			
Dependents Variable:	Customer satisfaction			

Source: Authors (2015)

#### 4.4 BPR practices at Stanbic Bank

Business process reengineering is an area in which a lot of research has been done and number of different methodologies and frameworks were introduced. (Heusinkveld & Benders, 2001).

The management of Stanbic bank sort to improve the service they give to their customers and also prevent revenue leakage. They identified one area they could address to solve the problem at hand. Management decided to redesign and change the existing business practices to achieve a dramatic improvement.

In the interview one of the respondent said *“customers began to complain about the service they were receiving at Stanbic Bank. The customers were not happy with responses they were given at branches when they met long queues. He continued to say, customers were always told by staff at the various branches that, the network was down. The bank master software, was no more given customers value for their money. This inevitability pointed to the fact that, management had to take a decision in under taking a business process reengineering. The decision was taken and then management decided to undertake a BPR in the area of software change. The new software was going to provide the customers the comfort to bank with any Stanbic Branch with no interruption in network. Again, customers were going to receive their visa statement the same day the request was made ,unlike before that it was going to take a day before the data was generated”*

There are various types of business process reengineering in the banking industry. Stanbic bank under took a software change as a way to achieve the dramatic improvement in their operation.

Software is the backbone in business process reengineering for organizations that wants to witness a radical change in its operation. According to Aremu & Saka (2006), information technology is the force behind most of the reengineering processes in organizations.

Software falls under the bigger umbrella called information technology.

The type of software an organization uses determines the services that organization can offer to customers. In essence, it empowers an organization to achieve competitive advantage. (Aremu&Saka, 2006)

The management of Stanbic bank identified lapses in the bank master software they initially were using. One major challenge they faced in using the bank master software was that, customers were not able to bank at their convenience electronically using the internet banking platform.

The software was not user friendly and as a result of that, customers had to always travel to the banking hall to perform their transaction. This disadvantage made a lot of Stanbic customers switch to other banks that had a user friendly electronic banking platform.

Again, another challenge with the bank master platform was that, employees were not able to print so reports for reconciliation at the end of the month. The bank master software could not be upgraded and so the bank had to spend extra money in obtain other peripheral device to aid the kind of transactions the bank was into. Based on the background of challenges, management took a step to undertake software change which is a type of business process reengineering.

Finacle is a core banking solution is a comprehensive, agile integrated business solution addressing all the core needs of banks in easy to configure modules. The new software offers the bank to modernize progressively or an integrated manner to meet business priorities. The Finacle solution also enables the bank to dynamically refresh business model by adding or upgrading existing modules and components selectively to reach out to new customer segments. The following are some of the advantages of the new software.

Firstly, Finacle is a web based software that gives banks the opportunity know their customers well and also identify the products that addresses their needs. This banking solution gives the banks a 360 degree view of their customers. That is, in the initial stage of the relationship, the platform collects a lot of information from the customers that aids the bank to know what exactly the customer deals in. This enables the bank to know what needs of the customers are and also the products that delights the customers.

Again, compliance is every bank's concern. With the core banking solution, banks can rest assured of being compliant with growing regulations. The solution is designed to be scalable and support business pace of growth.

The changing crescendos of banking and other financial institutions market force players at all levels to re-engineer. (Heusinkveld & Benders, 2001)

## **4.5 Customer Satisfaction of BPR**

### **4.5.1 Software change**

The study revealed a mean of 3.06 and a standard deviation of 1.268 on the scale of 1-5 as how customers at Stanbic Bank assess the impact of business process reengineering on customer satisfaction in the banking industry. This represents about 61.2% of customers believing that software change at Stanbic bank has an impact on their level of satisfaction.

This is very remarkable since majority perceive the organization as making provision to meet its future operations and provide the customer with a faster service. The success of every organization depends on the ability of that organization to adequately meet customer demands and be on top in the industry. This is evident from the study that Stanbic Bank is on course in meeting such demands. In the banking industry, software plays an important role because of the volumes of data that are collected. Customers are satisfied when they notice that consistently information they give are captured accurately with no errors. The efficiency of the software also proves the rate of speed of transactions in the banking hall. Customers become very agitated when their requests are delayed. However, the organization should develop a promising and sustainable succession plan to always research into the processes that does not give the customer comfort. When the bank is able to give comfort to the customer and also reduce their operation cost, the customer becomes satisfied and loyal. This corresponds to a study in the literature that states that customers loyalty are affected by some intangible services.. (Lien & Yu-Ching, 2006).

#### **4.5.2 Rapidity of transaction**

The study revealed a mean of 2.41 and a standard deviation of 1.097 on the scale of 1-5 as how customers at Stanbic Bank assess the impact of business process reengineering on their level of satisfaction in the banking industry. This shows that 48.2% of customers agree their transaction at the banking hall is faster with the introduction of the new software. About 51.8% of customers disagree that their transactions have been faster at the banking hall with introduction of the new software. This finding opposes the benefits organizations obtain in implementing business process reengineering. Business process reengineering is the fundamental rethinking and radical redesign of business process to achieve dramatic improvements in performance such as speed. (Hammer & Champs, 1993). For an organization to fully reap the benefits in business reengineering, all parties involved must have a grip on the reengineering process. This reduces the error that will be made and that will also increase the speed with which the staff will attend to customers. Customers switch to other competitors when they notice that their transactions are not attended to on time.

#### **4.5.3 Improvement in service delivery**

A mean of 3.08 with a standard deviation of 1.736 on a scale of 1-5 shows that customers are generally pleased with the improvement in service delivery at Stanbic Bank as a result of the business process reengineering. Customers choose and value companies that provide high service quality. Customers judge service quality relative to what they want by comparing their perceptions of service experiences with their expectations of what the service performance should be. (Gronroos, 1982). The study revealed that 61.6% of customers were excited about the quality of service they receive at Stanbic bank. The customers were not just excited about

the quality of service but the improvement they experience with the business process reengineering. Studies show that service quality has become a key strategic factor for organizations to differentiate their services from other competitors. (Parasuraman, et al. 1985). In a competitive world like the banking industry, every customer contributes to the profit making of the bank. The percentage of customers who are not excited about the service quality at Stanbic bank is 38.4%. this shows that, the customers are expecting a certain level of quality in service but are not receiving. This is a source of revenue leakage because these customers are likely to switch to another bank if their concerns are not addressed and so the bank needs to pay attention to their concerns. Service quality does not only retain existing customers but increase chances of getting and attracting new customers. Studies also point out that customer satisfaction results ultimately in trust, price tolerance and customer loyalty. (Hokinson, 1995).

#### **4.5.4 Comfort in banking electronically**

A mean of 3.63 with a standard deviation of 0.996 on a scale of 1-5 shows that customers are generally pleased with the comfort they receive banking online at Stanbic Bank as a result of the business process reengineering. Researchers of customer satisfaction found that, customer benefits of convenience and availability are enabling factors that make it easy for a customer to do business with a bank. (Anderson and Anderson, 1994). Out of the customers that were sampled, 72.6% of them agreed to the fact that the business process reengineering offers they comfort when it comes to viewing their account details. According to research, customers save time and also get to transact at their convenience with electronic banking.

From a study conducted by KPMG (1998), bank's revenue increases from internet banking due to increased account sales, wider market reach, new market opportunities and improved

customer comfort. As part of the business process reengineering process, electronic banking speeds up the banking process.

#### **4.5.5 Impact on service charge**

In the financial sector, service charge is termed as the amount of money requested by the seller of services. Service charge as well as price is determined by several factors such as willingness of the buyer to pay and intensity of competition price substitute service. (Voss et al. 2007). Every customer would want to get value for each amount of money spent. The research revealed a mean of 2.82 and a standard deviation of 1.438. The mean gives an indication that 56.4% of customers disagrees that, their service charge has reduced. This percentage shows that, even though the fee for the service provided them has not reduced they are still banking with Stanbic bank. This can be attributed to the fact that, they get value for each amount spent and so will not switch easily to another bank. On the other hand, 43.6% of customers are delighted with the business process reengineering because their service charge has reduced. Notwithstanding this, majority of the customers are saying that their service fee has not reduced. As the organization provides its service, it is important that it takes into consideration the suggestions and the concerns of the customers.

#### **4.5.6 Rate of response to complains**

Customer complaint handling has become a tool that customers use to measure the service quality of the bank. In this era of competition among banks, the failure of a bank to address an aggrieved customer results in losing not just one customer but a lot of them (Terrence& Gordon 1996). It is very important for a service providing industry to be on top when it comes

to handling complains of its customers. When a customer complaint is resolved the customer does not only get satisfied but recommend the organization to other people. At the end of the study a mean of 3.15 and a standard deviation of 1.146 were obtained. A mean of 3.15 on a scale of 1-5 shows that. 63% of customers agree that they receive prompt response to their complains. The percentage is good but is room for improvement since 37% of the customers do not agree. The organization is in operation when customers come over to access their service. The day the customers cease to patronize the services of the organization, the organization will close down. Customers concerns cannot be over looked. In handling customer complains, the time firm is very important. The customers expect that within a certain span of time the complaint should be resolved. When time frame elapses, the customer becomes dissatisfied and now will start looking for another bank that will pay attention to his concerns. Feedback is a tool that is very important is handling a customer complaint. The continuous feedback given to the customers makes him know that his issue is been handled.

#### **4.5.7 Customers assessment of new software in Stanbic**

Researches of customer satisfaction, found that customer benefits of convenience and availability are enabling factors that make it easy for customers to do business with a bank (Anderson et al. Laroche & Taylor, 1988). The bank's ability to deliver these benefits on a continuing basis, to its existing customers' impact on customer satisfaction.

At the end of the research, findings revealed that 67.4% of customers believe that, Stanbic bank has become more reliable with the introduction of the new software. Reliability is a retention tool that boosts the profit of banks. Customers will become loyal and want to transact

with a particular bank when they see that, the bank as reliable. Reliability affords the customers comfort in transacting with a bank.

On the other hand, 32.6% of customers do not agree that Stanbic bank has become more reliable with the introduction of the new software. This may be as a result of some experiences they had with the bank that they were not happy with. Customers judge from different point of views when it comes to what they see as reliable. Some of these customers can be won back to increase the percentage of the customers that agree that, Stanbic bank has become more reliable by handling their complaint.

**Table 4. 12 Sample questionnaire of customers’ satisfaction**

	<b>Mean</b>	<b>Std. Deviation</b>
Satisfied with Software change	3.06	1.268
Rapidity of transaction	2.41	1.097
Improvement in service delivery	3.08	1.736
Comfort in banking electronically	3.63	.996
Impact on service charge	2.82	1.438
Rate of response to complains	3.15	1.146
Stanbic bank has become more reliable	3.31	1.149

**Source: Researchers field work, 2015**

## **4.6 Behavioural response of employee to BPR**

### **4.6.1 Satisfaction of employee to BPR**

At the end of the research, the table reveals a mean of 4.24 and a standard deviation of 0.767. On a scale of 1-5 the mean represents 84.8%. Change in the process of organization normally is associated with a lot of resistance. From the table, it can be seen that majority of the employees are excited about the change. Employee reaction to business process reengineering is important for the success of the change. Research indicates that employees' reaction to change is influenced by a number of factors. It is reasonable to expect employees to react since the process of change involves going from the known to the unknown (Bovey & Hede, 2001). For a change to be successful in an organisation, everyone one who will be affected by the change must be actively be involved in the change process. It is expected that some others will resist the change due to individual's cognitive towards change. With the 15.2% of employees that are not happy with the change, the change agents in the organization must pay special attention to them to find how best they help they embrace the change. The goal of business process reengineering is to design and change the existing business practices to achieve improvement in organisational performance.

### **4.6.2 Training of employee for new software**

Training is an essential tool that goes with change. For a business process reengineering to be successful, the employees must be given adequate training for them to familiarize themselves with the change. The study revealed a mean of 3.80 (76%) and a standard deviation of 0.816. the research findings shows that a greater percentage of the employees agreed to the fact that they were given adequate training before the new software was implemented. This in effect

boosted their confidence to be able to accept the change. Even though 76% agreed that they had adequate training 24% did not agree. The 24% may not have agreed because to them, the training they received on the new software was not adequate enough for them. Employee reaction to change is due to a number of factors of which inadequate training is part (Waldersee & Griffiths,1996)

#### **4.6.3 Communication of new software to employee**

At the end of the research, the table reveals a mean of 4.33 and a standard deviation of 0.711. On a scale of 1-5 the mean represents 86.8% of employees agreed that, management communicated effectively before the change took place. Management before the change, saw the need to need to communicate to employees to get them participate fully in the change process. Effective communication removes the fear associated with change process. During change, employees create their own interpretations of what is going to happen, how others perceive them and what others are thinking or intending (Bovey & Hede, 2001).

Employee reaction can be positive or negative based on the communication process.

The percentage of customers that did not agree that, management communicated effectively was 13.4%. These employees may not have been involved actively in the communication process and so did not fully understand the need for the change.it is very important that management communicate effectively to employees and also involve every employee in the change process to have a successful change.

#### **4.6.4 Job Insecurity**

Enhancing the skills of employees with the necessary skills to match the change is an effective tool that builds that confidence of the employees to meet change. At the end of the research, the table reveals a mean of 2.39 and a standard deviation of 1.127 on a scale of 1-5 the mean represents 47.8%. At the end of the research, only 47.8% of the employees believe that, their job was unsecured because of the change. These employees are not confident because, they feel they do not have the necessary skills to match with the change.

Study has shown that, emotional intelligence is the capacity for recognizing one's own feelings and that of others, for motivating oneself for change. Individuals with high levels of emotional intelligence experience more career success and feel less job insecurity (Vakola, Tasaousis, & Nikolaou, 2004). Such findings indicate that, agents focusing on employee reaction including resistance and acceptance during organisational change are of utmost importance to the success of the initiative.

The percentage of employee that was confident about their job is 52.2%. These employees were ready for the change and had the necessary skills for the change.

#### **4.6.5 Duration of serving customers**

At the end of the research, the table reveals a mean of 2.93 and a standard deviation of 1.458. On a scale of 1-5 the mean represents 58.6% of employees agreed that, the time they use in serving a customers has improved. This percentage is not the best there is still room for improvement. Customers judgement that a service feature is delivered is pleasurable include

the time (Oliver, 1997). Customers keep on transacting with a bank if their requests are responded to on time.

Customers are dissatisfied when a service they require takes long time to be responded to. 41.4% of customers were not happy with the turnaround time with the introduction of the new software.

This may as a result of them having to join long queues at the banking hall before assessing a service.

**Table 4.13** sample questionnaire of employees’ response

	Mean	Std. deviation
I am happy with the software change	4.24	0.767
I have been trained on the new software	3.80	0.816
Management communicated the change	4.33	0.711
I am not happy for fear of losing my job	2.39	1.127
Turnaround time for serving customers has improved	2.93	1.458

**Source:** Researchers field work, 2015

#### **4.7 Challenges management encountered with the introduction of BPR practices at Stanbic Bank Ltd.**

The advanced globalization of financial markets requires market participants to make changes to their operational processes to enhance the quality of service they provide to their customers (Randles, 1995). The management of Stanbic bank faced numerous challenges with the

introduction of business process reengineering in the area of software change. Below are the challenges they encountered.

In the interview, the respondent recounted some of the instances *“introducing the new software was not easy for management at all. The cost involved in purchasing the new software was very high and it even affected the bonuses and allowances we had to pay to staff members that year. Some staff members resisted the change because they said management was stressing them up. Management had to organize a long hour training sections to reduce the cost that was going to be incurred. The more the number of days, the more cost management was going to incur. The project was not going to be done in phases but a complete switch from the old software to the new one. This decision put a lot of gravity on management because they did not want any data to be lost during the switch”*

#### **4.7.1 Long periods of training session**

The bank was embarking on changing its software to a need one and hence had to train its employees. Management organized series of training which was end to end for employees. These long training sessions put a lot of stress on the employees. Training sessions lasted as long as two months depending on the department of the employee. This affected the turnaround time for service because at each point in time, some of the employees were on training and others had to do a double work.

#### **4.7.2 Delay in resolving customer request**

At the initial stage of change, customers' cheque books, ATM cards and money wallet cards could not be produced. This impacted on service and every now and then customers were in

the banking halls to check on their request. The bank lost some of its customers to other banks due to their inability to honor some of its customer request.

#### **4.7.3 Extra cost in operating cost**

During the change phase, employees had to stay long hours at the office to run various simulations with the new software before going home each day. Management had to pay for the extra time that the employees were staying back to work. The budget allocated for that year was exceeded and this at the long run affected the businesses profit margin. This affected promotions and the payment of bonuses that year. When the business profit margin reduces all growth in every area of the bank is affected.

#### **4.7.4 Decline in productivity level**

The long hours of work and training session had an impact on employees. Employees became stressed up during the change period. Management had to bear with the reduced level of productivity on the part of the employees. A lot of employees had to visit the hospitals as each days passed.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

#### 5.1 Introduction

In this chapter, the study explored the summary of findings, recommendations that are stated based on the study and conclusion of the study. The summary of findings is captured under the objectives which are stated below.

##### 5.2.1 Types of business process reengineering practices at Stanbic bank Ltd uses

Business process reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvement in critical contemporary measures of performance such as cost, quality, service and speed. The management of Stanbic bank Ltd, identified gaps in their processes that was impacting on the service delivery to customers and so decided to reengineer their workflow processes. Business process reengineering distillates on core business processes and uses specific techniques within just in time and total quality management as enablers while broadening the process vision. The management of Stanbic bank sort to improve the service they give to their customers and also prevent revenue leakage. They identified one area they could address to solve the problem at hand. Management decided to redesign and change the existing business practices to achieve a dramatic improvement. There are various types of business process reengineering in the banking industry. The type of software an organization uses determines the services that organization can offer to customers. In essence, it empowers an organization to achieve competitive advantage.

The management of Stanbic bank identified lapses in the bank master software they initially were using. One major challenge they faced in using the bank master software was that, customers were not able to bank at their convenience electronically using the internet banking platform.

The software was not user friendly and as a result of that, customers had to always travel to the banking hall to perform their transaction. This disadvantage made a lot of Stanbic customers switch to other banks that had a user friendly electronic banking platform. Stanbic bank under took a software change as a way to achieve the dramatic improvement in their operation and also provides customers with the best of service.

### **5.2.2 Customer satisfaction with the introduction of BPR at Stanbic bank Ltd**

Any business process reengineering should be geared towards the satisfaction of customers so as to increase revenue generated. The study assesses customer's level of satisfaction with respect to business process reengineering at Stanbic bank. 61.2% of customers were satisfied with Stanbic bank as far as software change is concerned. Findings revealed that 48.2% of customers believed and are satisfied with the speed of their transactions at the banking hall. 61.6% of customers believed and are satisfied with the improvement in service delivery. 72.6% of customers are comfortable in using the electronic banking platform. Also, 43.6% of customers believe that their service fee have reduced with the introduction of the new software. 63% of customers agree that to the fact that, they receive prompt response on their complains and lastly 66.2% of customers believe that, the introduction of the new software has made Stanbic bank more reliable.

### **5.2.3 Behavioral response of employees to BPR**

The success of every business process reengineering depends on the reaction of the employee. The study was conducted to assess the impact of business process reengineering on customer satisfaction in the banking industry. Findings revealed that 84.8% of the employees were happy with the software change, 76% of employees agree that they have adequate training, 86.6% of employees are in support that management communicated effectively before the software change, 47.8% of employees are not happy with the software change, for fear of losing their job and 58.6% of employees agree that, turnaround time for serving customers has improved.

### **5.2.4 Challenges management encountered with the introduction of BPR practices at Stanbic Bank Ltd**

Change is associated with a lot of challenges in organizations. The management of Stanbic bank encountered a lot of challenges with the introduction of business process reengineering in the area of software change. Prominent among the changes was the increase in cost. The increase in cost during the change process affected the bank in a number of areas. Some of the areas are delay in promotion, some incentives had to be put on hold and bonuses were not paid that year. The other challenges that management faces had to organize series of training sessions, delay in customer request and managing employee the stress that employee had to go through.

### **5.2.5 Impact assessment of BPR**

The study adopted regression analysis to assess the impact of business process reengineering on customer satisfaction in the banking industry. Software change and electronic banking are the independent variables used and customer satisfaction as dependent variable. Software change had a positive relationship on customer satisfaction and is statistically significant meaning the variable is making a unique contribution to the prediction of organisational performance. However, electronic banking also has a positive relationship on customer satisfaction but not statistically significant and it is not making any unique contribution to the prediction of organisational performance. Software change as a result of business process reengineering makes the strongest contribution to explaining customer satisfaction when the variance explained all other variables in the model is controlled for.

### **5.3 Conclusion**

Looking critically at the findings of the study, banking industry for that matter Stanbic bank has been undergoing rapid changes that are engineered by various business process reengineering that are put in place to enhance customer satisfaction. Business process reengineering has become the order of the day as organizations tried to implement appropriate ones to make customers satisfied, deliver quality service, enhance the work of employees and also increase profit. The ability of management to motivate employees to embrace business process reengineering will help them to deliver good service to customers to make them satisfied. The study assesses the impact of business process reengineering on customer satisfaction in the banking industry. There is therefore the need for Stanbic bank to

critically implement practises to enhance employee's performance and this will help employee's to deliver quality service to make customers satisfied.

#### **5.4 Recommendations**

Companies all over the world will like to be the best in all that they do especially when it comes to their area of operation that grant profit to them. The study sort to know why the introduction of a new work flow resulted in a decline in numbers of customers at Stanbic Bank. From the research it was observed that, the series of simulations were not done to before the change took place. The type of BPR Stanbic Bank implemented was a total cut off from the old system to the new one at on one occasion. This resulted in a lot of errors on customers account. Customers were flooding the banking halls of Stanbic bank branches each day complaining on their account. These complaints were also not resolved and so a lot of customers got tired of complaining and so decided to stop banking with Stanbic bank. In the near future, if management want to undertake another BPR project, management should ran a lot of simulations tests. When this is done a lot of errors on customers' account will be noticed early before the final migration is done.

Also, management should have trainings for staff educating them on how customers, complain are handled. Customers build trust in an organisation when they notice that their concerns are addressed. Educating the staff on complaint handling will give Stanbic Bank an upper to always maintain its customers whenever they implement any business process reengineering.

Furthermore, the results of the study showed that, customers were not happy with the rapidity of their transaction with the introduction of the new software. To address this grievance of customers, management of Stanbic Bank, should have another look at their process flow. The process should be streamlined again to make it shorter for customers when. The BPR introduced in the area of software change is supposed to delight customers and not push them away. Streamlining the work flow will also go a long way to reduce the long queues that mount up at the various branches of Stanbic Bank. The quality of service delivered by the staff will also be enhanced because they would not have to spend hours serving just few customers at a lower rate.

A greater percentage of the staff were not excited with the introduction of the business process reengineering project. The staff members were scared of losing their jobs. Management should have regular meetings with units in the organisation that will be affected with the implementation of the BPR to explain to them the need for that decision. When this is done, staff members will be relieved emotionally and also understand the change that must happen. If some units are to be dissolved because of the business process reengineering, management should sit down with the union members in the organisation to decide on a package for the staff members who are going to be affected with the change.

Lastly from the results of the study, it was observed that some customers were not comfortable with the electronic banking platform. What management can do in this area is to constantly educate customers on the electronic banking and reassuring them that security measures have been embedded in the platform. Also, the various branches of Stanbic bank should have a unit

that will be responsible for updating and answering customers' questions on the platform. The unit after signing customers onto the platform should take the customers through the various icons on the platform.

Further studies should be carried out on the independent variable, electronic banking.

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**APPENDIX I**  
**QUESTIONNAIRE**



This questionnaire seeks to collect data on the impact of business reengineering on customer satisfaction in the banking industry. A case study of Stanbic Bank, Ghana Ltd. The data collected will be used for academic purpose only. Please answer the following questions, ticking the appropriate boxes or providing your answer where applicable. Please tick ( ) or supply answers where appropriate

**BACKGROUND INFORMATION**

1. Gender : Male ( )                      Female ( )
  
2. Age : 18-30( )              31-40 ( )              41-50 ( )              51 and above( )
  
3. Educational Background : Primary( ) Secondary( ) Tertiary( ) Masters ( )
  
4. Occupation.....
  
5. How long have you been banking with Stanbic Bank?  
1-12 months( )              1-2 years ( )              3-4 years( )              4-5 years ( )  
Above 5 years( )

1= Strongly disagree  
5=Strongly agree

2= Disagree

3= Neutral

4=Agree

Level of customer satisfaction with introduction of BPR	1	2	3	4	5
Satisfied with software change					
Transactions at the banking hall is rapid					
Comfort in banking electronically					
Software change has an impact on service charges					
Satisfied with response to complain with the introduction of new software					
Stanbic bank has become more reliable					

What recommendation will you give to management of Stanbic Bank to improve service

.....

.....

.....

**APPENDIX II**

**QUESTIONNAIRE**

This questionnaire seeks to collect data on the impact of business reengineering on customer satisfaction in the banking industry. A case study of Stanbic Bank, Ghana Ltd. The data collected will be used for academic purpose only. Please answer the following questions, ticking the appropriate boxes or providing your answer where applicable. Please tick ( ) or supply answers where appropriate

**BACKGROUND INFORMATION**

1. Gender : Male ( ) Female( )
2. Age : 18-30( ) 31-40 ( ) 41-50 ( ) 51 and above( )
3. Educational Background : Primary ( ) Secondary ( ) Tertiary( )  
Masters( )
4. Department .....
5. How long have you been working with Stanbic Bank?  
1-12 months ( ) 1-2 years ( ) 3-4 years ( ) 4-5 years ( )  
Above 5 years( )

**1= Strongly disagree                      2= Disagree                      3= Neutral                      4=Agree**  
**5=Strongly agree**

<b>Reaction of employees to BPR</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
I am happy with the software change					
I have been trained on the new software					
Management communicated the change					
I am happy not happy for fear of losing my job					
Turnaround time for serving customers has improved					

What is your general perception about the business process reengineering at Stanbic Bank

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.....  
.....  

# KNUST

