

**THE IMPACT OF BUSINESS PROCESS
REENGINEERING ON ORGANIZATIONAL
PERFORMANCE**

KHUZAIMAH BINTI AB-LLAH

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**THE IMPACT OF BUSINESS PROCESS REENGINEERING ON ORGANIZATIONAL
PERFORMANCE**

By

Khuzaimah Binti Ab-Ilah

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806264

College of Business

University Utara Malaysia

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ABSTRAK

Di Malaysia, perubahan yang dinamik dalam pasaran institusi perbankan dan kewangan menyebabkan pengurusan di semua peringkat terpaksa untuk membuat penambahbaikan dalam organisasi perniagaan mereka. Fungsi dan operasi perbankan adalah bertujuan untuk memenuhi cabaran yang muncul dari konsolidasi perbankan, pemotongan kos operasi, outsourcing, pelaburan portfolio, pembayaran dan panggilan penyelesaian sistem untuk amalan perbankan yang inovatif melalui Business Process Reengineering. Hal ini membolehkan bank Malaysia menggabungkan skim strategik pelanggan inovatif dalam rangka yang menghubungkan jurang perkhidmatan yang ada di sektor perbankan Malaysia.

Tujuan kertas projek ini adalah untuk mengkaji kesan “Reengineering” atau proses penambahbaikan dan kejuruteraan semula kepada prestasi organisasi dan untuk mengkaji bagaimana Business Process Reengineering dapat membantu organisasi untuk kesan kepada perubahan yang inovatif dan strategik dalam organisasi. Data-data yang diperolehi untuk kajian ini adalah daripada sumber primer yang dianalisis melalui analisis peratusan sederhana dan analisis regresi.

Kesimpulannya, dapat disimpulkan bahawa Business Process Reengineering penting bagi setiap organisasi yang mementingkan peningkatan dalam prestasi perniagaan mereka saat ini dan bermaksud mencapai satu strategi kos kepimpinan dalam operasi industri dan persekitaran. Ini disyorkan bahawa proses kejuruteraan semula tetap merupakan alat yang berkesan bagi sesebuah organisasi berjuang untuk beroperasi secara efektif dan seefisien mungkin dan organisasi yang diperlukan untuk membaiki semula proses perniagaan mereka dalam rangka untuk mencapai prestasi yang cemerlang dan strategi jangka panjang untuk pertumbuhan organisasi dan prestasi.

ABSTRACT

In Malaysia, the changing dynamics of banking and other financial institutions market forced players at all levels to reengineer their business organizations. The banking operations and functions which is intend to meet emerging challenges of bank consolidation, slashing operating cost, outsourcing, portfolio investment, payments and settlement system call for innovative banking practices through Business Process Reengineering. This is to enable Malaysian banks to incorporate strategic innovative customer schemes in order to bridge the service gap inherent in Malaysian banking sector.

The objective of this paper is to assess the impact of reengineering on organizational performance and to uncover how Business Process Reengineering can help organizations to effect innovative and strategic changes in the organization. The data for this current investigation were obtained from primary source that was analyzed through simple percentage analysis and regression analysis.

The paper concludes that Business Process Reengineering has become useful weapon for any corporate organizations that is seeking for improvement in their current organizational performance and intends achieve cost leadership strategy in its operating industry and environment. It recommended that reengineering process remains effective tools for organizations striving to operate as effectively and efficiently as possible and organizations are required to reengineer their business processes in order to achieve breakthrough performance and long term strategy for organizational growth and performance.

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LIST OF ABBREVIATION

BPR	=	Business Process Reengineering
ROI	=	Return of investments
ATM	=	Automatic Teller Machine
IT	=	Information Technology
BIMB	=	Bank Islam Malaysia Berhad
KLSE	=	Kuala Lumpur Stock Exchange
TQM	=	Total Quality Management
SPC	=	Statistical Process Control
CPI	=	Continuous Process Improvement
OJT	=	On-the-job training
SQ	=	Service Quality
I & SC	=	Innovative and Strategic Change
SPSS	=	Statistical Package for the Social Sciences

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Nowadays, merging grand companies and great lobbies in different business industries either services or production is one of the Remarkable activities worldwide. Venture capital and mature organizations always care about the return over their investments (ROI), and they are in a bad need to track each success indicator within their organizations in different activities to have the capability to take decision towards increasing their business capacities. To achieve organizational success, it needs to implement Business Process Reengineering (BPR) into their process in the organization.

The goal of Business Process Reengineering (BPR) is to redesign and change the existing business practices or process to achieve dramatic improvement in organizational performance. Organizational development is a continuous process but the pace of change has increased in manifolds. In a volatile global world, organizations enhance competitive advantage through Business Process Reengineering (BPR) by radically redesigning selected processes.

Sharma (2006) posited that Business Process Reengineering implies transformed processes that together form a component of a larger system aimed at enabling organization to empower themselves with contemporary technologies business solution and innovations. Organizational effective performance has become a watchword in modern business. According to the researcher like Stoddard and Jarvenpea (1995), Business Process is simply a set of activities that transformed a set of inputs into a set of outputs in term of goods or services for

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