EFFECT OF THE BUSINESS PROCESS REENGINEERING FACTORS AND INFORMATION TECHNOLOGY CAPABILITY ON ORGANIZATION PERFORMANCE

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The main objective of this study is to examine the effects of the business process reengineering (BPR) factors on the Nigerian banks organisational performance. Additionally, this study also investigates the moderating effect of information technology (IT) capability in the relationship of BPR factors and the organisational performance. BPR factors are operationalised by change management, BPR strategy alignment, customer focus, management commitment, IT investment, and adequate financial resource. The IT capability dimensions include IT knowledge, IT operations and IT objects. Data was sent and collected through a hand-delivery method. A proportionate stratified random sampling was used for sample selection. 560 questionnaires were sent to banks’ managers but 417 of them were returned; giving a response rate of 74%. The findings were as follows: first, the findings show that fully supported relationships were found between IT capability and organisation performance. Second, the results showed that BPR factors such as adequate financial resources and management commitment were significantly related to overall organisational performance. Specifically, adequate financial resource's dimension was significantly related to cost reduction, customer service management and operations efficiency. Next, management commitment was found to be significantly related to customer service management and operation efficiency. Meanwhile, IT investment was significantly associated with customer service management. Other dimensions of BPR factors such as change management, customer focus, and BPR strategy alignment were found insignificant to the banks’ performance. Third, upon investigating the moderating effects of IT capability on the relationship between BPR factors and organisational performance, the results revealed mixed supports for the interaction effects of IT capability attributes. The outcome of this study provides important insights to both managers and researchers for further understanding on the effects of BPR factors and IT capability on organisational performance. The necessary suggestions on new area of research were recommended for future researchers.

Keywords: Business process reengineering factors, Information technology capabilities, Organisational performance, Banks, Nigeria.

Kata kunci: Faktor-faktor perekayasaan proses perniagaan, Keupayaan teknologi maklumat, Prestasi organisasi, Bank-bank, Nigeria
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In the name of Allah, Most Gracious, Most Merciful. Praise and peace be upon His beloved our Prophet Muhammad (SAW), his family and his companions from whom, and by the will of God. We escape darkness into enlightenment. It was in this spirit that I set out to undertake the current study, and the quest for self-actualization provided the additional push that kept me going and finally sees this thesis come to its expected conclusion, Alhamdulillah.

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A special dedication to my wife, Binta Bala and lovely children Ayman Muhammad, Nana-Aisha and Ummita-Suwaiba and to my brothers and sisters in Islam for their love, cares, constant assurances, patience and understanding. Last but not least, I am presenting this thesis as present to my parents' spirits in their graves. Amin!
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LIST OF ABBREVIATIONS

24/7  Online –Real Time (24 Hours in a day, 7 days in a week)
AFR  Adequate Financial Resources
ATM  Automatic Teller Machine
BPI  Business Process Improvement
BPR  Business Process Reengineering
BSC  Balance Scorecard
CBN  Central Bank of Nigeria
CIMA  Chartered Institute of Management Accountant
CIO  Chief Information Officer
CM  Change Management
CSF  Critical Success Factor
CSM  Customer Service Management
EAGLE  Efficiency, Accountability, Goal orientations, Leadership, Effectiveness and staff motivation
EPR  Effective Process Redesign
EPS  Earnings per Share
FOREX  Federal Mortgage Bank of Nigeria
GDP  Gross Domestic Product
ICT  Information and Communication Technology
IS  Information System
IT  Information Technology
ITC  Information Technology Capability
ITSCMM  Information Technology Service Capability Maturity Model
KBV  Knowledge Based View
KPI  Kay Performance Indicator
LAN  Local Area Network
LBS  Less Bureaucratic Structure
MFB  Microfinance Bank
MMPF  Multi-Model Performance Framework
NDIC  Nigerian Deposit Insurance Corporation
ONFP  Organisational Non-Financial Performance
OFR  Organisational Financial Performance
OP  Organisational Performance
OPS  Operations
PMI  Primary Mortgage Institution
POS  Point of Sale
RBV  Resource-based View
ROE  Return on Equity
ROI  Return on Investment
SLA  Service Level Agreement
SMS  Short Message Services
SPSS  Statistical Package of Social Science
SWIFT  Society for Worldwide Interbank Financial Telecommunication
WAN  Wide Area Network
CHAPTER 1
INTRODUCTION

1.1 Background of the study

The progressive globalization of financial markets requires market participants to make changes to their operational processes beyond local to global competitiveness. This trend has led many banks in developing countries to improve customer service quality, speed, reduce operating costs, and enhance profitability performance (Randle, 1995). Innovative banking services and personalized portfolio management are evolving as the market consolidates due to mergers and acquisitions of up-to-date strategy. As a result, the focus is no longer on cutting costs alone, but rather on simultaneously improving services to customers. In other words, the processes must not only be more efficient, but also more customer-friendly as well. Central Bank of Nigeria (CBN) initiated business process reengineering (BPR) project tagged EAGLES (Efficiency, Accountability, Goal orientations, Leadership, Effectiveness and Staff motivation). The objective is to enhance the operations and quality of banks, which include: industry remedial programmes to fix the key causes of the crisis; risk-based supervision; reforming the regulatory framework; enhanced customer protection as well as internal transformation of the bank (CBN, 2009).

On the internal transformation aspect, the CBN in partnership with PricewaterhouseCoopers conducted a comprehensive assessment of the bank’s core and non-core operations that required fundamental restructuring. The identified
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