BUSINESS PROCESS IMPROVEMENT PRACTICES ADOPTED BY SAVINGS AND CREDIT SOCIETIES WITH FRONT OFFICE SERVICE ACTIVITY IN NAIROBI COUNTY

BY

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A PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER, 2012

DECLARATION

This Research Project is my original work and has not been presented to any other examination body.

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D61/P/8439/2001

This Research Project has been submitted for examination with our approval with university supervisor.

Signature..... **Date**..... 8th NOV. 2012

Ms F. MUINDI

DEDICATION

To my husband who encouraged and supported me greatly. There are others who supported me in the completion of my research writing.

Thank you and God bless you abundantly.

ACKNOWLEDGEMENT

First and foremost, I thank God for being my all in all. I acknowledge the support of my family who have stood with me and supported me throughout my studies and particularly for their unending encouragement.

I pay my gratitude to my supervisor for guidance in the research and for the support, patience and understanding throughout the research period. I also thank the entire fraternity of University of Nairobi.

ABSTRACT

Process improvement is a strategy and a tool to help an organization meet its long term goals and objectives. Savings and credit co-operative societies with Front Office Service Activity are generally having much difficulty in identifying their processes, let alone being innovative enough to optimize them. Partly to blame for the difficulties faced by the savings and co-operative societies is the lack of holistic and versatile methodologies for business process improvement in academic literature.

The purpose of the study was to investigate business process improvement practices adopted by saving and Credit Co-operative Societies with front office service activity. The research was a cross sectional survey. Cross-sectional survey involves observation of all of a population, or a representative subset at one specific point in time. The study was conducted in Nairobi County and covered all savings and credit cooperative societies offering front office services. A structured questionnaire was used to collect data from the respondents from each of the selected Saccos. The study adopted a descriptive statistics to analyze numerical data that was gathered using closed ended questions. Quantitative data was presented in tables and graphs.

The study established that majority of the Savings and Credit Societies reviewed set strategies and activities. The strategies were related to organization objectives. The study established that IT had been embraced in the organizations as means of emphasizing BPI practices. The study found that staffs in the organization were empowered in contributing their initiatives towards BPI practices. The study found that the organization structure enhanced BPI practices within the organizations. Application of TQM in the organizations involved top management commitment and employee empowerment. The study concludes that majority of the Savings and Credit Societies reviewed set strategies and activities. Strategic realignment had a positive effect to business process improvement practices in the organizations. The study concludes that IT had been embraced in the organizations as means of emphasizing BPI practices. The study recommends the management of Savings and Credit co-operative Societies to review the set strategies and activities. The study also recommends the human resource department to ensure they empower the staffs in the organization through training.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In challenging business environments, organizations are constantly trying to find new ways of remaining viable, and for some, the challenge is even greater, when seeking to be an industry leader. An organization's strategic definition or review process may yield a desired vision for the company that the current operational context may not be able to fulfill entirely, resulting in a gap (Reijers, 2006). Gaps can also be identified at the operational level where an undesirable level of performance has been observed. Process Improvement programmes are often embarked on to close these gaps. The nature of the gap between the current business context and the defined strategic objectives will determine what form of Process Improvement programme that is, whether incremental changes or drastic/breakthrough changes are required in order to implement the strategy (Sanders, 2008).

Business process improvement refers to a systematic approach to help organizations optimize their underlining processes to achieve more effective results. It is an aspect of organizational development in which a series of actions are taken in order to improve existing processes within the organization to meet new goals and objectives. Business process improvement practices are frequently key projects within an organization regardless of the size of the organization or the size of the business process improvement initiative (Towill, 2009). Even if a business process improvement initiative is targeted at an individual department, the impact of the change will be organization-wide. By ensuring that the initiative is managed as a

strategic project, there are increased opportunities for success. Process improvement initiatives are continuous. Therefore as organizations grow, they need to continuously analyze and refine their processes to ensure they are doing business as effectively and efficiently as possible. Fine-tuning processes gives an organization a competitive advantage in a global marketplace.

An effective and integrated management is even more important in those fields where business justifications are coupled with compulsory safety constraints, in order to care for the end-users (Carmignani, 2008). All activities within an organization can be described in terms of processes. They have some stimulus, they bring about some change, and they use some resources. The inputs and outputs of the process can be described and, to varying degrees, measured. The origins of the process-based view of the organization (business process management) are predominantly operational and predominantly concerned with managing flows of material, people or information. Improvement of the processes has focused on attempts to change practices to be more responsive to customers and to improve performance in quality, time, speed and reliability, while reducing production costs (Goldkuhl and Lind, 2008).

1.1.1 Business Processing Improvement

Business process improvement is an approach that aims to increase the effectiveness and efficiency of business processes that provide output to internal and external customers. Since Business process improvement became a part of the mainstream of business improvement, many different terms in literature were related to the improvement of business processes (Harry and Schroeder, 2006). Companies use BPI to keep pace with the changing business environment which means adapting their

business processes to persistent technological, organizational, political and other changes. So, it is not surprising that improving business processes was "number one priority" among the top ten business priorities in 2009 in a Gartner survey covering more than 1,526 Chief Information officers. As the demand for improving business processes increased after the business process reengineering (BPR) wave in the early 1990s methodologies, techniques, and tools were developed for conducting BPR projects (Shin and Jemella 2002).

Many companies have undergone a process improvement (PI) programme and have found that the application of process improvement practices has led to significant improvements in operational areas (Bateman, 2005). The adoption of process improvement techniques has been inspired by the dramatic improvements demonstrated by such techniques. Quality improvement means optimizing the process capability and the quality control measures to ensure that the process yields higher revenue at lower costs, with enabled employees and satisfied customers. Several approaches toward the continual improvement include: Dalmaris, *et al* (2007*)*.advocated methodological practices, including the use of specific tools and statistical methods in the design, management, and improvement of process, which aim to reduce the inevitable variation that occurs from "common causes" and "special causes" in production. "Common causes" of variations are systemic and are shared by many operators, machines, or products. They include poor product design, non-conforming incoming materials, and poor working conditions.

The theoretical essence of the Deming approach to TQM concerns the creation of an organizational system that fosters cooperation and learning for facilitating the

implementation of process management practices, which, in turn, leads to continuous improvement of processes, products, and services as well as to employee fulfilment, both of which are critical to customer satisfaction, and ultimately, to firm survival. The means to improve quality lie in the ability to control and manage systems and processes properly, and in the role of management responsibilities in achieving this. Juran's Approach (1991) argues that the main quality problems in the systems of activities directed at achieving delighted customers, empowered employees, higher revenues, and lower costs are due to management rather than workers. The attainment of quality requires activities in all functions of a firm. Firm-wide assessment of quality, supplier quality management, using statistical methods, quality information system, and competitive benchmarking are essential to quality improvement. Juran's approach emphases on team (QC circles and self-managing teams) and project work, which can promote quality improvement, improve communication between management and employees coordination, and improve coordination between employees.

1.1.2 Business Process Improvement Practices

Over the years, process improvement has become more important for business operation. To implement business process redesign several best practices can be distinguished. Today organization in all sectors are increasingly using business process practices such as improving customer care, involving and empowering staffs in practicing their initiatives towards strategies, adoption of technology changes, redesigning organization structure, strategies realignment among other practices with aim of delivering their services and improving their performance. Due to rapid and unpredictable environmental changes and particularly in technological changes, the

trend in coming years will be, for example, lean and six sigma, process statistics and control principles that will be business process management underpinning process to manage tasks (Paim et al., 2008).

According to Nikniaz (2002), organizations are increasingly setting BPI as an organizational priority to improve their competitiveness in the global arena, more specifically to have large market share in the market. Improvement aims at reaching the levels of performance that are significantly higher than current levels, either incrementally or in quantum jumps. Buttles (2008) pointed out that today's organizations are largely dependent on high-technology to develop, build, and maintain their products and services. This has created a dependence on a workforce with specialized knowledge and skills. People bring knowledge, skills and process abilities (competencies). For organizations to maintain a competitive advantage in a global, rapidly changing and technological environment, they must ensure that: People, Process, Technology, and Organizational Culture are adaptable, in alignment and support the organization's business objectives and strategies.

Most organizations tend to have common categories of information needs regarding process improvement, with common questions to be answered for these categories of needs. The measures of *value (or results)* that organizations use for business impact and for monitoring progress to their business goals are quite diverse. These measures tend to fit into categories of both "hard" measures like financial return and "soft" measures like improvement to employee morale. There are four basic principles of never-ending improvement: focus on the customer (internal and external) communicate, inform and be informed. Understand the processes - design and control

to eliminate bottlenecks and reduce waste and to gather and provide useful (timely, current, accurate), usable information. Involve the people - communicate, inform and be informed. Provide the necessary capacity and capability to work the processes efficiently and effectively, and for the information generated to be used to best effect (Hindle, 1997).

1.1.3 Nairobi Based Savings and Credit Co-operative Societies With Front Office Savings Activities

A savings and credit co-operative society is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise. The members have equal rights to take part democratically in the management and administration of the enterprise of which they share the duties, obligations and the advantages proportionally with the transactions of each member regardless of their deposit amount or the number of shares they own.

The fundamental objective of a savings and credit co-operative society is to maximize the benefit which the members can obtain from their financial transactions with the cooperative. They try to obtain maximum individual benefit through particular financial transactions which they carry out. Thus Saving and Credit Co-operative Societies promote by mutual aid the economic and social welfare of its members by granting loans to cover their economic needs, supporting the spirit of initiative industrial work and careful use of the savings produced locally.

The basic structure of Savings and Credit Co-operative Societies is what differentiates them from banks in that they are user-owned financial intermediaries. Members

typically have a common bond based on geographic area, employer, community, industry or other affiliation. Examples in Kenya include Mwalimu, Kenya bankers, Bingwa, Afya, Meru Nissan, Mumias Out growers, Harambee Savings and Credit Co-operative Societies, among others. Due to market needs and effective service delivery, Savings and Credit Co-operative Societies have introduced front office service activities. Front Office Service: is more less the Society Bank. Front Office Service Activity is the banking hall of the Savings and Credit Co-operative Society. The study will be conducted at the Nairobi based Savings and credit co-operating Societies operating Front Office Services Activities [FOSA].These societies are expected to be always improving their business processes due to the ever changing business environment. At the same time, they are regulated by a regulatory body and are expected to conform to some financial standards, employee competencies, as well as capital adequacies unlike other societies (The Sacco Societies Act 2008). The regulator has set high standards for this group of societies and are expected to be proactive not reactive to competition. There are 219 registered Societies with Front Office Service Activity in Kenya according to records obtained at the ministry of co-operatives head office.

1.2 Statement of Problem

The constantly changing hyper-competitive markets demand higher levels of organizational flexibility, efficiency and performance in terms of cost, time, and quality. Process improvement is a strategy and a tool to help an organization meet its long term goals and objectives. Process improvement is defined in terms of customer satisfaction, resulting in higher quality products and services (Harrington, 2001). Firms are increasingly setting quality management as an organizational priority to

improve their competitiveness in the global arena (Motwani, Kumar and Jiang, 2008). Improvement aims at reaching the levels of performance that are significantly higher than current levels, either incrementally or in quantum jumps. Companies use business process improvement to keep pace with the changing business environment which means adapting their business processes to persistent technological, organizational, political and other changes.

Savings and credit co-operative societies with Front Office Service Activity are generally having much difficulty in identifying their processes, let alone being innovative enough to optimize them (Sacco Star, 2009). Partly to blame for the difficulties faced by the savings and co-operative societies is the lack of holistic and versatile methodologies for business process improvement in academic literature. In literature, it is widely agreed, that the most value-adding phase in a business process improvement (BPI) project namely the act of improving, lacks guidelines and is only poorly supported. Owing to that fact business improvement seems to be rather art than science.

Previous studies done in Kenya on process improvement, Odhiambo (2011) did a study on determinants of business process reengineering project success in Kenya. He found that management commitment, strategic plan and communication are the factor that influences success of business process reengineering. Kiplimo (2010) did a study on implementation of business process reengineering for competitive advantage. Kiplimo found that organization adopt business process reengineering in order to improve their performance effectiveness, quality service hence added competitive advantage. Mutinda (2009) conducted a study on human resource factors in

implementation of business process reengineering at Kenya Commercial Bank. He found that competency of the staffs in application of business process improvement are vital where training, technological skills and motivations were main factors that influenced staffs to implement BPR. Lastly, Omondi, (2008), did a study on application of lean thinking to business process management. He found that staffs are reluctant to BPM as they regard it as tool that will replace them in their job place hence loss of jobs. Despite essence literature on BPI none of these studies have focused on the business process improvement practices among savings and credit co-operative societies. Having the fact that, their performance has been wanting even after adopting numerous business process improvement strategies. The study therefore seeks to establish the business process improvement practices adopted by Savings and Credit Co-operative Societies with Front Office Service Activity (FOSA). The study therefore seeks answer to the question: what are the business process improvement practices adopted by savings and Credit Co-operative Societies with Front Office Service Activity?

1.3 Objective of the Study

To investigate business process improvement practices adopted by saving and Credit Co-operative Societies with front office service activity

1.4 Value of the Study

The study offers valuable contributions from both a theoretical and practical standpoint. From a theoretical standpoint, it contributes to the general understanding of the business process improvement practices adopted by Savings and Credit Co-

operative Societies with Front Office Service Activity in Nairobi County. The study was invaluable to the following:

This study will provide the stakeholders with deeper insights into what the company needs to do to ensure proper process improvement strategies. The results of this study will benefit other companies in particular in terms of improving service delivery for increased customer satisfaction, with serene and conducive work environment.

The research findings also provided vital information that assisted government particularly policy makers, planners and programme implementers to formulate policies and strategies on operation management. Further, the research findings also provided vital information that benefited future academicians and researchers on operation management and specifically process improvement.

CHAPTER TWO

LITERATURE REVIEW

2.1 Business Processing Improvement

For the last four decades the issue of fit between an organization and its strategy, structure, processes, technology and environment has been a basis for theory construction and research (Hashim et al., 2010). The changing economic environment has led to an increasing interest in improving organizational business processes to enhance performance (Ranganathan & Dhaliwal, 2001). Several new approaches to organizational development were introduced, ranging from re-engineering and quality systems to organizational learning, along with new ways of measuring organizational activities (Anderson et al., 2003). Anderson further argued that business process management (BPM) is among the most important managerial topics because it provides companies agile adaptation to changing business requirements.

A business process is a complete, dynamically coordinated set of activities or logically related tasks that must be performed to deliver value to customers or to fulfill other strategic goals (Strnadl, 2006). Various empirical researches indicate that there is a positive correlation between process improvement and business success (Skerlavaj et al., 2007; Trkman, 2010). Customer satisfaction, quality issues and managing change are crucial factors in the current ever-expanding competitive business environment. For many organizations, implementation of a process approach represents a fundamental step in their management systems, which means a

fundamental change from a functionally oriented organization to a process oriented system (Biazzo and Bernardi, 2003).

Business process is a field of knowledge at the intersection of management and information technology, encompassing methods, techniques and tools to design, enact, control and analyze operational business processes involving humans, organizations, applications, documents and other sources of information. Business process management follows a life cycle consisting of four phases, namely: design (modeling), implementation, enactment and analysis (Filipowska et al., 2009). Improving organizational efficiency and effectiveness inevitably involves process improvement. Over the last 25 years, a variety of business process improvement (BPI) methodologies and frameworks has been proposed and sometimes applied (Dalmaris et al., 2007). Biazzo and Bernardi (2003) argued that, today managers are enthusiastic and indeed impassioned about processes because of the possibilities for change that they offer in terms of both reducing the fragmentation and compartmentalization of work and improving the capacity for lateral coordination and communication.

2.2 Business Processing Improvement Practices

Over the last 20 years, best practices have been collected and applied in various areas, such as business planning, healthcare, manufacturing and the software development process (Peppard and Rowland, 2005). Although an ideal best practice prescribes the best way to treat a particular problem that can be replicated in any situation or setting, it is more fruitful to see it as something that "needs to be adapted in skillful ways in response to prevailing conditions" (Buzacott, 1996). Presentation of best practices aims at BPI efforts where an existing business process is taken as basis for its

redesign. BPI practice can be applied locally to boost the overall performance. Taking the existing process as starting point contrasts sharply with so-called clean-sheet approaches where the process is designed from scratch.

The competitiveness of a company is mostly dependent on its ability to perform well in dimensions such as cost, quality, delivery dependability and speed, innovation and flexibility to adapt itself to variations in demand. While alignment of operations with strategic priorities is core to competitiveness, the continuous improvement of operation processes plays a very important complementary role in quest of competitiveness in the long run (Alam et al., 2010). Continuous improvement has been defined as a company-wide process of focused and continuous incremental innovation (Carpinetti et al., 2003).

The ability of organizations to successfully deploy appropriate business processes relies heavily upon the following:, that is, the effectiveness of systems that support the management of constantly evolving business processes that support the current set of business needs and the ability of process participants to understand and reason about the constantly evolving business processes. This requires that the fit between business processes (BP) and systems that support the management of business processes be continuously maintained and evolved (Ramesh et al., 2005).

2.3.1 Organizational Strategy Realignment

All organizations exist in an environment that impacts how they formulate and implement strategies and how they carry out their processes. This relationship with the environment creates both problems and opportunities. Strategy refers to the machinery of the resources and activities of an organization to the environment in

which it operates. According to Davies and Walters (2004), it is through strategic management that a firm is able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. The strategy of an organization involves matching its corporate objectives and its available resources. In this development of strategy, managers are concerned with reconciling the business the organization is in with the allocation of resources (Grant, 2003). The purpose of strategy realignment is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Pearce and Robinson, 2007).

Pearce and Robinson (2007) defines strategy as the company's "game plan" which results in future oriented plans interacting with the competitive environment to achieve the company's objectives. On the other hand, Johnson and Scholes (2002) view strategy realignment as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, and fulfil stakeholder's expectations. A rigid approach that restricts the use of the most suitable tools and methodologies should be avoided. It is important to develop a strategy that outlines to the staff the plan (or roadmap) for the introduction of the phases of the continual improvement programme. A major action timeline should be developed as part of the plan (Grant, 2002).

Management should consider ways to narrow the gap between the current state of the corporation's performance and its objectives for the future. Strategy realignment needs to be developed, outlining where the company hopes to position itself relative

to its competitors and its stakeholders' expectations. A general plan is needed to describe how and when management expects to achieve that goal, together with the various milestones it will reach along the way. Senior management should review and approve the strategy and the plan before submitting them to the board of directors for final approval. Because of the pervasiveness of sustainable development, it is essential that members of the senior management team (representing all facets of the company's activities) 'buy in' to the project. Anything less than full commitment may doom the plan to failure (Attaran & Attaran, 2004).

2.3.2 Technology Adoption

Technology has historically played an important role in the business process improvement concept. It is considered by some as a major enabler for new forms of working and collaborating within an organization and across organizational borders (Harry and Schroeder, 2006). In general, new technology offers various kind of positive effect to BPI application. For example, the application of a WfMS may, result in less time that is spend on logistical tasks. A Document Management System will open up the information available on orders to all participants, which may result in a better quality of service. Technology adoption change the traditional way of doing business by giving participants completely new possibilities (Peppard and Rowland, 1995). The adoption of computer technology in the BPI apply a variety of methods to test the validity of data, identify problems and needs, design an experiment, plan or model that systematically defines a problem, identify information sources appropriate to special needs or problems, and formulate questions relevant to clarifying a particular problem topic or issue.

Firms are increasingly setting quality management as an organizational priority to improve their competitiveness in the global arena. Improvement aims at reaching the levels of performance that are significantly higher than current levels, either incrementally or in quantum jumps. According to Buttles-Valdez (2008), today's organizations are largely dependent on high-technology to develop, build, and maintain their products and services. This has created a dependence on a workforce with specialized knowledge and skills. People bring knowledge, skills, and process abilities (competencies). For organizations to maintain a competitive advantage in a global, rapidly changing, and technological environment, they must ensure that: People, Process, Technology, and Organizational Culture are adaptable, in alignment, and support the organization's business objectives and strategies.

The people, process, technology and culture work together to support the organization's values, policies, processes, and strategic business objectives. Therefore, people should be put back into the equation. To increase organizational capability on multiple levels, organizations need: a way to attract, develop, organize, motivate, and retain a workforce that has the appropriate knowledge, skills, and process abilities (competencies) that are adaptable to rapid changes in a technological environment (Buttles-Valdez, 2008). Feigenbaum,(1991) emphasized that efforts should be made toward the prevention of poor quality rather than detecting it after the event. He argued there are two factors affecting product quality: The technological, that is:- machines, materials and processes and the human-that is operators, foremen, and other firm personnel.

2.3.3 Employees Empowerment

Employees need to have confidence that participation in continual improvement is in their best interest. There are many intrinsic rewards including knowing that one's work knowledge and opinions are respected through implementation of process improvements. It is also important to recognize that people who are involved in or being subjected to change go through a number of phases and that their need for communication, discussion, coaching and support at each stage can be quite different. Indeed, different individuals may need completely different management approaches. It is normal for stress levels experienced by staff to be raised during periods of change (Shin and Jemella, 2002). This phenomenon affects behavior and creates a potential threat to safety and product quality. All managers who are leading change initiatives take this into consideration employees' involvement and empowerment as it helps to minimize problems during the change programme and result in a better organizational environment.

Rewards based upon the monetary savings of a process improvement may benefit employees; however, they can also be sources of discontent and jealousy between employees. Individuals not on the CPI team being recognized may feel slighted if they indirectly contributed key information to the CPI team's work but are not rewarded because they are not 'official' team members. Also, because of 'sphere of influence' to budget and production costs, not all individuals can affect savings to the same degree. For example, individuals performing clerical duties may not be able to eliminate waste and save money to the same amount as a programme coordinator with a large budget. Including CPI team participation into employee personal performance review and incentive bonuses has proven to be an effective reward. There is also a

need to recognize that interpersonal skills can help people to be more effective in continual improvement activities (Idris, Abdullah & Hussain, 2003).

Staff training and development can be used to reinforce certain behaviors and attitudes which contribute to effective service while stressing the need for improvement in behaviors which do not facilitate the attainment of desired service quality goals. According to Gee and Nystrom, continuous quality improvement hinges on training. Auringer (2009) provides a definitive four-level schema depicting various levels of quality management practices. These are level 1 called inspection, level 2 called quality control, level 3 called quality assurance and level 4 called Total Quality Management (TQM). Corresponding levels of skills training are needed to fulfil implementation requirements for each quality level. For example, inspection (level 1) requires limited problem solving, team-building, fact-based decision-making, process analysis and improvement skills training. In contrast TQM (level 4), requires very high levels of all nine critical employee skills. Quality goals become moving targets constantly reset at increasingly high levels. Improvement efforts are directed at al resources, processes, equipment and tools, environment and safety, information and measurements. There is a certain strategic fit between skills training and quality management that enhances BPI practices implementation and formulation.

2.3.4 Organization Restructuring

Flexibility of the organization structure is vital factor when exercising BPI. Most firms restructure their organization structure in order to pave ways for effective Business Process Improvement (Buzacott, 1996). However, for organization structure to tally with the BPI practices intended organizations use order assignment in most

extreme form in each task where execution resources are selected from the ones capable of performing it that has worked on the order before if any. The obvious advantage of this best practice is that every person gets acquainted with the case and need less setup time. An additional benefit is that the quality of service is increased (Hammer and Champy, 1993).

In the process of restructuring organization structure, centralization practice is explicitly proposed aiming at exploiting the benefits of a Work flow Management System (WfMS) (Jablonski and Bussler, 1996). When Workflow Management System takes care of assigning work, resources become less relevant where these resources are located geographically. In this sense, restructuring organization structure practice is a special form of the integral technology best practice (Peppard and Rowland, 2005). The specific advantage of this measure is that resources are committed more flexibly, which gives a better utilization and possibly a better input time. Further splitting up responsibility among the staffs in the line of command is considered as another practice that entails in restructuring organization structure. The idea behind this best practice is that tasks for which different departments share responsibility are more likely to be a source of neglect and conflict. Rupp and Russell (2003) argued that reducing overlaps in responsibilities lead to a better quality of task execution.

According to Van Hee et al. (2001) if capacity is not sufficient, management staffs should consider increasing the number of resources. The obvious effect of extra resources is that there is more capacity for handling orders, in this way reducing queue time. It may also help to implement a more flexible assignment policy. When the redesign of a new business process is considered, application of this best practice

comes down to considering the specialist–generalist ratio of new hires. As a result he or she works quicker and delivers higher quality. On the other hand, the availability of generalists adds more flexibility to the business process and can lead to a better utilization of resources. Depending on the degree of specialization or generalization, either type of resource may be more costly.

2.3.5 Total Quality Management

Total Quality Management (TQM) is a management philosophy which is used by organizations who strive to improve their efficiency and competitiveness in the business marketplaces (Jung, 2003). Huq (2005) pointed out that TQM is a management approach for an organization, centered on quality, based on the participation of all its members and aiming at long-term success through customer satisfaction and benefits to all members of the organization and to society.

TQM is primarily an organization-wide procedure, where workers are aggravated and empowered to do the correct things, right first time and every time to reflect on what they do and to progress what they do. TQM quality factors include top management commitment and involvement, employee empowerment and culture (Jung, 2003). TQM has turned out to be a globally strategic force which may result in numerous benefits including: improved customer satisfaction, superior employee focus and enthusiasm, decreased waste and enhanced overall performance. TQM has thus materialized as a possible solution to improve the competence and is also becoming more and more important for the thriving function of firms. Organizations apply TQM approach to meet customer needs and expectations that involves all managers and employees in using quantitative methods to improve continuously the organisation's

processes, products and services (Svensson, 2004). It is widely accepted that the increase of employees' participation in the overall quality strategy brings an increased flow of information and knowledge and contributes in the "distribution of intelligence" to the bottom of the organization for resolving problems (Oakland, 2000). As Morgan and Murgatroyd (1997) note, the "total" element of TQM implies that every organizational member is involved in quality improvement processes. In addition, Oakland (2000) points out that TQM is essentially a way of organizing and involving the whole organization; every department, every activity, every single person at every level.

Preliminary evidence seems to indicate that TQM-adopting firms obtain a competitive advantage over firms that do not adopt TQM (Sadikoglu, 2004; Kaynak, 2003). Firms that focus on continuous business process improvement, involve and motivate employees to achieve quality output and focus on satisfying customers' needs are more likely to outperform firms that do not have this focus. According to Crosby (2002) implicit in the TQM philosophy are values of teamwork and collaboration in the pursuit of quality and continuous improvement. It appears evident that working with supportive co-workers who readily share task-relevant information and expertise is more likely to be associated with successful TQM implementation. That is, for firms implementing TQM practices, higher co-worker support is likely to be associated with enhanced organizational performance.

In a total quality context customer satisfaction is the driving force for an organization to improve its performance (Zairi, 2000). Juran (1993) argues that there are two different kinds of customers: the external (clients, government regulatory bodies, the public) that defines the quality of the service delivered and the internal (employees,

different departments) that defines the quality of the processes associated with the delivering of services. Both external and internal customers have needs. A contemporary approach to quality such as TQM stresses the importance of satisfying those needs (Centre for the Evaluation of Public Policy and Practice, 1992). According to Zairi, (2000) to realize customer satisfaction, everyone within the organization should consider continuous improvement as something normal and urge organizations to make an inventory of customers' data, customers' complaints, and benchmarking in order to improve the customer orientation. Lagrosen (2001), states that although customer focus is revered, methods for developing a deeper understanding of the customers' situation are not sufficiently integrated into TQM.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The research was a cross sectional survey. Cross-sectional survey involves observation of all of a population, or a representative subset at one specific point in time. Cross-sectional survey also aims to provide data on the entire population under study. The research design was both quantitative and qualitative.

3.2 Target Population

The study was conducted in Nairobi County and covered all savings and credit cooperative societies offering front office services. There were 30 Savings and Credit Co-operative societies with front service activity in Nairobi County (Nairobi County Co-operative Office Report 2011).

3.3 Data Collection

A semi- structured questionnaire was used to collect data from the respondents from each of the selected Sacco. The questionnaire was structured to include both closed, open-ended and matrix questions to allow variety. The questioner was divided into two sections which were general information and the facets of business improvement process. The respondents of this study were managers in the public relation department. They are in a position the strategies and business process improvement practices involved. There are 30 managers in all co-operative societies with front office services in Nairobi County, where the study targeted one managers in each Savings and Credit Co-operative Society making a total of 30 respondents. The

researcher first explained to the respondent the purpose of the study before administering the questionnaire.

3.4 Data Analysis

The study adopted a descriptive statistics to analyze numerical data that was gathered using closed ended questions. The data was cleaned, coded, categorized per each of the research variables and then analyzed using descriptive analysis. The Statistical Package for Social Sciences (SPSS) computer software was used for analysis to generate data array that was used for subsequent analysis of the data. Responses with common themes or patterns were grouped together into coherent categories. Descriptive statistics involved use of absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation respectively). Quantitative data was presented in tables and graphs.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The main objective of the study was to investigate business process improvement practices adopted by saving and Credit Co-operative Societies with front office service activity.

The study targeted 30 respondents in collecting data with regard to business process improvement practices adopted by saving and Credit Co-operative Societies. From the study, 26 respondents out of the 30 sample respondents filled-in and returned the questionnaires making a response rate of 86.7%. This reasonable response rate was achieved after the researcher made personal calls and physical visits to remind the respondent to fill-in and return the questionnaires.

4.1.1 Reliability Analysis

Reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. The Alpha measures internal consistency by establishing if certain items measure the same construct. Nunnally (1978) established the Alpha value threshold at 0.6 which the study benchmarked against. Cronbach Alpha was established for every objective in order to determine if each scale (objective) would produce consistent results should the research be done later on. Table 4.1 shows that all the scales were significant, having an Alpha above the prescribed threshold of 0.6. Technology adoption had an Alpha of 0.823, employees' empowerment scale had an Alpha of 0.813, total quality management had an Alpha of

0.782, organizational strategy realignment had an Alpha of 0.716, and organization restructuring had an Alpha of 0.706. When all scales were combined, the Cronbach's Alpha became 0.768. The collected data was reliable.

Scale	Cronbach Alpha	Item
Technology adoption	0.823	10
Organization restructuring	0.706	7
Employees empowerment	0.813	7
Organizational strategy realignment	0.716	9
Total quality management	0.782	10

Table 4.1: Reliability Analysis for the Variables

4.2 Demographic Information

This is the information describing the characteristic of the respondents. They included the, department, education level, position held and the experience of the respondents.

4.2.1 Respondents' Departments

The respondents worked in various departments in the SACCOs'. They were therefore requested to indicate their departments. The departments are important in that they are involved in formulation and implementation of business process improvement practices.

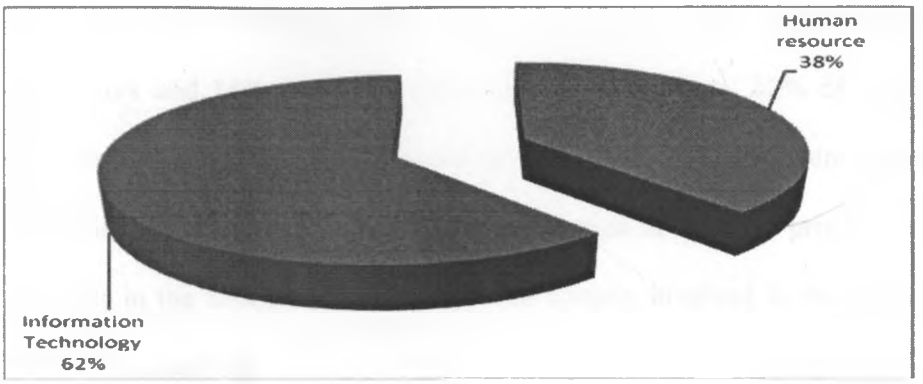

Figure 4. 1: Respondents' Departments

From the findings illustrated in the figure above, 62% of the respondents worked in information technology department while 38% worked in Human resource department. This implies that IT plays an important role in savings and credit co-operative societies.

4.2.2 Position of the respondents

It was important for the study to determine the exact position held by the respondents in the department. These are the managers who are in position to know the strategies and business process improvement practices involved

	Frequency	Percentage
Manager	2	8
Departmental Head	3	12
Assistant Manager	7	27
Unit Head officer	4	14
Supervisor	7	27
Technical personnel	3	12
Total	26	100

Table 4. 2: Position Held by the Respondents in the Department

According to the findings, 27% of the respondents were assistant managers and supervisors and 14% were unit head officers. In addition, 12% of the respondents were departmental heads and technical personnel and 8% were managers. The respondents had the right information on adoption of business process improvement practices in the SACCOs' since they were directly involved in the decision making and implementation.

4.2.3 Experience of the Respondents

The study sought to find out the period the respondents had worked in this position. Employees with long experience are likely to be more knowledgeable on business improvement practices in the organisation.

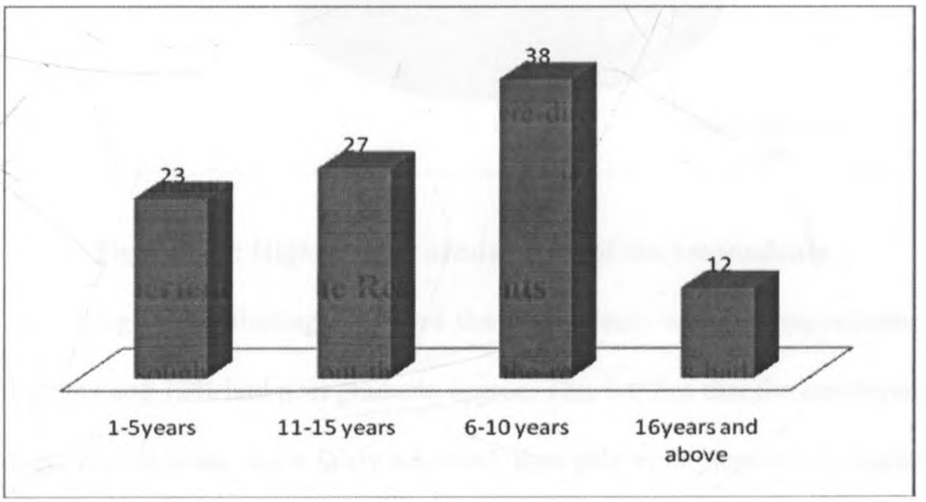

Figure 4. 2: Period The Respondents Had Worked In This Position

From the findings, 38% of the respondents had worked at their current position for 6-10 years, 27% had worked for 11-15 years, 243% had worked for 1-5 years and 12% had worked for 16 years and above. The respondents had been in the organization

long enough to be able to give the correct information concerning the business process improvement practices.

4.3.3 Education level of the respondent

The study sought to find out the level of education because education imparts knowledge and skills that are necessary in adoption and implementation of processes improvement practices.

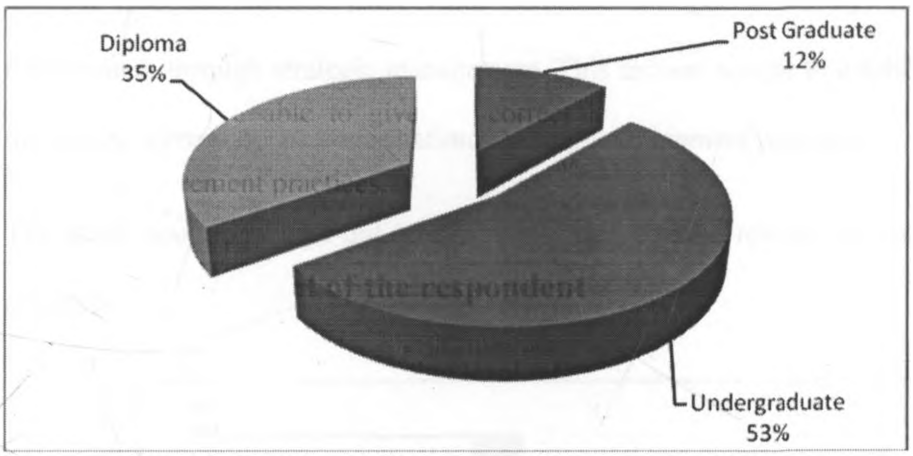

Figure 4. 3: Highest level of education of the respondents

According to the findings, 53% of the respondents were undergraduates, 35% had diploma and 12% had post graduate degree. This implies that the employees at the co-operative societies' were fairly educated, thus able to implement the business process improvement practices.

4.3 Business Process Improvement

BPI practice has been applied in SACCOs to boost the overall performance. The competitiveness of a SACCO is mostly dependent on its ability to perform well in dimensions such as organizational strategy realignment, technology adoption,

employees' empowerment, organization restructuring and total quality management. These, if applied will lead to the organization being competitive and be able to achieve its objectives. This part therefore tries to establish whether Sacco's have them.

4.3.1 Organizational Strategy Realignment

A firm is able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment through strategic management. This section sought to establish whether the Saccos were adopting organizational strategy realignment practices.

The study sought to find out whether the organizations review set strategies and activities.

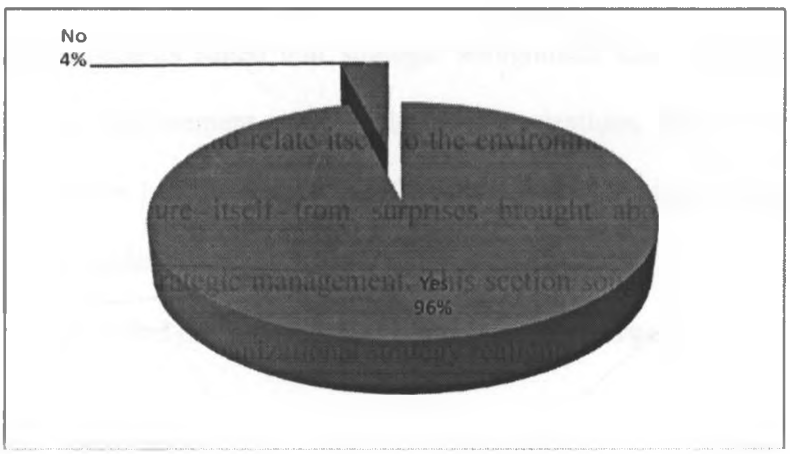

Figure 4. 4: Organizations Review Set Strategies And Activities

From the findings, 96% of the respondents indicated that their organizations reviewed set strategies and activities while 4% indicated that their organizations did not review

set strategies and activities. This can be concluded that co-operative societies review set strategies and activities in order to realize organizational success.

The respondents were requested to state the effect of strategic realignment to business process improvement practices in the organizations.

	Frequency	Percentage
Positive	23	88
No effect at all	2	8
Negative	1	4
Total	26	100

Table 4.3: Strategic Realignment To Business Process Improvement Practices In The Organization

88% of the respondents stated that strategic realignment had a positive effect to business process improvement practices in the organizations, while 4% stated that strategic realignment had negative effect. This proves that Strategic realignment had positive effect to business process improvement practices.

The study sought to find out if the strategies were related to organization objectives.

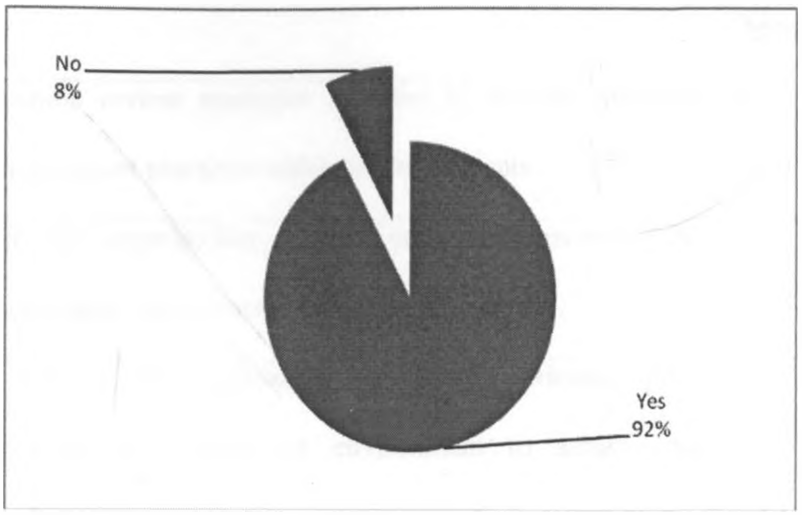

Figure 4. 5: Strategies Relationship To Organization Objectives

According to the findings, 92% of the respondents indicated that the strategies were related to organization objectives while 8% indicated that the strategies were not related to organization objectives. It can be concluded that the realignment strategies in the Saccos were related to the Saccos' objectives.

The study sought to find out the respondents' agreement level with statements relating strategies realignment and BPI practices in the organization. A likert scale was used whereby a mean of 1-1.4 was rated as strongly disagree; 1.5-2.4 was rated as disagree; 2.5-3.4 was rated as neutral; 3.5-4.4 was rated as agree; 4.5-5.0 was rated as strongly agree.

	Mean	Stdev
My organization review strategies in order to enhance Business Process Improvement practices within all departments.	4.0	0.1
Strategy in our organization outlines staffs responsibility and introduces continual improvement programme	4.0	0.3
Strategies set in our organization are future oriented plans interacting with the competitive environment to achieve the company's objectives	4.1	0.2
Recent strategy realignment give direction and scope over the long-term that results to achievement and fulfil stakeholder's expectations	3.5	0.6
Management in our organization considers current state of the corporation's performance and its future objectives	3.9	0.1
Senior management review and approve the strategy and the plan before submitting them to the board of directors for final approval	3.5	0.2

Table 4. 4: Strategies Realignment and BPI Practices In The Organization

According to the findings, the respondents agreed that strategies set in the organizations were future oriented plans interacting with the competitive environment to achieve the company's objectives as shown by a mean of 4.1. The respondents agreed that the organizations review strategies in order to enhance Business Process Improvement practices within all departments and strategy in the organizations outlines staffs' responsibility and introduces continual improvement programme as shown by a mean of 4.0. In addition, the respondents agreed that management in the

organization considers current state of the corporation's performance and its future objectives as shown by a mean of 3.9. The respondents agreed that senior management review and approve the strategy and the plan before submitting them to the board of directors for final approval and recent strategy realignment give direction and scope over the long-term that result to achievement and fulfil stakeholder's expectations as shown by a mean of 3.5. Therefore, the strategies set in the Saccos were future oriented plans interacting with the competitive environment to achieve the Sacco's objectives, the organizations review strategies in order to enhance Business Process Improvement practices within all departments and strategy in the organizations outlines staffs' responsibility and introduces continual improvement programme. The study also deduces that the management in the Saccos considers current state of the corporation's performance and its future objectives. The senior management also review and approve the strategy and the plan before submitting them to the board of directors for final approval and recent strategy realignment give direction and scope over the long-term that result to achievement and fulfil stakeholder's expectations.

4.3.2 Technology Adoption

Today SACCOs are largely dependent on high-technology to develop, build, and maintain their products and services. This has created a dependence on a workforce with specialized knowledge and skills. People bring knowledge, skills, and process abilities (competencies). This section tries to find out whether Sacco's have embraced technology.

The respondents were asked to indicate if IT had been embraced in the organizations as means of emphasizing BPI practices.

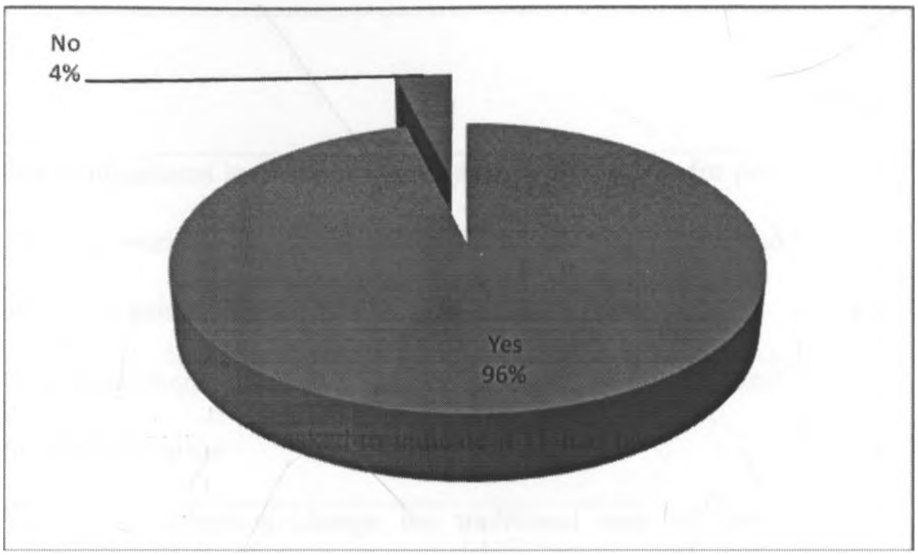

Figure 4. 6: IT Embraced In The Organizations As Means Of Emphasizing BPI Practices

According to the findings, 96% of the respondents indicated that IT had been embraced in the organizations as means of emphasizing BPI practices while 4% indicated that IT had not been embraced in the organizations as means of emphasizing BPI practices. This proves that IT had been adopted in the Saccos to enhance BPI.

SACCOs today are largely dependent on high-technology to develop, build, and maintain their products and services. This has created a dependence on a workforce with specialized knowledge and skills.

The study sought to find out the respondents' perception relating to technology adoption and BPI practices in the organizations. A likert scale was used whereby a

mean 1-1.4 was rated as strongly disagree; 1.5-2.4 was rated as disagree; 2.5-3.4 was rated as neutral; 3.5-4.4 was rated as agree; 4.4-5.0 was rated as strongly agree.

	Mean	Std.dev
Our management team considers IT as a major enabler for new forms of working and collaborating within an organization and across organizational borders	4.3	0.3
New technology adoption offers various kind of positive effect to BPI application	4.2	0.1
Technology adoption change the traditional way of doing business by giving participants completely new possibilities	3.6	0.2
Our organization is increasingly setting quality management as an organizational priority to improve its competitiveness in the market share	4.0	0.7
Today our organizations is largely depending on high-technology to develop, build and to maintain its products and services	4.6	0.2

Table 4. 5: Technology Adoption and BPI Practices In The Organizations

According to the findings, the respondents strongly agreed that today the organizations are largely depending on high-technology to develop, build and to maintain its products and services as shown by a mean of 4.6. The respondents agreed that the management team considers IT as a major enabler for new forms of working and collaborating within an organization and across organizational borders, new

technology adoption offers various kinds of positive effect to BPI application and the organizations is increasingly setting quality management as an organizational priority to improve its competitiveness in the market share as shown by a mean of 4.3, 4.2 and 4.0 respectively. The respondents agreed that technology adoption change the traditional way of doing business by giving participants completely new possibilities as shown by a mean of 3.6. Generally IT is important in enhancing BPI practices in SACCOS. It can therefore be concluded that the Saccos are depending on high-technology to develop, build and to maintain its products and services. The findings also show that the Sacco managers considers IT as a major enabler for new forms of working and collaborating within an organization and across organizational borders, new technology adoption offers various kinds of positive effect to BPI application and the Saccos are increasingly setting quality management as an organizational priority to improve their competitiveness.

4.3.3 Employees Empowerment

Employees need to have confidence. Staff training and development can be used to reinforce certain behaviors and attitudes which contribute to effective service while stressing the need for improvement in behaviors which do not facilitate the attainment of desired service quality goals.

The respondents were requested to indicate whether staffs in the organization were empowered in contributing their initiatives towards BPI practices.

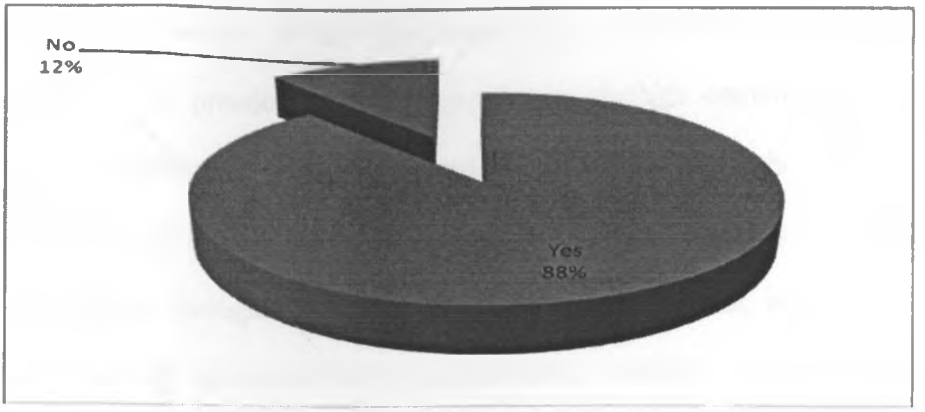

Figure 4. 7: Staffs Empowerments In Contributing Initiatives Towards BPI Practices

According to the findings, 88% of the respondents indicated that staffs in the organization were empowered in contributing their initiatives towards BPI practices while 12% indicated that staffs in the organization were not empowered in contributing their initiatives towards BPI practices. It is therefore clear that staffs are empowered in contributing their initiatives towards BPI practices.

The study sought to find out ways in which employees were empowered in BPI practices in the organizations. Empowered employees are motivated and have confidence while participating in BPI practices.

	Frequency	Percentage
Communication	10	38
Coaching	3	12
Discussion	6	23
Support	7	27
Total	26	100

Table 4. 6: Ways in Which Employees Are Empowered In BPI Practices

According to the findings, 38%, of the respondents indicated that employees were empowered in BPI practices in the organizations through communication, 27% indicated that employees were empowered in BPI practices in the organizations through support, 23% indicated that employees were empowered in BPI practices in the organizations through discussion and 12% indicated that employees were empowered in BPI practices in the organizations through coaching. Employee empowerments in these areas need to be improved. However, it is clear that employees in the Saccos are empowered in BPI practices mainly through communication and support.

The study sought to find out the respondents' perception in relation to employees empowerment and BPI practices in the Saccos. A Likert scale was used whereby a mean of 1-1.4 was rated as strongly disagree; 1.5-2.4 was rated as disagree; 2.5-3.4 was rated as neutral; 3.5-4.4 was rated as agree; 4.5-5.0 was rated as strongly agree.

	Mean	Std. Dev
All managers who are leading change initiatives take this into consideration employees' involvement and empowerment	3.6	0.1
Personal performance review and incentive bonuses has proven to be an effective reward system that empowers staffs in our Sacco	4.3	0.5
Staff training and development is used to reinforce certain behaviours and attitudes which contribute to effective service	4.2	0.2
Improvement efforts are directed at all resources, processes, equipment and tools, environment and safety, information and measurements	3.6	0.4

Table 4. 7: Employees Empowerment and BPI Practices In The Organizations

From the finding, the respondents agreed that personal performance review and incentive bonuses had proven to be an effective reward system that empowered staffs in the organization as shown by a mean of 4.3. The respondents also agreed to perception that employees' empowerment and BPI as used to reinforce certain behaviours and attitudes which contribute to effective service as shown by a mean of 4.2. In addition, the respondents agreed that all managers who were leading change initiatives took this into consideration employees' involvement and empowerment and improvement efforts were directed at all resources, processes, equipment and tools, environment and safety, information and measurements as shown by a mean of 3.6. This proves that change initiative managers consider employees involvement and empowerment, personal performance review and incentive bonuses have proven to be an effective reward system that empowered staffs in the Saccos,staff training and development is used to reinforce certain behaviour and attitudes which contribute to effective service. It is evident that improvement efforts are directed at all resources, processes, equipment and tools, environment and safety, information and measurements.

4.3.4 Organization Restructuring

SACCOs have restructured their organization structure in order to pave ways for effective Business Process Improvement. Organization structure determines effective Business process improvement.

The study sought to find out the respondents' perception relating to organization restructuring and BPI practices in the organizations. A Likert scale was used whereby

a mean of 1-1.4 was rated as strongly disagree; 1.5-2.4 was rated as disagree; 2.5-3.4 was rated as neutral; 3.5-4.4 was rated as agree; 4.5-5.0 was rated as strongly agree.

	Mean	Std dev
Organization structure tally with the BPI practices intended by organizations in assignment most extreme form in each task	3.0	0.1
Due to organization restructuring done by management every person gets acquainted with the case and need less setup time	3.2	0.4
Resources in our organization are committed more flexibly hence giving a better utilization and possibly a better input time	3.3	0.2
Splitting up responsibility among the staffs in the line of command in restructuring organization structure	3.6	0.1
Management staffs should consider increasing the number of resource, when capacity is not sufficient	4.3	0.1

Table 4. 8: Organization Restructuring and BPI Practices

According to the findings, the respondents agreed that management staffs should consider increasing the number of resource, when capacity is not sufficient and splitting up responsibility among the staffs in the line of command in restructuring organization structure as shown by a mean of 4.3 and 3.6 respectively. The respondents were neutral that resources in the organizations were committed more flexibly hence giving a better utilization and possibly a better input time, due to organization restructuring done by management every person got acquainted with the case and need less setup time and organization structure tally with the BPI practices

intended by organizations in assignment most extreme form in each task as shown by a mean of 3.3, 3.2 and 3.0 respectively. It is therefore clear that the Sacco management should consider increasing the number of resource when capacity is not sufficient and splitting up responsibility among the staffs in the line of command in restructuring the Sacco structure.

4.3.5 Total Quality Management

SACCOs apply TQM approach to meet customer needs and expectations that involves all managers and employees in using quantitative methods to improve continuously the organisation's processes, products and services. This section tries to find out at which extend Sacco's have emplaced TQM.

The respondents were requested to indicate if the organizations applied TQM approach in their management process.

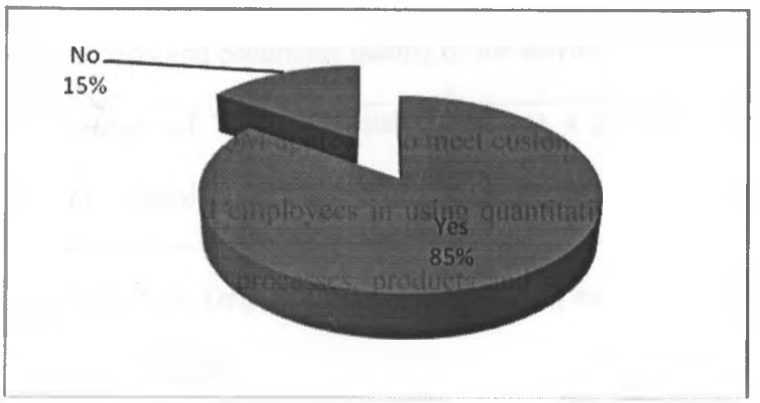

Figure 4. 8: Application of TQM Approach In Management Process

From the findings, 85% of the respondents indicated that the organizations applied TQM approach in their management process while 15% indicated that the

organizations did not apply TQM approach in their management process. Thus, the Saccos applied TQM approach in their management processes.

The study sought to find out the respondents' agreement level with statements relating to organization restructuring and BPI practices in relation to TQM. A likert scale was used whereby a mean of 1-1.4 was rated as strongly disagree; 1.5-2.4 was rated as disagree; 2.5-3.4 was rated as neutral; 3.5-4.4 was rated as agree; 4.5-5.0 was rated as strongly agree.

	Mean	Std.dev
TQM approach in our organization is cantered on quality participation of all its members and aims to customer satisfaction	3.7	0.3
Application of TQM in our organization involve top management commitment and employee empowerment	4.3	0.1
Our firm directs its efforts towards TQM implementation in order to reduce costs and enhancing quality of the services rendered.	4.0	0.5
Application of TQM has materialized as a possible solution to improve organization competence	3.3	0.1

Table 4. 9: Organization Restructuring and BPI Practices In Relation To TQM

From the findings, the respondents agreed that application of TQM in the organizations involved top management commitment and employee empowerment, the firm directs its efforts towards TQM implementation in order to reduce costs and enhancing quality of the services rendered and TQM approach in the organization was centred on quality participation by all its members and aims to customer satisfaction

as shown by a mean of 4.3, 4.0 and 3.7 respectively. The respondents were neutral that application of TQM had materialized as a possible solution to improve organization competence as shown by a mean of 3.3. This proves that TQM application in the Saccos entailed top management commitment and employee empowerment as the Saccos direct their efforts towards TQM implementation in order to reduce costs and enhancing quality of the services rendered. Further, TQM approach in the Saccos was centred on quality participation of all its members and aims to enhance customer satisfaction.

The study sought to find out the extent that application of TQM practices in the organizations had affected the aspects relating to organization performance. A likert scale was used whereby a mean of 1-1.4 was rated as very low extent; 1.5-2.4 was rated as low extent; 2.5-3.4 was rated as moderate extent; 3.5-4.4 was rated as great extent; 4.5-5.0 was rated as very great extent

	Mean	Std. Deviation
Increases customer satisfaction	3.8	0.2
Increases employees motivation	3.8	0.1
Higher co-worker support	3.6	0.6
Improve quality of service provided	4.0	0.2

Table 4. 10: Extent That TQM Practices Had Affected Organization Performance

According to the findings, application of TQM practices had improved quality of service provided to a great extent as shown by a mean of 4.0. In addition, TQM practices had increased customer satisfaction and employees motivation to a great

extent as shown by a mean of 3.8. TQM practices had higher co-worker support to a great extent as shown by a mean of 3.6. This proves that adoption of TQM practices is paramount for the Saccos as it improves quality of service provided, customer satisfaction and employees motivation.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

The study aimed at the business process improvement practices adopted by saving and Credit Co-operative Societies with front office service activity. It aimed at establishing the technology adoption, organization restructuring, employees' empowerment, organizational strategy realignment, total quality management in Savings and Co-operative Societies with Front Office Activities in Nairobi County.

The study established that majority of the Societies reviewed set strategies and activities. In addition, it was clear that strategic realignment had a positive effect to business process improvement practices in the Saccos. The strategies were related to Sacco objectives. The respondents agreed that strategies set in the Saccos were future oriented plans interacting with the competitive environment to achieve the society's objectives, Saccos review strategies in order to enhance Business Process Improvement practices within all departments and strategy in the Saccos outlines staffs' responsibility and introduces continuous improvement programmes. Management in the Sacco considers current state of the Sacco's performance and its future objectives.

The study established that IT had been embraced in the Saccos as means of emphasizing BPI practices. Today the Saccos are largely depending on high-technology to develop, build and to maintain its products and services. IT is a major

enabler for new forms of working and collaborating within a Sacco and across organizational borders. New technology adoption offers various kinds of positive effect to BPI application and the organizations is increasingly setting quality management as an organizational priority to improve its competitiveness in the market share.

The study found that staffs in the Sacco were empowered in contributing their initiatives towards BPI practices. Employees were empowered to some extent in BPI practices in the Saccos through communication. Personal performance review and incentive bonuses had proven to be an effective reward system that empowered staffs in the Sacco. Staff training and development was used to reinforce certain behaviours and attitudes which contribute to effective service. All managers who were leading change initiatives took this into consideration employees' involvement and empowerment and improvement efforts were directed at all resources, processes, equipment and tools, environment and safety, information and measurements.

The study found that the Sacco structure enhanced BPI practices within the Saccos. There was current Sacco restructuring within the organization. Organization restructuring done by management enhanced BPI practices. Management staffs should consider increasing the number of resource, when capacity is not sufficient and splitting up responsibility among the staffs in the line of command in restructuring organization.

The study found that Saccos applied TQM approach in their management process. Application of TQM in the Saccos involved top management commitment and

employee empowerment. The firm directs its efforts towards TQM implementation in order to reduce costs.

5.2 Conclusion

The study concludes that majority of the Co-operative Societies reviewed set strategies and activities. Strategic realignment had a positive effect to business process improvement practices in the Saccos. The strategies were related to Sacco objectives. The strategies set in the Saccos were future oriented plans interacting with the competitive environment to achieve the societies' objectives. Saccos review strategies in order to enhance Business Process Improvement practices within all departments. Strategy in the Saccos outlines staffs' responsibility and introduces continuous improvement programmes. Management in the Sacco considers current state of the corporation's performance and its future objectives.

The study concludes that IT had been embraced in the Saccos as means of emphasizing BPI practices. Today's Saccos are largely dependent on high-technology to develop, build, and maintain their products and services. This has created a dependence on a workforce with specialized knowledge and skills. Management team considers IT as a major enabler for new forms of working and collaborating within a Sacco and across organizational borders.

The study concludes that employees were empowered in BPI practices in the Saccos through communication to certain levels. Rewards based upon the monetary savings of a process improvement may benefit employees; however, they can also be sources of discontent and jealousy between employees. Staff training and development can be used to reinforce certain behaviours and attitudes which contribute to effective service

while stressing the need for improvement in behaviours which facilitates the attainment of desired service quality goals.

The study concludes that Sacco structure enhanced BPI practices within the organizations. Management staffs should consider increasing the number of resource, when capacity is not sufficient and splitting up responsibility among the staffs in the line of command in restructuring organization structure.

The study concludes that the Saccos applied TQM approach in their management process. Application of TQM in the Saccos involved top management commitment and employee empowerment. The firm directs its efforts towards TQM implementation in order to reduce costs and enhancing quality of the services rendered. Co-operative Societies applied TQM approach to meet customer needs and expectations that involved all managers and employees in using quantitative methods to improve continuously the Sacco's processes, products and services.

5.3 Recommendations

The study recommends the management of co-operative societies to review the set strategies and activities. They should realign their strategies so as to have a positive effect to business process improvement practices in the Saccos. The strategies set should be related to Sacco objectives. Management need to consider current state of the corporation's performance and its future objectives.

The study recommends the management to embrace IT. This will help to emphasize BPI practices. They need to use high-technology to develop, build and to maintain its products and services.

The study recommends the human resource department to ensure they empower the staffs in the Sacco. This will encourage the employees to contribute their initiatives towards BPI practices. An effective reward system that will empower the staffs should be used. This can be done through personal performance review and incentive bonuses. Staff training and development need to be used to reinforce behaviours and attitudes which contribute to effective service delivery.

The study recommends the Sacco Societies to restructure their organizations structure so as to enhance BPI practices. Management staffs need to consider increasing the number of resource, when capacity is not sufficient and splitting up responsibility among the staffs in the line of command in restructuring organization structure.

The study recommends the Saccos to apply TQM approach in their management process. Top management need to be committed. The firm should direct its efforts towards TQM implementation in order to reduce costs and improve quality of service, increased customer satisfaction and employees motivation.

5.4 Suggestions for Further Research

A similar study could be carried out in other organizations to find out whether the same results will be obtained. The study focused on business process improvement practices adopted by Savings and credit societies with front office services in Nairobi County, thus another study should be carried out in other societies to find out if the same results will be obtained.

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APPENDICES

Appendix I: Introduction Letter

Dear Sir/Madam,

REF: REQUEST TO CARRY OUT DATA COLLECTION.

I am a student at UON pursuing a Masters degree in Business Administration. As a requirement in fulfilment of this degree, am carrying out a study on the '**BUSINESS PROCESS IMPROVEMENT PRACTICES ADOPTED BY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY WITH FRONT OFFICE SERVICE ACTIVITY'.**

You have been chosen as you are well positioned to provide reliable information that will enable the study achieve its objectives. I intend to research the above though the use of questionnaire.

Any assistance accorded to me in my noble cause and information given shall be treated as confidential and will be used purely for the purpose of this research and a final copy of the document shall be availed to you upon request. Your cooperation will be highly appreciated and thank you in anticipation.

Yours Faithfully,

JANE KIBWAGE

Appendix II: Questionnaire

SECTION A: General Information

1. Appendix II: Questionnaire Indicate the name of your organization (optional).....
2. What is your highest level of education?
   Post Graduate [ ] Diploma [ ]
   Undergraduate [ ] Certificate [ ]
   Any other (specify).....
3. Kindly, indicate the department you are working in.
   Human resource [ ] Corporate strategies [ ]
   Information Technology [ ]
   Any other (specify).....
4. Indicate position that you hold in the department.
   Manager [ ] Unit Head officer [ ]
   Departmental Head [ ] Supervisor [ ]
   Assistant Manager [ ] Technical personnel [ ]
   Other (specify) .....
5. How long have worked in this position?
   1-5years [ ] 11-15 years [ ] 6-10 years [ ] 16years and above [ ]

SECTION B: BUSINESS IMPROVEMENT PROCESS

Organizational Strategy Realignment

1. Does your organization review set strategies and activities?
   Yes [ ] No [ ]
2. Strategic realignment has led to business process improvement practices in our organization;
   Positive [ ] No effect at all [ ] Negative [ ]
3. Are the strategies related to organization objectives?
   Yes [ ] No [ ]

4. Indicate your level of agreement with the following statements relating strategies realignment and BPI practices in your organization? Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5	
My organization review strategies in order to enhance Business Process Improvement practices within all departments.						
Strategy in our organization outlines staffs responsibility and introduces continual improvement programme						
Strategies set in our organization are future oriented plans interacting with the competitive environment to achieve the company's objectives						
Recent strategy realignment give direction and scope over the long-term that results to achievement and fulfil stakeholder's expectations						
Management in our organization considers current state of the corporation's performance and its future objectives						
Senior management review and approve the strategy and the plan before submitting them to the board of directors for final approval						

Technology Adoption

1. In our organization IT has been embraced IT as means of emphasizing BPI practices.

   Yes [ ] No [ ]

2. Indicate your level of agreement with the following statements relating technology adoption and BPI practices in your organization? Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
Our management team considers IT as a major enabler for new forms of working and collaborating within an organization and across organizational borders					
New technology adoption offers various kind of positive effect to BPI application					
Technology adoption change the traditional way of doing business by giving participants completely new possibilities					
Our organization is increasingly setting quality management as an organizational priority to improve its competitiveness in the market share					
Today our organizations is largely depending on high-technology to develop, build and to maintain its products and services					

Employees Empowerment

1. Are staffs in your organization empowered in contributing their initiatives towards BPI practices?

   Yes [ ] No [ ]

2. In which way are the employees empowered in BPI practices in your organization?

   Communication [ ] Discussion [ ]
   Coaching [ ] Support [ ]

3. Indicate your level of agreement with the following statements relating technology adoption and BPI practices in your organization? Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
All managers who are leading change initiatives take this into consideration employees' involvement and empowerment					
Personal performance review and incentive bonuses has proven to be an effective reward system that empowers staffs in our organization					
Staff training and development is used to reinforce certain behaviors and attitudes which contribute to effective service					
Improvement efforts are directed at al resources, processes, equipment and tools, environment and safety, information and measurements					

Organization Restructuring

4. Indicate your level of agreement with the following statements relating to organization restructuring and BPI practices in your organization? Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
Organization structure tally with the BPI practices intended by organizations in assignment most extreme form in each task					
Due to organization restructuring done by management every person gets acquainted with the case and need less setup time					
Resources in our organization are committed more flexibly hence giving a better utilization and possibly a better input time					
Splitting up responsibility among the staffs in the line of command in restructuring organization structure					
Management staffs should consider increasing the number of resource, when capacity is not sufficient					

Total Quality Management

1. Does your organization apply TQM approach in its management process?
   Yes [ ] No [ ]
2. Indicate your level of agreement with the following statements relating to organization restructuring and BPI practices in your organization? Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
TQM approach in our organization is centered on quality participation of all its members and aims to customer satisfaction					
Application of TQM in our organization involve top management commitment and employee empowerment					
Our firm directs its efforts towards TQM implementation in order to reduce costs and enhancing quality of the services rendered.					
Application of TQM has materialized as a possible solution to improve organization competence					

3. Indicate the extent to which application of TQM practices in has affected the following aspects relating to organization performance. to a very low extent, to a low extent, to a moderate extent, to a great extent and to a very great extent

	1	2	3	4	5
Increases customer satisfaction					
Increases employees motivation					
Higher co-worker support					
Improve quality of service provided					

THANK YOU FOR YOUR TIME