

**BUSINESS PROCESS MANAGEMENT ADOPTION BY CUSTODY
AND SHARE REGISTRARS IN KENYA**

BY

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DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

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This research project has been submitted for examination with my approval as the University of Nairobi Supervisor.

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DEDICATION

This research project is dedicated to my loving family for their continued support they have accorded me in my academic endeavors and above all to the Almighty God for this opportunity and the strength He has given me through it all.

ABSTRACT

Over the past decades, Business Process Management (BPM) has become a vital methodology or strategy to drive business management agilely. It is one of the approaches that can make the organization achieve effectiveness and efficiencies through creating and improving its business processes according to its business strategies, objectives, and requirements. When organizations embark on BPM projects, unnecessary non-value adding activities are eliminated, and core activities are improved in order to achieve higher levels of process efficiency and effectiveness. This outcome is achieved by optimizing a number of factors, such as decreasing time and/or cost of processes, increasing quality of processes or improving allocation of resources, while being attentive to the expectations of external stakeholders. The objectives of this study were to determine the extent of BPM adoption by Custody and Share Registrars in Kenya and to investigate the factors affecting BPM adoption by Custody and share registrars in Kenya. The target populations of this study were management staffs in Custody and Shares Registrars. This study employed a descriptive research design and relied mostly on primary data sources. The study generated both qualitative and quantitative data where quantitative data was coded and entered into Statistical Packages for Social Scientists (SPSS) and analyzed using descriptive statistics. Basing on the study findings, the study concluded that that organizations review their set strategies in order to enhance business process management practices within departments. The study also concluded that organizations have embraced IT as a means of emphasizing Business Process Improvement (BPI) practices to a very great extent. Further, the study concluded that Custody and Shares Registrars staffs are empowered to contribute towards initiatives through coaching and communication. On organizational culture, the study concluded that existing cultural orientations are not supportive of the mission and success of the firm in process improvement. Likewise, the study concluded that IT plays a key role in achieving an organization's objectives and enhances risk mitigation to a great extent. The study concluded that money, rewards and other gifts are important for encouraging competitiveness in the organization.

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ACRONYMS AND ABBREVIATION

AGM	Annual General Meeting
BPI	Business Performance Improvement
BPM	Business Process Management
BPMS	Business Process Management systems
CMA	Capital Markets Authority
CPI	Continuous Process Improvement
ICT	Information Communication Technology
IT	Information Technology
NSE	Nairobi Securities Exchange
TQM	Total Quality Management
SPSS	Statistical Packages for Social Scientists
WFMS	Work Flow Management System

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In recent years, Business Process Management (BPM) has become a vital methodology or strategy to drive business management agilely. It is one of the approaches that can make the organization achieve effectiveness and efficiencies through creating and improving its business processes continuously according to its business strategies, objectives, and requirements. BPM adoption has been identified as a means in which companies can maintain and sustain their competitiveness by offering solutions. There is no doubt that dynamic and flexible business processes are important for business stakeholders. Later on, Business Process Management systems (BPMS) are developed and designed to assist organizations to achieve their BPM goals and to coordinate business resources and information flows as a business intelligent system. Thus, BPM plays a significant role in implementing BPM strategies for an organization. However, although BPM adoption has its many advantages, not all cases of BPMS implementation are successful. Business stakeholders in an organization will definitely compare different systems, and they may not be eager to replace all their old systems by adopting BPMS. Hence, stakeholders would consider all the factors in order to make the final decision: whether to implement BPM or not. Some of these factors may spread the BPM application or by contrast, these factors may prevent BPM from any further development.

The constantly changing hyper-competitive markets demand higher levels of organizational flexibility and performance (cost, time, and quality). In response to this need, the 1990s witnessed a breakthrough in organizational re-structuring. Organizations were shifted from their traditional function-based operations to new process and cross-

functional based operations (Giaglis, 1999). Companies use Business Performance Improvement (BPI) to keep pace with the changing business environment which means adapting their business processes to persistent technological, organizational, political and other changes (Coskun, Basligil & Baracli, 2008). BPM initiatives are frequently key projects within an organization regardless of the size of the organization or, frankly, 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 as these initiatives are continuous. As an organization grows, 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.

According to Naagarazan and Arivalagar (2006), a process refers to an activity, where there are some inputs and some outputs. The inputs may be human resource, material, money, data, methods, equipment, etc. outputs maybe profit, information, product, service, etc. The process is the interaction of some combination of human resources, materials, equipments, methods, measurements and the environment to produce an outcome such as a product or service or an input to another process. ISO 9001:2000 stipulates that the understanding that a process can be represented as a sequence of activities aids management in defining the process inputs. Once the inputs have been defined, the necessary activities, actions and resources required for the process can be determined, in order to achieve the desired outputs. According to Naagarazan and

Arivalagar (2006), a process must be effective, efficient, under control, and adaptable, within certain conditions imposed by policies, and constraints, state laws or regulations.

1.1.1 Business Process Management

Process is any activity or group of activities that produce required outputs by taking a variety of inputs and adding value from the perspective of internal or external customers (Grant, 2002). 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. Improvement is defined in five basic ways, namely: reduction of resources, reduction of errors, meeting or exceeding expectations of downstream customers, making the process safer and making the process satisfying to the person who does. One key goal for all organizations is to meet the demands of their clients, both internal and external. Clients' needs change, whether due to economic factors, new product introductions, mergers or acquisitions, expansion or contraction. Continuously reviewing business processes for potential improvements and efficiencies enables companies to adapt effectively to their clients' changing needs.

Zairi (1997) defined BPM "as a structured approach to analyze and continuously improve the fundamental activities and other major elements of a company's operation". Neubauer (2009) sees it as a methodology that allows companies to adapt faster and continuously to the changing requirements of the market and customers. Hung (2006) noted that it is a management principle that helps companies to sustain their competitiveness. Lee and Dale (1998) noted that it is a customer-focused approach that leads to the management, measurement and improvement of processes through teamwork and employee

empowerment. From the definitions above, it can be said that BPM is all about managing business activities in a holistic way to ensure a sustained competitive advantage. A company must continuously manage its business processes to ensure that they are efficient and can meet changing needs in the environment.

Firms are increasingly setting quality management as an organizational priority to improve their competitiveness in the global arena. These improvements aim at reaching 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 never-ending improvement cycle ensures that the organization learns from results, standardizes what it does well in a documented form, and improves operation and outputs from what it learns. Nevertheless, the emphasis must be that this is done in a planned, systematic, and thorough way to create a way of life that permeates through the whole organization (Hindle, 1997). 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).

1.1.2 Factors Affecting Business Processing Management Adoption

When organizations embark on BPM projects, unnecessary non-value adding activities are eliminated, and core activities are improved in order to achieve higher levels of process efficiency and effectiveness. This outcome is achieved by optimizing a number of factors, such as decreasing time and/or cost of processes, increasing quality of processes or improving allocation of resources, while being attentive to the expectations of external stakeholders (Valiris and Glykas, 2004). 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).

According to Naagarazan and Arivalagar (2006), process improvements are made by one or more of the following ways: viewing all work as a process; making each process adaptable, effective and efficient; controlling in-process performance; anticipating changing customer needs; eliminating waste and rework; investigating and eliminating non-value adding activities; eliminating all non-conformities; using benchmarking to improve competitive advantage; innovating; incorporating lessons learnt into future activities, and; using technical tools such as statistical process control, experimental

design, benchmarking, quality function deployment, etc. Approaching a process improvement effort holistically increases the alignment of the interrelated and interacting “parts of the organization”, increases the effectiveness and sustainability of the improvements and, positively impacts the organization’s business performance and its profitability. Buttles-Valdez (2008), posits that improvement efforts should be holistic encompassing vision, resources, capable workforce, capable processes, organizational culture, incentives, and action plan. All these elements holistically contribute to change and any missing element will affect process improvement.

According to Buttles-Valdez (2008), no vision results in confusion. Additionally, missing resources cause anxiety and frustration. Lack of a capable workforce means slow or little progress and missing capable processes will mean re-inventing the wheel every time. A bad organizational culture is a barrier to change while missing incentives only leads to sporadic change. Missing an action plans leads to false starts. Management in business processes translate directly to better profits by cutting costs and increasing competitiveness at the same time. In many cases, business process improvements have accelerating cumulative effects on the company's profits. The lack of a holistic methodology for BPM has resulted in much confusion for organizations wishing to deploy Business Process Improvement projects.

1.1.3 Custody and Share Registrars

The custody and share registrars market represents a growing part of the financial markets in Kenya. Custody and share registrars are one of the capital markets intermediaries in Kenya who provide specialized services to companies listed in the Nairobi Securities Exchange (NSE). This segment has evolved, in step with the growth of

financial markets into a complex industry which is no longer characterized by physical safekeeping, but by the provision of a range of information and banking services. There are ten (10) custody and share registrar firms in Kenya offering specialized services to companies listed in the NSE (Appendix 3).

Custody and Share Registrar firms provide investor relations activities on behalf of listed companies. They handle the day to day investor activities of listed companies for example the payment of dividends, update of shareholder details in a company's register of members, processing corporate actions like bonus issues and provide investor returns to the Capital Markets Authority (CMA) on behalf of the listed companies. They also offer other services such as the management and processing of Initial Public Offers (IPO's), Annual General Meeting (AGM) polling management and company advisory. These firms are under pressure to deliver the highest value to customers through better communication and faster delivery of services whereas they may be facing many challenges.

Several reasons make this sector a good example for study. Custody and share registrars in Kenya have been selected for this research not only due to their local significance in the financial markets but also that their growth is driven by globalization. These firms operate in a very competitive environment and constantly need to improve their performance to remain in business. Mugwe (2012) observed that share registrars have been facing intense competition forcing some of them to expand into other countries and also diversify into other revenue streams. There has also been improvement in the manner in which companies listed in the NSE communicate information to its stakeholders. Companies are now increasingly turning to electronic means such as company websites

to distribute annual reports to their stakeholders and for regulatory filing purposes. Many of the new innovation services in Kenya are now associated with the internet and mobile phone platform technology where a large numbers of services can now be accessed. Michira (2011) noted that share registrars in Kenya have stepped up automation of their operations to ease updating of shareholders registers, transfer of shares, dividend enquiries and related services. Information Communication Technology (ICT) has been used to drive growth in this sector with most companies literally automating all their operations and processes. Previously, custody and share registrars in Kenya maintained manual registers of shareholders. Any maintenance of shareholder details would involve manual input of details in the main register which was time consuming and needed more staff members.

1.2 Statement of the Problem

BPM adoption has been identified as a means in which companies can maintain and sustain their competitiveness through a continuous focus on processes. As in any valuable undertaking by a company, it is important to understand the factors that will determine whether any BPM initiative will be a success or not. So what factors affect BPM adoption success? As noted earlier on, BPM adoption can be beneficial to businesses if adopted in the right way. Rudden (2007) observed that better processes produce lower costs, higher revenues, motivated employees, and happier customers. Doebeli *et al.*, (2011); Ku'ng and Hagen, (2007); Pritchard and Armistead, (1999) noted that BPM adoption can help companies to improve their competitive position and performance continuously. Eikebrokk, Iden, Olsen, and Opdahl (2011) observed that despite the importance of BPM,

it has not been adopted as a practice in most companies and it is not clear what causes this lack of acceptance.

Custody and share registrars firms today are faced with many challenges as they attempt to improve their performance and competitive position. They must rethink and change the way they operate if they are to survive in this competitive world or run the risk of trailing behind competition, losing their market share and not realizing any return on their investments. The risk of failure is even higher for companies that do not manage their business processes. The views presented Eikebrokk *et al.*, (2011), Chong (2007), Lee *et al.*, (1998) calls for further research into BPM and the factors affecting its adoption in custody and share registrars.

Local studies done include, Munyiri (2000) carried out a survey of the use of business process reengineering approach in the Kenyan Pharmaceutical Manufacturing Industry, Atebe (2000) studied the effect of business process reengineering on business process cycles through a case study of Kenya Power and Lighting Company, Ngure (2001) conducted a survey of the perceptions of process improvement consulting among the manufacturing sector in Kenya, Kiilu (2006) established employees perception of the implementation of ISO 9001 Certification and process improvement initiatives through a case study of KenGen and Omondi, (2008) investigated application of lean thinking to business process management at Kenya Revenue Authority. None of the studies conducted above focused on BPM adoption by custody and share registrars. This is despite the fact that these companies have been facing various challenges in process improvement occasioned by the nature of the corporate culture, the strategic approaches and various aspects of the employees such as their level of training and motivation. This

study, therefore, sought to determine the extent of BPM adoption by custody and share registrars in Kenya and the factors that affect BPM adoption. The study aimed to answer the following research questions, that is, to what extent has BPM been adopted by Custody and share registrars in Kenya? What factors affect BPM adoption by Custody and share registrars in Kenya?

1.3 Objectives of the Study

- i. To determine the extent of BPM adoption by Custody and share registrars in Kenya
- ii. To investigate the factors affecting BPM adoption by Custody and share registrars in Kenya

1.4 Value of the Study

First and foremost, the findings of 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.

Secondly, the findings of this study will provide vital information that will assist government, particularly policy makers, planners and programme implementers to formulate policies and strategies on operation management.

Lastly, the study findings are expected to be of benefit to both the BPM research and practicing communities, in terms of guidance for positioning their current research and targeting future research on BPM topics. The study will also extend current knowledge in BPM and also shed light on the activities of Custody and Share Registrars in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter looks at the past studies on BPM practices and the factors affecting BPM adoption by organizations. The chapter also presents literature and previous studies that have been conducted on the link between business process management and organization performance.

2.2 Concept of Business Process Management

BPM is a way of supporting business processes using methods, techniques and software to design, enact, control and analyze operational processes involving humans, organizations, applications, documents and other sources of information (Ko, Lee and Lee, 2009). This is consistent with Trkman (2010) who noted that BPM involves all efforts in an organization to analyze and continuously improve fundamental activities such as marketing and other major elements of company's operations. BPM adoption is therefore a conscious effort by companies to continuously improve all the fundamental activities in a company to enable them achieve their set objectives. It is therefore an attempt to eliminate waste and add value.

Wolf and Harmon (2012) conducted a survey to find out and understand the meaning of BPM in practical situations. The survey was conducted in 2011 through the Business Process Trends Web site among 399 respondents from Europe, North America, and South America, and growing groups of respondents from Australia and the Middle East. When the respondents were asked what 'BPM' meant to them: 41% answered that BPM is a top-down methodology designed to organize, manage, and measure the organization

based on the organization's core processes; 27% answered that BPM is a systematic approach to analyzing, redesigning, improving, and managing a specific process; 15% answered is a cost-saving initiative focused on increasing productivity of specific processes; 13% answered is a set of new software technologies that makes it easier for IT to manage and measure the execution of process workflow and process software applications; and 5% answered others. From the results of the survey above conducted, it can be noted that there is no common understanding of what BPM is. A majority of the respondents in the survey that is 41% think that it is a top- down approach to organize, manage, and measure the organizations core processes. This definition will be most relevant for this study as it focuses on core processes and sees BPM as a strategy driven by top management to continuously improve a company's performance. No respondent was picked from Africa giving relevance to this study as it is not clear whether companies in the region are aware about BPM. The findings of this study will contribute to the body of knowledge on BPM.

BPM is closely linked to BPI and is an approach 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. Examples are: "business process improvement (BPI)" (Harrington, 1991), "business process redesign" (Carr, 1993), "business (process) re-engineering (BPR)" (Hammer, 1990), "core process redesign" (Heygate, 1993), "business restructuring" (Tanswell, 1993), "continuous improvement process" (Deming, 2000) and "Six Sigma" as a methodology (Harry and Schroeder, 2006).

Over 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 and 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). They further argued that BPM is among the most important managerial topics because it provides companies an agile adaptation to changing business requirements. Verigidis et al. (2008) study showed that there has been a surge of papers and practitioners interest in this area for more than a decade. Process management and its associated set of managerial practices and programs such as: Total Quality Management, Six Sigma, ISO 9000, is perhaps the most important managerial innovation of the last two decades a (Benner and Tushman, 2002).

BPM 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. BPM 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, varieties of Business Process Improvement (BPI) methodologies and frameworks have been proposed and sometimes applied (Dalmaris et al., 2007). Biazzo and Bernardi (2003) argued that, managers today 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.

2.3 Business Process Management 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 companywide 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). There are many lanes of approach to process improvement. In addition to the difference between improvement of the process and improvement using the process, different approaches focus on different parts of the process, differ in paradigm and goals, and argue the exact definitions of process and improvement. Most of the organizations employ business process improvement practices oriented to customers, business process operation, business process behavior, organization structure, information flow, technology application, internal and external environment analysis among others.

2.3.1 Employees Empowerment

Employees need to have confidence that participation in continuous 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 Continuous Process Improvement (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 continuous improvement activities (Idris, Abdullah and 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 fulfill 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 all 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.

2.3.2 Technological 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 Work Flow Management System (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). For example, computer technology can assist in verifying the validity of data, identification and definition of problems, designing an experiment, identification of information sources and formulation of questions relevant to a problem.

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. Of these two factors, the human is of greater importance by far. Feigenbaum (1991) considered top management commitment, employee participation, supplier quality management,

information system, evaluation, communication, use of quality costs, and use of statistical technology to be an essential component of TQM.

2.3.3 Organizational 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 fulfill 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 continuous improvement programme. A major action timeline should be developed as an element of the plan (Grant, 2003).

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 and Attaran, 2004).

2.4 Factors Affecting Business Process Management Adoption

Factors affecting BPM adoption refers to the barriers of successful BPM implementation. Silva, Damian, and Inês (2012) noted that these barriers can be linked to the segment, people or company. Many companies that undergo a process improvement programme have found that the application of process improvement techniques has lead to significant improvements in operational areas (Bateman, 2005). Sumner (2000) also noted that the adoption of process improvement techniques has been inspired by the dramatic improvements demonstrated by such techniques. 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 (Coskun et al., 2008). However, the appropriateness of process approaches depends on many factors including how customers are served, how information and materials flow, whether the organization is small or large, and how complementary capabilities are combined within and across organizations (Naim and Barlow, 2003). In order to be effective and efficient, process improvement approaches need to be closely integrated with strategy and other organizational elements such as culture, top management commitment and staff motivation (Sexton and Barrett, 2003). The main barriers identified in literature by (Antonucci *et al.*, 2009; Trkman, 2010; Silva *et al.*, 2012) include: issues related to technology, organizational culture, lack of knowledge of the processes concept, little integration between the methodologies, techniques and tools employed in various areas of business, lack of basic culture of process oriented management for the entire organization, lack of leadership and direct involvement of the executive staff, lack of incentives and rewards to encourage the adoption of new processes, lack of resources essential to BPM.

2.4.1 Organizational Culture

Most modern-day managers would quickly agree that the shared values, attitudes, commitments, beliefs, and overall patterns of thinking socially constructed among members of an organization have a tremendous influence on its long-term effectiveness and performance. The impact of an appropriate organizational culture on the well-being of the business organization has been explicitly recognized by many organizational researchers. Tucker and Pitt (2009) proposes that a company's culture is the combination of shared values, behavior patterns, mores, symbols, attitudes, and normative ways of

conducting business that, more than its products or services, differentiate it from all other companies. Further, culture may influence what organizational strategies are selected and whether they are successful. Existing cultural orientations may be quite supportive of the mission and success of a firm at a particular point, but not at all appropriate when significant strategic change becomes necessary. This paper addresses the need for cultural evaluation, feedback, and possible change facilitation as needed to successfully align with necessarily imposed strategic change.

One of the major challenges in business process improvement appears to be more cultural and behavioral in nature, including the impact of poor integration of activities and diminished feelings of ownership and commitment. Corboy and O'Corrbui (1999), meanwhile, identify the deadly sins of business process improvement which involve: a lack of understanding of how the strategy should be implemented; customers and staff not fully appreciating the strategy; difficulties and obstacles not acknowledged, recognized or acted upon; and ignoring the day-to-day business imperatives. Marginson (2002) contend that business process improvement evolves either from a process of winning group commitment through a coalitional form of decision-making, or as a result of complete coalitional involvement of implementation staff through a strong corporate culture.

Managers may not think it appropriate to redesign their programmes in order to ensure that contribute to sustainable development in poorer countries. Effective communication is essential. Internally, all levels of management, and all employees, must understand the policies and objectives that have been established. For business enterprises, this means broadening the outlook of many people, including some senior executives. To continue to

improve corporate policies, programmes and environmental performance while taking into account technical developments, scientific understanding, consumer needs and community expectations, with legal regulations as a starting point and to apply the same environmental criteria internationally. Internal reporting systems can have a significant effect on corporate culture. They must be designed to reinforce positive behaviour with respect to sustainable development. They also need to be linked to the enterprise's recognition and promotion systems,

2.4.2 Top Management Commitment

It is fundamental to the success of the Management System and to the implementation of continuous improvement throughout the organization that senior managers provide strong leadership; visible and active support; and, demonstrated commitment. Appointing an executive sponsor is a demonstrable way of showing support and commitment. Senior managers play a crucial role in the success of continuous improvement programmes. Without the leadership, commitment and involvement of senior management, a continuous improvement programme is unlikely to be successful (Harry and Schroeder, 2006).

The most important thing when implementing a process improvement is the top level management's commitment to the strategic direction itself. This is undoubtedly a prerequisite for strategy implementation. Therefore, top managers must demonstrate their willingness to give energy and loyalty to the implementation process. This demonstrable commitment becomes, at the same time, a positive signal for all the affected organizational members (Rapa and Kauffman, 2005). To successfully improve the overall probability that the process is improved as intended, senior executives must abandon the

notion that lower-level managers have the same perceptions of the strategy and its implementation, of its underlying rationale, and its urgency and instead, they must believe the exact opposite. They must not spare any effort to persuade the employees of their ideas (Rapa and Kauffman, 2005). Overall though, it is increasingly acknowledged that the traditionally recognized problems of inappropriate organizational structure and lack of top management backing are the main inhibiting factors to effective strategy implementation.

The executive must mandate the programme and actively support continuous improvement by insisting on the support of all other managers. Sustained attention will be needed to avoid the tendency to think the new programme (continuous improvement) is a fad or 'topic of the month'. To encourage improved individual and organization performance, executive sponsors should empower and make individuals accountable for their work. The role of senior management in continuous improvement includes the following responsibilities: establishing a vision for continuous improvement, establishing overall goals for continuous improvement, creating the motivation for change, establishing commitment and alignment of the senior management team, managing the continuous improvement programme and creating a continuous improvement culture (Harrington, 1991).

2.4.3 Staff Motivation

It is important to create enthusiasm in the staff so that, ultimately, all employees will have the opportunity to become engaged in continuous improvement activities. Initially, it is beneficial to identify those who have personally demonstrated the principles of process improvement to be the first staff to become involved in CPI activities. Staff

involved in CPI should be trained in the tools and techniques appropriate to their needs (Coskun et al., 2008). The senior management team should demonstrate high regard for those who are directly involved in continuous improvement as well as those affected by changes due to CPI. It may be necessary to identify those who oppose continuous improvement and to identify to either change their attitudes or to minimize their impact.

Employees need to have confidence that participation in continuous 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 can affect behavior and create a potential threat to safety and product quality. It is essential that all managers who are leading change initiatives take this into consideration, as it will help minimize problems during the change programme and result in a better organizational environment.

The selection of appropriate types of recognition should take major account of both national and organizational cultures. What may be seen as an attractive reward in one culture may be seen as trivial or ridiculous elsewhere. The organization should also be sensitive to what makes each individual feel appreciated. A particular form of recognition to one individual may be an embarrassment to another even within the same organization. Individuals should be treated and recognized in a manner that makes them feel personally

comfortable and genuinely appreciated (Bateman, 2005). 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 were not rewarded because they were 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 continuous improvement activities (Idris, Abdullah, Idris, and Hussain, 2003).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter is a blueprint of the methodology that was used by the researcher to conduct the study. In this chapter, the research methodology was presented in the following order, research design, population and sampling, data collection methods, instruments of data collection and finally data analysis.

3.2 Research Design

This study employed a descriptive research design. A descriptive research design attempts to describe or define a subject, often by creating a profile of a group of problems, people, or events, through the collection of data and tabulation of the frequencies on research variables or their interaction (Cooper and Schindler, 2006). It is concerned with describing the characteristics of a particular individual, or of a group. In this case, the research problem was to examine the extent of BPM adoption and investigate the factors affecting BPM adoption by Custody and share registrars in Kenya. A descriptive research defines questions, people surveyed, and the method of analysis prior to beginning of data collection. Thus, this approach is appropriate for this study, since the researcher intends to collect detailed information through descriptions and the method is also useful for identification of variables and hypothetical constructs.

3.3 Population

Target population in statistics is the specific population about which information is desired. A population is the aggregate of all cases that conform to some designated set of specification (Chein, 1981). It is the unit of study and is a total collection of elements

(Emory, 2005). According to NSE (2012), there are 10 custody and registrar offering services to companies listed in the NSE, with headquarters in Nairobi County. Mugenda and Mugenda (2003) stated that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. Since the population of the study is small, the study included all the target population elements into the study hence a census.

3.4 Data Collection

The primary data was collected by use of a questionnaire which was used to record respondents' responses from each Custody and Shares Registrar (see appendix 3). The questionnaire was structured to include both closed, open-ended and matrix questions to allow variety. The structured questions are normally close ended with alternatives from which the respondent is expected to choose the most appropriate answer (Mugenda & Mugenda, 2003). Unstructured questions are open ended and present the respondent with the opportunity to provide their own answers. These types of questions are easy to formulate and allow the respondent to present their feelings on the subject matter enabling a greater depth of response (Mugenda and Mugenda, 2003). Matrix questions were also utilized. This type of questions present the respondent with a range of questions against which they are expected to respond based on a predetermined rating scale. The most commonly used is the likert scale. These types of scales are used to measure perceptions, attitudes, values and behaviour (Cooper and Schinder, 2007). These types of questions are popular with the respondents and researchers as they are easy to fill in, economical and provide easy comparability. The respondents of this study were managers in the department of human resources, IT department and operations, in each custody and

shares registrar, while 2 respondents were targeted in each department contributing to 60 respondents.

3.5 Data Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency. The data was then coded to enable the responses to be grouped into various categories. The data collected was mainly quantitative; however some qualitative data was collected from the open ended questions to enhance and uncover any convergent and divergent views. As such, this study employed descriptive statistics to summarize the data collected. This included percentages and frequencies. All quantitative data on factors affecting BPM adoption by custody and registrars was measured in real values by normalizing. Descriptive statistics was used to measure the quantitative data which was analyzed using the statistical analysis. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis. The researcher used the data with an aim of presenting the research findings in respect to factors affecting BPM adoption by custody and registrars. The generated quantitative reports were presented through tabulations, percentages and measures of central tendency while qualitative data was presented in prose.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis of the data on BPM adoption by custody and share registrars in Kenya. This chapter presents the findings of the study and discussions on the findings. The finding intended on answering the study's research questions. Data collected was collated and reports were produced in form of tables and figures and qualitative analysis done in prose.

4.2 Response Rate

Table 4.1 illustrates the response rate of the respondents that participated in the survey. The study targeted 60 respondents working in the said custody and shares registrar in collecting data on business process management adoption by custody and share registrars in Kenya. However, out of 60 questionnaires distributed, 47 respondents completely filled in and returned the questionnaires hence a 78% success rate. This response rate was reached due to the data collection procedure, where the researcher personally administered questionnaires as well as involving data collection assistants. The 22% questionnaires that were not returned were due to reasons like, the respondent were not available to fill them in at that time and with persistence follow-ups there were no positive responses from them. The response rate demonstrates a willingness of the respondents" to participate in the survey that the study sought.

Table 4.1 Response Rate

Response	Frequency	Percentage (%)
Filled in questionnaires	47	78
Un returned questionnaires	13	22
Total	60	100

4.3 Demographic Characterization of the Respondents

The analysis relied on this information of the respondents so as to classify the different results according to their knowledge and responses.

4.3.1 Respondents working duration in Years

Figure 4.1 illustrates working period in years of the respondents in their respective organization. From the findings, most (36%) of the respondents had worked in the organization for a period of 6-10 years, 26% had worked for a period of 11-15 years, 23% had worked for a period of 1-5 years while the rest (15%) had served in the organization for a period above 16 years. This implies that most of the respondents of this study had worked for a longer period within the organization thus they were conversant with the information that the study sought from the organization on business process management.

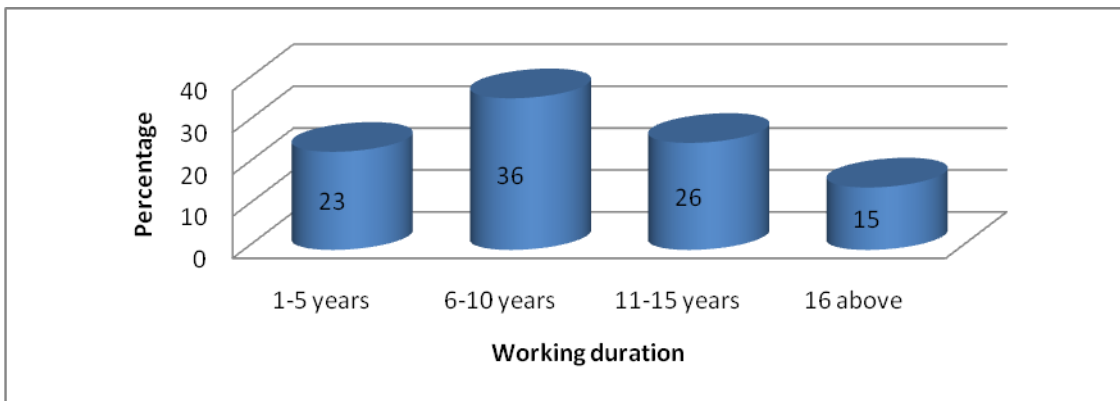


Figure 4.1 Respondents Working Duration in Years

4.3.2 Highest Level of Education

The study was also inquisitive to determine the highest level of the academic qualification that the respondent held. Table 4.2 shows the findings of the result, most (49%) of the respondents were post graduate, 30% were undergraduate (degree holder), 15% had acquired diploma as their highest level of academic qualification while the rest (6%) had certificate as their highest level of education. This depicted that most of the respondents interviewed were well knowledgeable to understand strategies adopted by the organization with the aim of improving its performance.

Table 4.2 Highest Level of Education

	Frequency	Percentage (%)
Post graduate	14	30
Undergraduate	23	49
Diploma	7	15
Certificate	3	6
Total	47	100

4.3.3 Department of Working

Figure 4.2 indicates departments in which respondents were working in their organization. From the findings most (47%) of the respondents were working at corporate strategies department, 30% had worked in human resource department, 17% were serving in information technology department while 6% were serving in other departments such as finance, operation and secretaries. This implies that all departments that were targeted by the study were involved and that the findings are not biased.

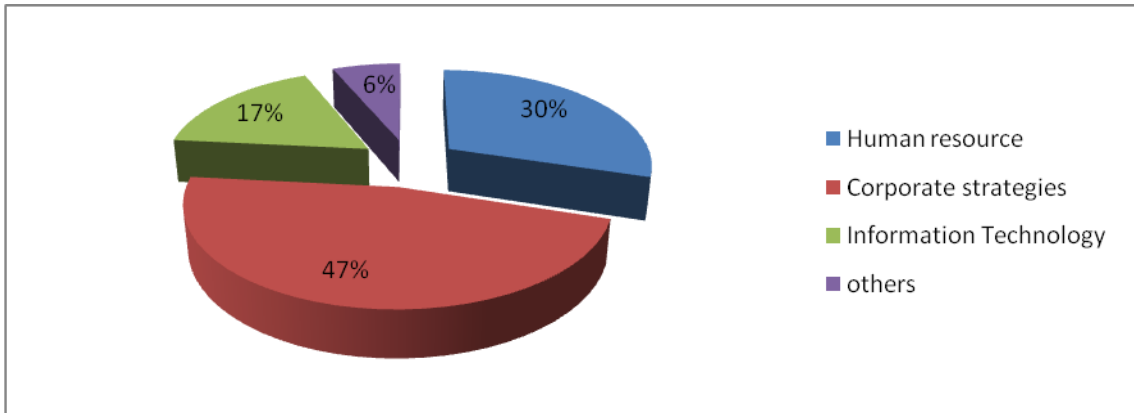


Figure 4.2 Department of Working

4.3.4 Position Held by the Respondent

The study aimed to investigate position held by the respondents in their organization. From the findings (28%) of the respondents were assistant managers, 21% were departmental head, 19% were technical personnel, 17% were managers while 15% were unit head officer. Position held in the workplace leads to easier application of strategic practices that leads to better performance of the organization towards achieving organizational goals and objectives. This depicts that all participant of the study were under the level to which the study targeted as stipulated in previous chapter.

Table 4.3 Position Held by the Respondent

	Frequency	Percentage (%)
Manager	8	17
Unit Head officer	7	15
Departmental Head	10	21
Assistant Manager	13	28
Technical personnel	9	19
Total	47	100

4.3.5 Embrace of Business Process Management Practices

Figure 4.3 illustrates the summary of the findings on embrace of business process management practices within the organization. According to the findings, majority (89%) of the respondents alleged that their organization embrace BPM while the rest (11%) opposed the opinion of majority. This implies that the finding of the study is reliable since most of the organizations have adopted BPM and recognize it.

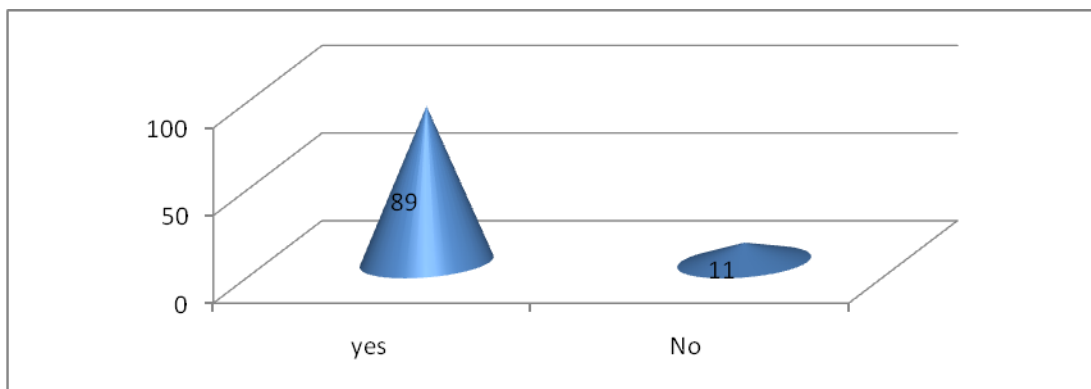


Figure 4.3 Embrace of Business Process Management Practices

4.4 Organizational Strategy Realignment

4.4.1 Review of organization Strategies

The study requested the respondent to indicate whether their organization review its set strategies in order to enhance business process management practices within departments. From the findings, 91% of the respondents pointed out that their organization review its set strategies in order to enhance BPM practices within departments the rest (9%) indicted that did not review its strategy to enhance business process management practices within departments.

Table 4.4 Review of Organization Strategies

	Frequency	Percentage
Yes	43	91
No	4	9
Total	47	100

4.4.2 Impacts of Strategy Realignment to the Organization in BPM Practices

Further the study aimed to invest the impact of the strategies realignment to the organization in business processing management practices. From the findings, majority (89%) pointed that strategies realignment have impacted positively to the organization in BPM practices, 9% indicated that there is no effect at all while only 2% indicated that strategies alignment had negative impact to the organization in business processing management practices.

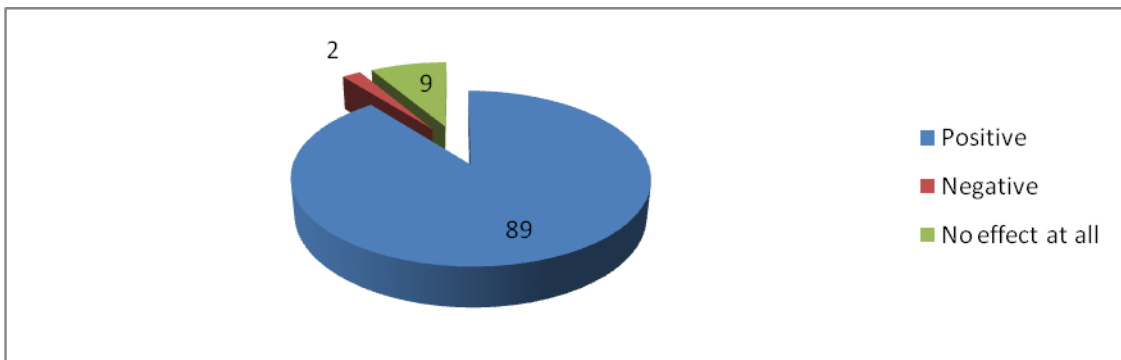


Figure 4.4 Impacts of Strategy Realignment to the Organization in BPM Practices

4.4.3 Relationship between Strategies Realignment and Organization Objectives

Figure 4.5 summarizes the study findings on whether strategies realignment is done in relation to the organization objectives. According to the study findings, 91% of the respondents indicated that strategies realignment is done in relation to the organization

objectives while the rest (9%) pointed that there is no consideration of the strategies and organization objectives relationship.

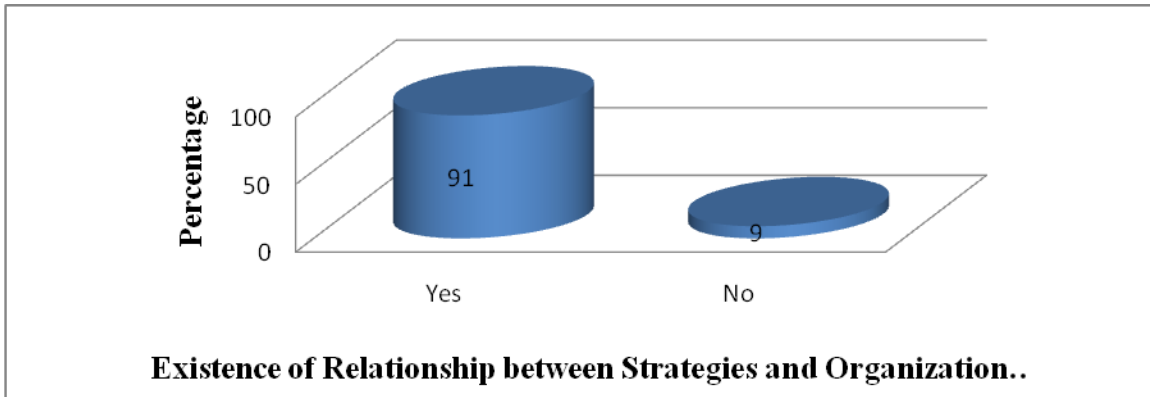


Figure 4.5 Relationship between Strategies Realignment and Organization Objectives

4.4.4 Aspects of Strategies Realignment and BPI Practices

The researcher requested the respondent to indicate their level of agreement on the statement relating to strategies realignment and BPI practices. From the findings, most of the respondents agreed that management in their organizations considers ways to narrow the gap between current state of the corporation's performance and its future objectives as shown by a mean score of 4.15. Respondents also agreed that strategy in their organization outlines staffs responsibility and introduces continuous improvement programme and that senior management review and approve the strategy and the plan before submitting them to the board of directors for final approval as depicted by mean score of 3.74 and 3.73 respectively. Further, the respondents agreed that strategies set in their organizations are future oriented, interacting with the competitive environment to achieve the company's objectives and that recent strategy realignment done in their organization give direction and scope over the long-term that results to achievement of

the organization objectives and fulfill stakeholder's expectations as illustrated by mean score of 3.66 and 3.57 respectively.

Table 4.5 Aspects of Strategies Realignment and BPI Practices

	Mean	STDev
Strategy in our organization outlines staffs responsibility and introduces continuous improvement programme	3.74	1.041
Strategies set in our organization are future oriented plans interacting with the competitive environment to achieve the company's objectives	3.66	1.133
Recent strategy realignment done in our organization give direction and scope over the long-term that results to achievement of the organization objectives and fulfill stakeholder's expectations	3.57	0.899
Management in our organization considers ways to narrow the gap between current state of the corporation's performance and its future objectives	4.15	1.009
Senior management review and approve the strategy and the plan before submitting them to the board of directors for final approval	3.73	0.87

4.4.5 Influences of Strategies Realignment on Business Processing Management

Figure 4.9 shows results of the findings on the extent to which strategies realignment influences BPM adoption. From the findings, (58%) of the respondents were of the opinion that strategies realignment influences BPM to a great extent, 23% purported that strategies realignment influences BPM to a very great extent, while 19% alleged that strategies realignment influences BPM to a moderate extent. From the findings, it is clear that strategies realignment is an important aspect in BPM hence organizations should embrace it.

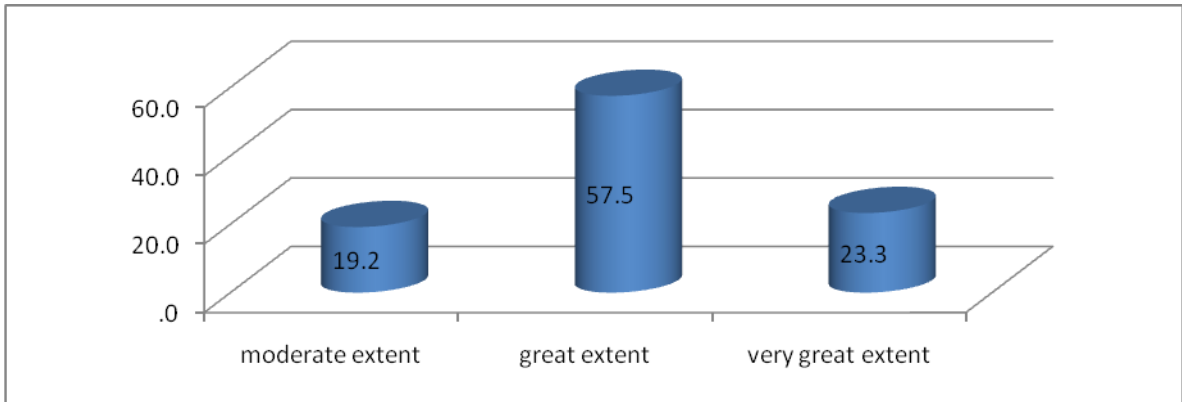


Figure 4.1 Influences of Strategies Realignment on Business Processing Management

4.5 Technology Adoption

4.5.1 Application of IT on Business Process Management

The study requested the respondent to indicate whether their organization have embraced IT as a means of emphasizing BPM practices. Majority (68%) of the interviewed respondents' indicted that their organization have embraced IT as a means of emphasizing BPM practices while 32% indicated that they have not yet recognized IT in their BPM practices.

Table 4.6 Application of IT on Business Process Management

	Frequency	Percentage
Yes	32	68
No	15	32
Total	47	100

4.5.2 Aspects of Technology Adoption and BPM Practices

Table 4.7 illustrates the finding of the study on the respondent level of agreement to the statements relating to technology adoption and BPM practices. From the findings, most of the respondent agreed that they have adopted computer technology and apply it in a

variety of methods i.e. to test the validity of data, identify problems and needs, design an experiment, plan, define or model a problem, identify information sources appropriate to special needs or problems as indicated by a mean of 4.01, respondents also agreed that new technology adoption offers various kind of positive effect to BPM application as depicted by mean of 3.77, technology adoption change the traditional way of doing business by giving participants completely new possibilities as illustrated by mean of 3.70, respondents also agreed that their organization is increasingly setting quality management as an organizational priority to improve its competitiveness in the market share as shown by mean score of 3.64, respondents also agreed that management team considers IT as a major enabler for new forms of working and collaborating within an organization and across organizational borders as depicted by mean score of 3.52. Finally, respondents agreed that Today organizations are largely depending on high-technology to develop, build and to maintain its products and services as illustrated by mean score of 3.45.

Table 4.7 Aspects of Technology Adoption and BPM Practices

	Mean	STDev
Management considers IT as a major enabler for new forms of working and collaborating within other organizations	3.52	1.168
New technology adoption offers various kind of positive effect to BPM application	3.77	1.297
Technology adoption change the traditional way of doing business by giving participants completely new possibilities	3.7	1.198
Adoption of computer technology in the BPM apply a variety of methods, identify problems and defines a problem, identify information sources appropriate to special needs or problems	4.01	1.196
Our organization is increasingly setting quality management as an organizational priority to improve its competitiveness in the market share	3.64	1.284
Today our organizations is largely depending on high-technology to develop, build and to maintain its products and services	3.45	0.943

4.5.3 Influence of IT on BPM Practices

Figure 4.6 illustrates the findings of the study on the influence of state of IT on performance. Majority (74%) of the respondents purported that IT influence BPM practices to a very great extent while the rest 26% were of the opinion that IT influences BPM practices to a great extent.

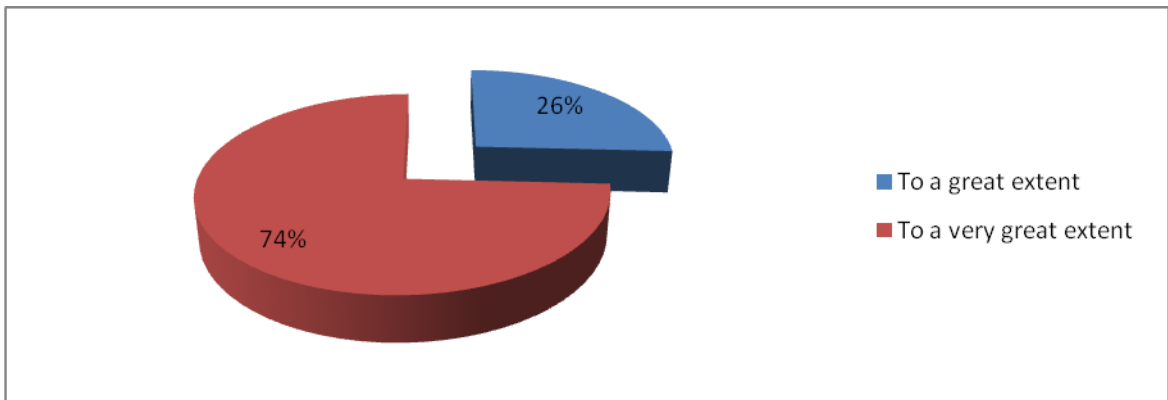


Figure 4.6 Influence of IT on BPM Practices

4.6 Employees Empowerment

4.6.1 Empowerment of Staffs in Contributing their Initiatives towards BPM Practices

Figure 4.7 shows the findings of the study on staffs' empowerment in contributing their initiatives towards BPM practices. From the findings, 77% were of the opinion that staffs are empowered in contributing their initiatives while the rest 23% indicated that they are not empowered in any way.

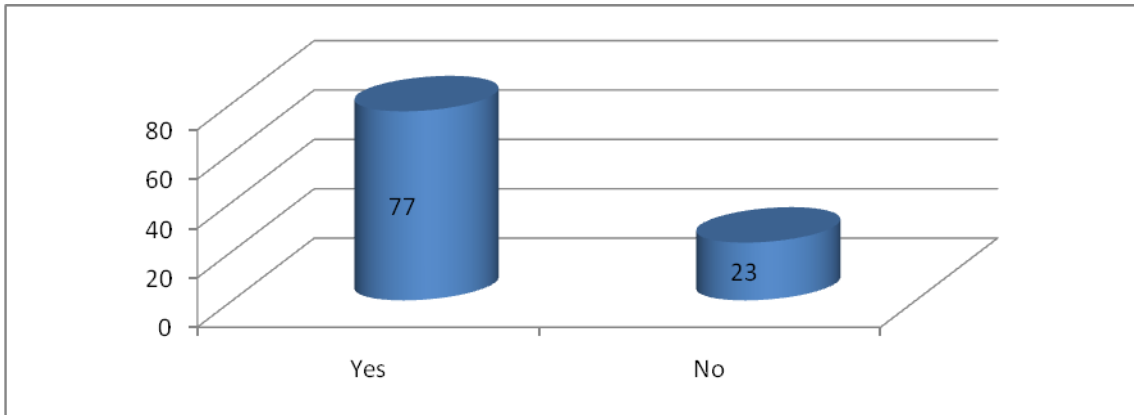


Figure 4.7 Empowerment of Staffs in Contributing their Initiatives towards BPM Practices

4.6.2 Means in which Employees are Empowered in BPM Practices

Table 4.8 summarizes the study findings on ways that the employees are empowered in BPM practices. According to the findings, 38% indicated that are empower through coaching, 28% are empowered through communication, 19% were given support to empower them while the rest (15%) were empowered through discussion in groups.

Table 4.8 Means in which Employees are empowered in BPM Practices

	Frequency	Percentage
Communication	13	28
Discussion	7	15
Coaching	18	38
Support	9	19
Total	47	100

4.6.3 Aspects of Employee Empowerment and BPM Practices

The study aimed to investigate respondents' level of agreement on aspects relating to adoption of technology. Most of the respondents agreed that managers who are leading change initiatives take into consideration employees' involvement and empowerment as

it helps to minimize problems during the change programme and result in a better organizational environment as indicated by mean score of 3.84. Respondents also agreed that 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 and that team participation into employee personal performance review and incentive bonuses has proven to be an effective reward system that empowers staffs in our organization as shown by mean score of 3.67 and 3.63 respectively. Finally, respondents agreed that improvement efforts are directed at al resources, processes, equipment and tools, environment and safety, information and measurements as indicated by mean score of 3.56.

Table 4.9 Aspects of Employee Empowerment and BPM Practices

	Mean	STDev
All managers who are leading change initiatives take into consideration employees' involvement and empowerment as it helps to minimize problems during the change programme and result in a better organizational environment	3.84	0.746
Team participation into employee personal performance review and incentive bonuses has proven to be an effective reward system that empowers staffs in our organization	3.63	0.808
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	3.67	1.131
Improvement efforts are directed at al resources, processes, equipment and tools, environment and safety, information and measurements	3.56	0.913

4.6.4 Influence of Employees' Empowerment on Business Process Management

Figure 4.8 illustrates the findings of the study on the influence of employees' empowerment on BPM. A majority (57%) of the respondents' purported that employees' empowerment influence BPM at a great extent, 28% were of the opinion that employees empowerment influence business processing management at a very great extent while 15% indicated that employees' empowerment influences BPM at a moderate extent.

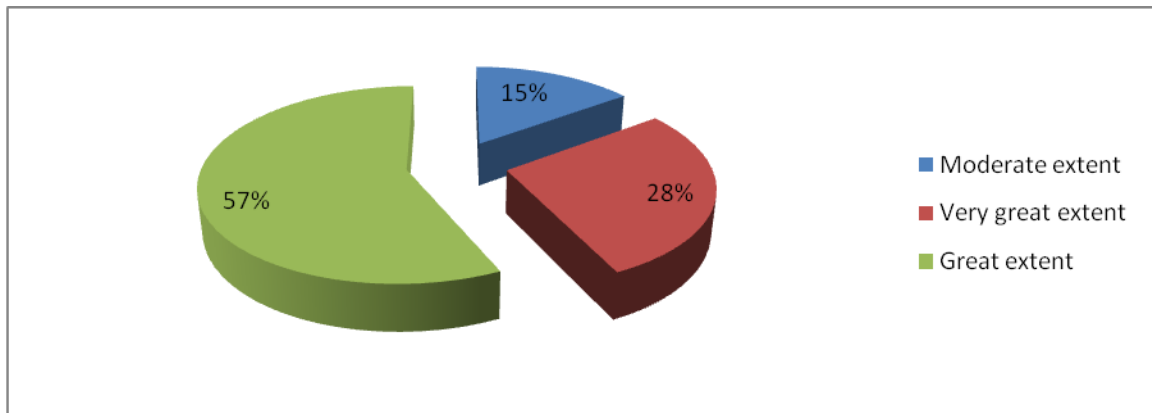


Figure 4.8 Influence of Employees' Empowerment on Business Process Management

4.7 Aspects Organizational Culture on Business Process Management Adoption

The study requested respondents to indicate their level of agreement on the statement relating to aspects of organizational culture and their influence to BPM adoption. From the findings, a majority of the respondents strongly agreed that existing cultural orientations at the firm are not supportive of the mission and success of the firm in process improvement and that learning culture should be created within the organization that allows continuous improvement to take place as illustrated by mean score of 3.96 in each case. Inclusively, respondents agreed that the company fosters an environment where staff can implement smaller, local continuous improvement projects that can be completed with line management involvement, alongside the major continuous

improvement projects sponsored by top management and that culture determines whether a company can attract and keep the best employees for process improvement as depicted by mean score of 3.79 and 3.75 respectively. Further respondent agreed that there is a complete coalitional involvement of implementation staff through a strong corporate culture as shown by mean score of 3.52. Finally, respondents were neutral that culture influence what organizational strategies are selected and whether they are successful as illustrated by mean score of 3.33.

Table 4.10 Aspects Organizational Culture on Business Process Management Adoption

	Mean	STDev
Culture influence what organizational strategies are selected and whether they are successful.	3.33	0.116
Existing cultural orientations at the firm are not supportive of the mission and success of the firm in process improvement	3.96	0.290
Culture determines whether a company can attract and keep the best employees for process improvement	3.75	0.176
A learning culture should be created within the organization that allows continuous improvement to take place	3.96	0.15
The company fosters an environment where staff can implement smaller, local continuous improvement projects that can be completed with line management involvement, alongside the major continuous improvement projects sponsored by top management.	3.79	0.158
There is a complete coalitional involvement of implementation staff through a strong corporate culture.	3.52	1.168

4.7.1 Extent to which Organizational Culture Enhance Business Process Management Adoption

Further the study requested the respondents to indicate the extent to which organizational culture affects business processing management. From the findings, 42% of the respondents opined that organizational culture affects business processing management to a very great extent, 31% were of the opinion that organizational culture affects business processing management to a moderate extent, 15% to a great extent, 7% to a low extent while a similar number purported that organizational culture affects business processing management to a very low extent as indicated by the figure 4.9.

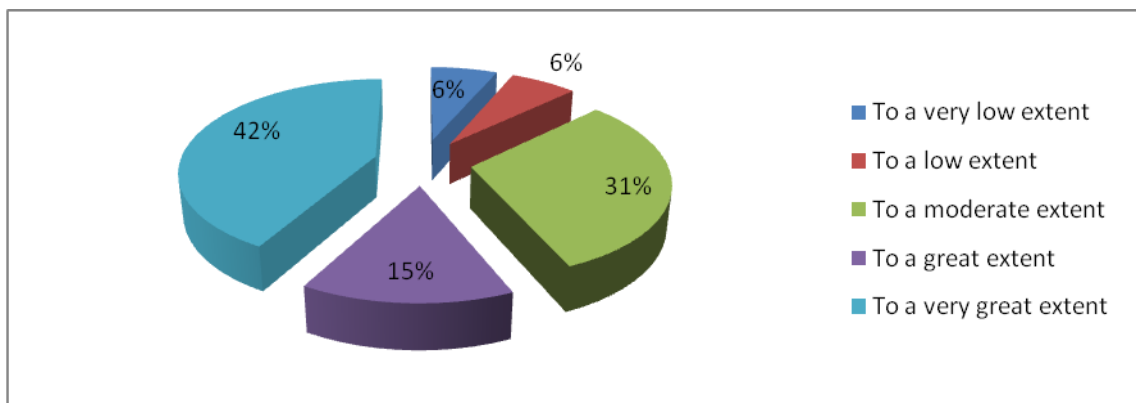


Figure 4.9 Extent to which Organizational Culture Enhance Business Processing Management

4.8 Aspects of Top Management Commitment on Business Process Management Adoption

Table 4.11 illustrates the finding of the study on the extent to which top management commitment influence BPM adoption. From the findings, most of the respondent pointed out that creating the motivation for change influences BPM commitment to a great extent as indicated by a mean of 3.96, also respondent were of the opinion that establishing

commitment and alignment of the senior management team influence business process management commitment to a great extent as depicted by a mean of 3.92. Further respondent purported that Empowering and make individuals accountable for their work, establishing a vision for continuous improvement, innovation commitment and appreciation to change influence business process management commitment to a great extent as depicted by a mean of 3.79, 3.7, 3.66 and 3.54 respectively. On the other hand, respondent pointed that establishing overall goals for continuous improvement, managing the continuous improvement programme and creating a continuous improvement culture influence change influence business process management commitment to a moderate extent as depicted by a mean of 3.39, 3.33 and 3.25 respectively.

Table 4.11 Top Management Commitment and Business Process Management

	Mean	STDev
Establishing a vision for continuous improvement	3.77	1.297
Establishing overall goals for continuous improvement	3.39	1.046
Creating the motivation for change	3.96	0.55
Establishing commitment and alignment of the senior management team	3.92	0.874
Managing the continuous improvement programme	3.33	0.816
Creating a continuous improvement culture	3.25	0.91
Innovation commitment	3.66	1.027
Resistance to change	3.54	1.121
Empowering and make individuals accountable for their work	3.79	0.658

4.8.1 Extent that Top Management Commitment Enhance Adoption Business Processing Management

Table 4.12 illustrates the findings of the study on the extent to which top management commitment enhance adoption business processing management. Majority (62%) of the

respondents' purported that top management commitment enhances adoption of BPM to a great extent, 30% indicated that top management commitment enhances adoption of BPM to a very large extent, while 9% indicated that top management commitment enhances adoption of BPM to a moderate extent.

Table 4.12 Top Management Commitment and Adoption of Business Process Management

	Frequency	Percentage
Great extent	29	62
Very great extent	14	30
Moderate extent	4	9
Total	47	100

4.9 Aspects of Staff Motivation on Business Process Management

The researchers requested the respondent to indicate the extent to which staff motivation affects BPM adoption. From the findings most of the respondents pointed out that money, rewards and other gifts encourage competitiveness and affects BPM adoption as shown by mean a score of 4.15 and 4.01 respectively. Likewise, respondent indicated that appreciation of good performance, overtime payments and incentive bonuses affects business process management to a great extent as shown by a mean score of 3.77, 3.74 and 3.73. On the other, respondent pointed that pep talks, wage increments and plaques/certificates affects the success of BPM adoption to a moderate extent a depicted by mean score of 3.47, 3.44 and 2.93 respectively.

Table 4.13 Aspects of Staff Motivation on Business Process Management

	Mean	STDev
Staff involved in CPI	3.52	1.168
Appreciation of good performance	3.77	1.297
Encouraging creativity	3.7	1.198
Encouraging competitiveness	4.01	1.196
Open door policy	3.64	1.284
Pep talk	3.47	0.899
Money, rewards and other gifts	4.15	1.009
Incentive bonuses	3.73	0.87
Wage Increments	3.44	0.943
Overtime payments	3.74	1.041
Opportunities to pursue new challenges	3.71	1.067
Plaques/certificates	2.93	1.305
Clear Instructions	3.62	1.133

4.9.1 Extent to which Staff Motivation Enhance Business Processing Management

Figure 4.10 summarizes result of the finding on the extent to which staff motivation enhance business processing management. Majority (57%) affirmed that staff motivation enhance business processing management to a great extent, 32% were of the opinion that staff motivation enhances BPM adoption to a very great extent, 11% felt that staff motivation enhances BPM adoption to a moderate extent.

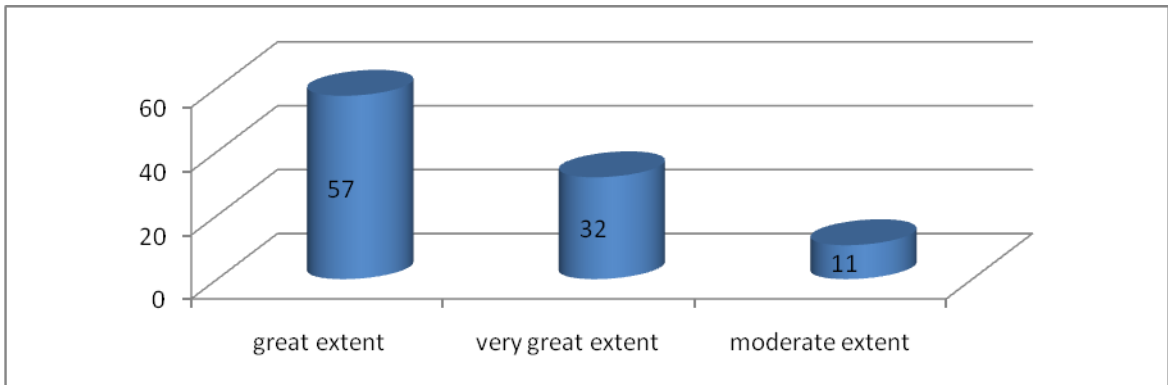


Figure 4.10 Extent to which Staff Motivation Enhance Business Process Management

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the data findings on Business Process Management Adoption by Custody and Share Registrars in Kenya, the conclusions and recommendations are that were drawn there to. The chapter is therefore structured into summary of findings, conclusions, recommendations and area(s) for further research.

5.2 Summary of the Findings

The objectives of this study were to determine the extent of BPM adoption by Custody and Share Registrars and to investigate the factors that affect BPM adoption by Custody and Share Registrars in Kenya.

From the study findings, it is clear that organizations review their set strategies in order to enhance BPM practices within departments while it has impacted positively. The study also found out that strategy realignment is done in relation to the organization objectives. Management in most organization considers ways to narrow the gap between current state of the corporation's performance and its future objectives. Strategy in most organization outlines staffs responsibility and introduces continuous improvement programmes while senior management review and approve the strategy and the plan before submitting them to the Board of Directors for final approval where it influences BPM to a great extent.

On technology adoption, the study found that Custody and Share registrars have embraced IT as a means of emphasizing BPM practices. The study found out that

Custody and Share registrars have adopted computer technology as a tool for BPM. They 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, and identify information sources appropriate to special needs or problems where IT influences BPM practices to a very great extent. The study established that IT enables prompt searches, the access of and retrieval of data and supports communication in an organization. IT plays a key role in achieving an organization's objectives and enhances risk mitigation to a great extent.

On employee empowerment, the study found out that staffs are empowered in contributing their initiatives through coaching and communication. Moreover, the study found out that managers who are leading change initiatives take into consideration employees' involvement and empowerment as it helps to minimize problems during the change programme and result in a better organizational environment. Additionally, the study found that 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 to a great extent.

To the organizational culture and their influence on BPM adoption, the study found out that existing cultural orientations at the firm are not supportive of the mission and success of the firm in process improvement and that learning culture should be created within the organization that allows continuous improvement to take place. The study also found out that the companies fosters an environment where staff can implement smaller, local continuous improvement projects that can be completed with line management

involvement, alongside the major improvement projects sponsored by top management and that culture determines whether a company can attract and keep the best employees for process improvement to a very great extent.

On top management commitment, the study found top management commitment influences the organizations commitment to BPM projects. It also found that top management has the responsibility of reviewing the performance of the company on a continuous basis and to review whether the company's objectives are still accurate and relevant. They are also responsible for setting the objectives and targets to be achieved and also in communicating the company's objectives and targets to staff, ensuring proper execution of processes or activities, providing rewards and incentives, monitoring and managing progress of the targets.

To staff motivation and its effect on BPM adoption, the study found that money, rewards and other gifts and that encouraging competitiveness affects business process management. Further, the study found that appreciation of good performance, overtime payments and incentive bonuses affects business process management to a great extent.

5.3 Conclusions

The study sought to find out business process management adoption by custody and share registrar in Kenya. Based on the findings in relation to specific objectives, the study concluded that organizations review their set strategies in order to enhance BPM practices. The study also concluded that strategies realignment is done in relation to the organization objectives. Further the study concluded that strategy in most organization outlines staffs responsibility and introduces continuous improvement programme while

senior management review and approve the strategy and the plan before submitting them to the board of directors for final approval where it influences business processing management to a great extent.

On technology adoption, the study concluded that organizations have embraced IT as a means of emphasizing BPM practices. Inclusively, the study concluded that adoption of computer technology in the BPM 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 where it IT influence BPM practices to a very great extent.

To employees' empowerment, the study concluded that staffs are empowered in contributing their initiatives through coaching and communication. Moreover, the study noted that 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. Additionally, the study established that 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 to a great extent.

On organizational culture the study concluded that existing cultural orientations at the firm are not supportive of the mission and success of the firm in process improvement and that learning culture should be created within the organization that allows continuous improvement to take place. Inclusively, the study concluded that the company fosters an

environment where staff can implement smaller, local continuous improvement projects that can be completed with line management involvement, alongside the major continuous improvement projects sponsored by top management and that culture determines whether a company can attract and keep the best employees for process improvement to a very great extent.

On staff motivation, the study concluded that money, rewards and other gifts and that encouraging competitiveness affects business process management. Further, the study concluded that appreciation of good performance, overtime payments and incentive bonuses affects business process management to a great extent.

5.4 Recommendations

The study recommended that employees need to have confidence that participation in continuous 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. The study also recommended that it is 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.

On technology adoption, the study recommended that 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. Likewise, the study suggested that 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.

To the strategy realignment, 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. Additionally, the study recommended that 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.

On organization culture, the study recommends that it appropriate for organizations to redesign their programmes in order to ensure that contribute to sustainable development in poorer countries. Effective communication is essential where all levels of management, and all employees, must understand the policies and objectives that have been established.

To top management commitment, the study recommended that the most important thing when implementing a process improvement is the top level management's commitment to the strategic direction itself. Therefore, top managers must demonstrate their willingness to give energy and loyalty to the implementation process. Further, the study recommended that to successfully improve the overall probability that the process is

improved as intended, senior executives must abandon the notion that lower-level managers have the same perceptions of the strategy and its implementation, of its underlying rationale, and its urgency and instead, they must believe the exact opposite.

On staff motivation, the study suggested that it is beneficial to identify those who have personally demonstrated the principles of process improvement to be the first staff to become involved in CPI activities. Inclusively, the study recommended that it is important to create enthusiasm in the staff so that, ultimately, all employees will have the opportunity to become engaged in continuous improvement activities. The senior management team should demonstrate high regard for those who are directly involved in continuous improvement as well as those affected by changes due to CPI.

5.5 Suggestion for Further Studies

This study investigated Business Process Management Adoption by Custody and Share Registrars in Kenya. The study suggests that further studies be done on the impact of Business Process Management on organization performance in order to give reliable results that reflect real situation in the ground. The study can also be replicated in other industries.

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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 Master's degree in Business Administration. As a requirement in fulfillment of this degree, am carrying out a study on the **“BUSINESS PROCESS MANAGEMENT ADOPTION BY CUSTODY AND SHARE REGISTRARS IN KENYA”**.

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 on the above through the use of a questionnaire.

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

Yours Faithfully,

TOM MAINA MBUGUA

Appendix II: Questionnaire

SECTION A: General Information

1. Indicate the name of your organization (optional).....
2. How long have you worked in this organization?

1- 5 years	[]	11 - 15	[]
6 - 10years	[]	16 years and above	[]
3. What is your highest level of education?

Post Graduate	[]	Diploma	[]
Undergraduate	[]	Certificate	[]

Any other (specify).....
4. Kindly, indicate the department you are working in.

Human resource	[]	Corporate strategies	[]
Information Technology	[]		

Any other (specify).....
5. Indicate position that you hold in the department.

Manager	[]	Unit Head officer	[]
Departmental Head	[]	Supervisor	[]
Assistant Manager	[]	Technical personnel	[]

Other (specify)
6. Does your organization recognize Business Process Management practices as a tool of increase organization performance?

Yes No

PART B: Business Process Management Adopted

Section B: Organizational Strategy Realignment

1. Does your organization review its set strategies in order to enhance Business Process Management practices within departments?

Yes No

2. What are the impacts of strategy realignment to the organization in Business Process Management practices?

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 BPM 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
Strategy in our organization outlines staffs responsibility and introduces continuous 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 done in our organization give direction and scope over the long-term that results to achievement of the organization objectives and fulfill stakeholder's expectations					
Management in our organization considers ways to					

narrow the gap between 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					

5. In your own opinion, indicate the extent to which strategies realignment has been practiced in organization to enhance business process improvement?

- To a very low extent To a great extent
- To a low extent To a very great extent
- To a moderate extent

Section C: Technology Adoption

1. Does your organization have embraced IT as a means of emphasizing BPM practices?

- Yes No

2. Indicate your level of agreement with the following statements relating technology adoption and BPM 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 BPM application					
Technology adoption change the traditional way of doing business by giving participants completely new possibilities					
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					
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					

3. In your own opinion, indicate the extent to which technology adoption has been practiced in organization to enhance Business Process Management?

To a very low extent [] To a great extent []

To a low extent [] To a very great extent []

To a moderate extent []

Section D: Employees Empowerment

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

Yes [] No []

2. In which 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 as it helps to minimize problems during the change programme and result in a better organizational environment					
Team participation into employee personal performance review and incentive bonuses has proven to be an effective reward system that empowers staffs in our organization					
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					
Improvement efforts are directed at all resources, processes, equipment and tools, environment and safety, information and measurements					

4. In your own opinion, indicate the extent to which employees' empowerment has been practiced in organization to enhance Business Process Management?

To a very low extent [] To a great extent []

To a low extent [] To a very great extent []

To a moderate extent []

PART C: Factors Affecting Business Process Management Adoption

Section 1: Organizational Culture

1. To what extent do you agree with the following statements related to organizational culture and effects to business process management? Use a scale of 1-5 where 1= strongly agree and 5 = strongly disagree.

	1	2	3	4	5
Culture influence what organizational strategies are selected and whether they are successful.					
Existing cultural orientations at the firm are not supportive of the mission and success of the firm in process improvement					
Culture determines whether a company can attract and keep the best employees for process improvement					
A learning culture should be created within the organization that allows continuous improvement to take place					
The company fosters an environment where staff can implement smaller, local continuous improvement projects that can be completed with line management involvement, alongside the major					

continuous improvement projects sponsored by top management.					
There is a complete coalitional involvement of implementation staff through a strong corporate culture.					

2. In your own opinion, indicate the extent to which organizational culture enhance Business Process management?

To a very low extent [] To a great extent []

To a low extent [] To a very great extent []

To a moderate extent []

Section 2: Top Management Commitment

1. To what extent do the following activities of senior management affect Business Process Management? Use a scale of 1 to 5 where 1 is to a very great extent and 5 is to no extent.

	1	2	3	4	5
Establishing a vision for continuous improvement					
Establishing overall goals for continuous improvement					
Creating the motivation for change					
Establishing commitment and alignment of the senior management team					
Managing the continuous improvement programme					
Creating a continuous improvement culture					
Innovation commitment					
Resistance to change					
Empowering and make individuals accountable for their work					

2. In your own opinion, indicate the extent to which top management commitment enhances business Process management?

To a very low extent [] To a great extent []

To a low extent [] To a very great extent []
 To a moderate extent []

Section 3: Staff Motivation

1. To what extent does your organization employ the following facets of employee motivation in order to enhance Business Process Management? Use a scale of 1 to 5 where 1 is to a very great extent and 5 is to no extent.

	1	2	3	4	5
Staff involved in Continuous process improvement (CPI)					
Appreciation of good performance					
Encouraging creativity					
Encouraging competitiveness					
Open door policy					
Pep talk					
Money, rewards and other gifts					
Incentive bonuses					
Wage Increments					
Overtime payments					
Opportunities to pursue new challenges					
Plaques/certificates					
Clear Instructions					

3. In your own opinion, indicate the extent to which staff motivation enhance business Process management?

To a very low extent [] To a great extent []
 To a low extent [] To a very great extent []
 To a moderate extent []

THANK YOU FOR YOUR PARTICIPATION!!!!!!!

Appendix III: List of Custody and Share Registrar Firms

1. Image Registrars Ltd
2. Custody and Registrar Services
3. Comprite Registrars
4. KCB Registrars
5. Co-operative Bank Registrars
6. CDS Registrars
7. Deloitte/Livingstone Registrars
8. Funguo Registrars
9. Haki Registrars
10. Sage Registrars