

***Assessing the effect of BPR Implementation on service quality and
customer satisfaction***

(The case in Ethiopian Insurance Corporation Head office)

***A Thesis Submitted to the School of Graduate Studies of Jimma University in
partial Fulfillment of the Requirements for the Award of the degree of Masters
of Business Administration (MBA)***

BY: FIKRU REFERA



JIMMA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS MANAGEMENT

OCTOBER 13, 2015

JIMMA, ETHIOPIA

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BY: FIKRU REFERA

Under the guidance of

Ato Ashanafi Haile (PhD Candidate)

And

Ato Hayalom Nega (MBA)



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JIMMA UNIVERSITY

MBA PROGRAM

**OCTOBER 13, 2015
JIMMA, ETHIOPIA**

Certificate

This is to certify that the thesis entitles " **Assessing the effect of BPR Implementation on service quality and customer satisfaction: the case in Ethiopian Insurance Corporation Head office** submitted to Jimma University for the award of the degree of masters of Business Administration (MBA) and is a record of bonafide research work carried out by Mr. Fikru Refera under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

Main Advisor Name

Signature

Date

Ato Ashanafi Haile (PhD candidate)

Co-Advisor name

Signature

Date

Ato Hayalom Nega (MBA)

Declaration

I hereby declare that this thesis entitled " *Assessing the effect of BPR Implementation on service quality and customer satisfaction: the case in Ethiopian Insurance Corporation, Head office* has been carried out by me under the guidance and supervision of Ato Ashenafi Haile and Hayelom Nega.

The thesis is my original work and had not presented for a degree in any other University, and all sources of materials used for the study accordingly acknowledged.

Researcher's Name

signature

Date

Fikru Refera

13/10/2015

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OCTOBER, 2015

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List of ACRONYMS /ABBREVIATIONS

ABW- Aggeresso business world

BPR- Business Process Reengineering

CSF-Critical success factors

CSRP- Civil Service Reform Programs

EIC - Ethiopian Insurance Corporation

IBM- International Business Machines

ICT- Information communication technology

INSIS - insurance information system

ISP - Insurance service process.

MOE- Ministry of Education

MOTI -Ministry of Trade and Industry

NCBP- National Capacity Building Program

SERVQUAL - Service quality

SPSS- Statistical Package for the Social Sciences

Abstract

BPR has great potential for increasing productivity through reduced process time and cost, improved quality, and greater customer satisfaction. To achieve the desired goal, improving service quality and satisfying its customers, EIC implemented BPR since, January 2011. This study was designed to assess the effect of BPR implementation on service quality and customer satisfaction. The reason of this, the level and effectiveness of implemented BPR on organizational performance has not been yet identified in EIC. Among the targeted population (711) about 238 (250 less 12 non respondents) was taken as a sample based on stratified probability sampling techniques which have three strata- managerial group, non managerial group and customers of the corporation. In order to achieving the objectives of this study primary data was collected through questionnaires and interview. Secondary data for this study was obtained from different Manuals, books, magazines, newspapers, reports and international organization publications. Both quantitative and qualitative data gathering instruments were employed. The SERVQUAL model which have been used in the study and questionnaire were analyzed using statistical analysis such as descriptive and inferential analyses and presentation of the results was in the form of tables and figures. The majority of the findings of the study revealed negative results. Like poor ICT infrastructure, Lack of commitment and support of top management, negative attitudes of employees toward BPR implementation and customers were not satisfied with service delivery of EIC. Based on the understanding of the problems, finally recommendations were included. Among the recommended points Improving ICT competency, empowerment and involvement employees ,ensuring top level management commitment and support and develop monitory and evaluation system on service delivery processes to ensure satisfy their customers are some of them.

Key words: Business Process Reengineering, Customer satisfaction, Service quality, SERVQUAL model and EIC.

CHAPTER ONE

1. INTRODUCTION

1.1. Back ground of the study

According to Johnson and Scoles (2008), the environment is constantly changing and so it is imperative for organizations to constantly adapt their activities to succeed. Organizations continually monitor and improve their competitiveness to stay in business due to growth of international trade, demand for high quality products and services, increased competition in the global market, rapid development of new technologies as well as shortened product life cycles. Various organizational change approaches and methods have been developed to enhance business performance by making the organizations more effective, efficient, and responsive to the turbulent environmental changes. One such organizational change approach is business process reengineering.

Business Process Reengineering (BPR) is the fundamental rethinking and radical redesign of business processes to achieve dramatic Improvements in critical contemporary modern measures of performance, such as cost, quality, service, speed, outcomes, flexibility and innovation (Hammer and Champy, 1993). According to Farmer (1993), business process reengineering (BPR) to help Organizations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs, provide quality service, greater customer satisfactions and become world-class competitors.

According to Parasuraman et.al (1985), regardless of the type of service, consumers basically use the same criteria to assess service quality. Service quality is a general opinion the client form regarding its delivery, which is constituted by a series of successful or unsuccessful experiences.

Managing gaps in service will help the company improve its quality.

Service quality in the management and marketing literature is the extent to which customers' perceptions of service meet and/or exceed their expectations (Zenithal et al. 1988). Thus, service quality can intend to be the way in which customers are served in an organization which could be

good or poor. Parasuraman defines service quality as “the differences between customer expectations and perceptions of service” Parasuraman, (1988).

According to Reinheld (1996), Customer satisfaction is often viewed as a central determinant of customer retention, without customers the service firm hardly be able to exist, thus, every service giving organization needs to proactively define and measure the level of customer satisfaction.

Customer satisfaction is a personal feeling of either pleasure or disappointment resulting from the evaluation of services provided by an organization to an individual in relation to expectations (Reinheld, 1996).

Customer satisfaction represents a modern approach for quality in enterprises and organizations and serves the development of a truly customer-focused management and culture and it measures how well a company’s products or services meet or exceed customer expectations. These expectations often reflect many aspects of the company’s business activities including the actual product, service and how the company operates in a global environment. Customer satisfaction measures are an overall psychological evaluation that is based on the customer’ life time of a product and service experience. A review of excising literature suggests that customer satisfaction is associated with a good service quality that is offered to customer that will lead them to have a good relationship with the company (Thomas, 1994).

When we come to BPR concepts in our country Ethiopia, commencing from few years back, BPR has been the new flavor of governmental organizations which is organized by capacity building through CSRP was launched in 1996, designed to improve the efficiency, effectiveness, and transparency of public institutions. It included sub-programs to reform top management systems, human resource management, service delivery, government expenditure and control, and ethics in 2001, the Government also launched a comprehensive National Capacity Building Program NCBP to strengthen working systems, improve organizational performance, and rapidly develop human resources in the public sector.

Realizing that need Ethiopian insurance corporation (EIC) is undergoing a reform program to bring about institutional transformation by undertaking reform -oriented projects under the auspices of the financial sector reform program. One of the aspects of the program focuses on undertaking business process reengineering (BPR) to streamline business processes. Before BPR implementation, the corporation of service process is characterized by low level of

empowerments, high level of customer dissatisfaction, delayed service, costly service, inflexibility, unresponsiveness, lack of transparency, delay in removing damaged property from accident site, high level of staff frustrations and long and multiple layers of checks and approvals to claim handling process and other insurance services. (ISP Training Material of EIC General October, 2010 Addis Ababa).

The expectation of the corporation is redesigning brings the most excellent insurance service process which is capable of addressing the needs and satisfactions of customers and stakeholders, meeting the desired outcomes and attainment of objectives stretched. The stretch objectives of the corporation based on "time" which means the main customers needs and expectations are prompt service (timely response). The second one of customers needs and expectations is "Quality" (as expressed based on customer satisfaction by responsiveness, reliability, empathy, assurance and compliant handling) and the third one of customer needs and expectations are competitive premium which means insurance service is provided in a cost-effective manner. (ISP Training Material of EIC General October, 2010 Addis Ababa)

Since January 2011, EIC has been implemented BPR as a new organizational structure and process of the work flow by introducing a new study developed using the Business Process Reengineering (BPR) tool to improve its performance. Therefore, the purpose of this study intends to provide fresh observation and identify the effect of BPR implementation on Service Quality and customer satisfaction in EIC.

1.2. Back ground of the organization

Ethiopian insurance corporation (EIC) was established in 1976 by proclamation No.68/1975. The corporation came in to existence by taking over all the assets and liabilities of the thirteen Nationalized private insurance companies. With birr 11million (USD1.29 million) paid up capital aiming the following objectives.

1. Engage in all classes of insurance business in Ethiopia.
2. Ensure the insurance services reach the broad mass of the people.
3. Subject to the provision of Article 18 of the housing and saving banking establishment proclamation No 60/1975, promote efficient utilization of both material and financial resources.

EIC was operating the business for about nineteen years under protected monopolistic system as state owned-sole insurer. After the demise of the Marxist regime in mid-1991 a fundamental change has taken place and there was a shift in political, economic and social orientation from totalitarianism to that of liberalism. Therefore, EIC was re-established as public enterprise under proclamation number 201/94 with birr 61 million (USD 7.13 million) paid up capital.

Up on reestablishment of the corporation in 1994 as state owned enterprise the law covers the following new objectives to the corporation.

1. Engage in the business of rendering insurance services, and
2. Engage in any other related activities conducive to the attainment of its purposes.

Currently, the Co has 67 districts and branches all over the country and it still takes the leading bigger share in the country's economy than other private competitive insurance company. EIC, as it is the biggest insurance co in the country and it operates with a vision of becoming a world class of insurer in 2025. In the mission that the Ethiopian insurance corporation is to provide its customers an efficient and reliable insurance service which covers life, property and liability risks and prime objective of the organization is to maximize the profit (<http://www.eic.com.et>).

1.3. Statement of the problem

BPR was designed for performance improvement of the existing system of organization and control so that organizations will be abreast with the technology and current innovations Hammer (1993). Business Process Reengineering offers one method for managing profoundly changed the way organizations do business during the past decade while at the same time making it possible to achieve dramatic gains in business performance. However, not all BPR projects have been successful in achieving dramatic performance gains (Shin and Donald, 2002).

Successful implementation of BPR projects benefited the organization by increasing its productivity through reduced process time and cost, improved quality, and greater customer satisfaction. The ultimate success of BPR depends on the people who do it and on how well they can be committed and motivated to be creative and to apply their detailed knowledge to the reengineering initiative. Organizations planning to undertake BPR must take into consideration the success factors of BPR in order to ensure that their reengineering related change efforts are comprehensive, well implemented, and have minimum chance of failure (Champy, 1993).

While the Ethiopian government has been starting implementing BPR in public organizations and then practicing BPR had become the principal agenda in many governmental organizations of the country for the problems of inefficiency in the performance of the civil service organizations (Debela, 2009).

As a result of the implementation of BPR in Ethiopia, it is claimed that many inefficient practices in public agencies were identified and many non-value adding processes were eliminated (Richard & Getachew, 2006).

Thus, Ethiopian Insurance Corporation is being one from the public organizations starts practicing BPR from January, 2011 and it is also made to transform the current insurance practices to that of the best class of insurer. In order to realize dramatic improvements and performance; it is imperative to understand the existing process on which the radical design is supposed to be made. Hence, the implementation process must be checked against several success/failure factors like setting comprehensive implementation plan, addressing change management issues and measuring the attainment of desired results so as to ensure successful implementation, as well as to avoid implementation pitfalls (Cooper and Markus, 1995).

However, identifying the implementation level and effects of BPR project on the performance of the Ethiopian insurance corporation is not yet identified. Moreover, as per the researcher knowledge, there is no comprehensive study on the effect of BPR implementation on Quality service and customer satisfactions in the Corporation. Thus, these gaps lead to originate the following general research question and a need to study on assessing the effect of BPR implementation on service Quality and customer satisfaction.

Therefore, as per the researcher knowledge this research is the first in its kind in Ethiopian Insurance Corporation and helps the corporation for identifying performance problems and set improvement goal.

Finally, the study attempts (tried) to answer the following basic questions.

1. What is BPR implementation of the company looks like?
2. What major challenges were faced in the implementation of BPR?
3. What is the effect of BPR implementation on company's service Quality?
4. What is the effect of BPR implementation on customer satisfaction?

1.4. Objective of the study

1.4.1. General Objective

The general objective of this study focuses on assessing the effect of BPR implementation on service Quality and customer satisfaction in Ethiopian Insurance Corporation.

1.4.2. Specific Objectives

1. To examine BPR implementation practices in EIC.
2. To identify major challenges faced in BPR implementation.
3. To investigate the effect of BPR implementation on service quality of the company's.
4. To examine the effect of BPR implementation on customer satisfaction.

1.5. Significance of the study

The significance of the study can be stated as follows:

- It provides fresh evidences on the effect of BPR implementation on quality service and customer satisfaction to concerned bodies of the organization.
- This study will helpful for the organization to designing workable service delivery strategies to create Service quality and achieve customer satisfaction and loyalty.
- It helps the corporation to get an insight on the problems identified and will take corrective action to improve their performance.
- Finally, the study will also helpful for coming researcher as a reference for further studies in the related issues.

1.6. Scope of the study

The Scope of the study was limited to head office of Ethiopian Insurance Corporation which is founded in A.A, Ethiopia. The paper is also restricted on the assessing the effect of BPR implementation on service quality and customer satisfaction.

1.7. Limitation of the study

The study was encounters the following limitation:

- In our country Ethiopia there are different public financial institutions. However, the study focuses only in one public financial organization.
- Customer satisfaction is a very complex concept since definitions cannot be refined to certain variables listed by the researcher. This variable would not be easy as each individual has their own perception of what customer satisfaction means to them.
- Some respondents were delayed to submit their questionnaires which might have killed limited time of researcher.
- The lack of relevant and update literature and localized previous research paper in the area of the study.
- Therefore, the above stated condition might affect the quality of paper to some extents and the researcher couldn't allow going more than expected.

1.8. Organization of the study

The organization of this study paper consists five chapters. The first chapter of the study deals an overview of the topics description of background of the study, statement of the problem, the general and specific objectives of the study, and significance of the study, scope of the study, limitation of the study and organization of the paper.

The second chapter contains the different literatures reviewed which is related to topics of the study. The third chapter is devoted on various methods and techniques that are to be used in the process of this study.

The fourth chapter summarizes data presentation, analysis and interpretation and finally, the fifth chapter focused on Summary, conclusion and recommendation of the study. Reference and questioners are followed.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

THEORETICAL REVIEWS

2.1. Overview of Business process Reengineering

"Change is the law of life, and those who look only to the past or present are certain to miss the future." -John F.kenned. The concept of Business Process Reengineering (BPR) was first introduced by Hammer in 1990. BPR has been defined as a fundamental redesign of business processes to achieve dramatic improvements in critical areas such as cost, quality, service and speed. BPR began as a private sector technique to help organizations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs, and become world-class competitors. BPR which initially considered as a tool to improve the performance of private organization, sooner federal agencies especially in the united states become very interested because of they faced with an urgent need to reduce costs and improve service to the public (Hales &Savoie, 1997).It has become a popular management tool for dealing with rapid technological and business change in today's competitive environment.

Today, globalization along with key driving forces such as customers behavior, competition among businesses and change in the working environment are create tough environment for organizations work with outdated philosophies and principles of work practices. Although those outdate philosophies and principles succeed to cope up the socio-economic challenges of that time, they cannot fit today's new environment.

The new environment requires organizations to realize new working practices that can make up them to be responsive and flexible for the changing environment. In doing so, organizations utilize the management tools; that means Business Process Reengineering (BPR). Reengineering posits a radical new principle that the design of work must be based not on hierarchical management and the specialization of labor but end-to-end processes and the creation of value for the customer (Hammer and Stanton, 1995).

According to Ranganathan and Dhaliwal (2001), organizations apply business process reengineering for various reasons. There are factors that compel organizations to reengineer and they can be categorized into two: external factors and internal factors. Internal factors exert pressure from within the organization and include the following: the need to improve technology

or automate; the need to increase efficiency; the need to reduce cost; and the need to define or redefine strategic focus.

The external factors on the other hand exert pressure on the organization from the outside include: customers; competitors; changing industry or market conditions; and Governmental regulations/political pressures.

Many authors define business process reengineering in different ways. For example, (Davenport& Thomas, 1993) defined as “the analysis and design of workflows and processes within and between organizations”. (Linden, 1994) defined BPR as “the critical analysis and radical redesign of existing business processes to achieve breakthrough improvement in performance measures”. However, one of the best ways to explain the concept and principles of BPR is through the definition given by Hammer and Champy, who are one of the best-known figures in the field. The concept of Business Process Reengineering (BPR) was first introduced by Hammer in 1990.

Hammer and Champy (1993) defined BPR as: “The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, and speed”

The frame work of BPR in this definition holds four key words:

1. **Fundamental:** why does the firm do things a certain way?
2. **Radical:** Get to the root of a process. Look for reinvention as opposed to making superficial changes or minor enhancements to what is already in place.
3. **Dramatic:** Reengineering is not about marginal or incremental improvements, but rather it focuses on achieving quantum leaps in performance. It is not fractional, but multiplicative levels of improvement. 10X rather than 10%.
4. **Processes.** Reengineering looks at a business process that is a collection of activities that takes one or more kinds of inputs and produces some output of value.

BPR calls for complete re-examination of the old practices, principles, and assumptions. For example, the non-value adding activities in the process of customer satisfaction and total performance of the organization is identified and eliminated. BPR is not full-fledged technique by itself alone cannot achieve dramatic or breakthrough improvement in performance measures.

2.1.1. Concept of Business Process Reengineering

The reengineering concepts involve four dimensions that are stated below:

A. Innovative Rethinking: This is a process that is itself utterly dependent on creativity, inspiration and old-fashioned luck. Drucker (1993) argues that this paradox is apparent only not real most of what happens in successful innovations are not the happy occurrences of a blinding flash of insight but rather, the careful implementation of unspectacular but systematic management discipline.

B. Process Function: Taking a systematic perspective, Hammer and Champy (1993) describes Process functions as a collection of activities that take one or more kinds of input and creates an Output that is of value to the customer. Typical process of this includes ordering of organizational structure, manufacturing, production, development, delivery and invoicing.

C. Radical change: In radical change, a key business process is the transformation of Organizational element; it is essential to an organization survival. Change leads to new ideas, technology, innovation and improvement.

Therefore, it is important that organizations recognize the need for change and learns to manage the process effectively (Pamela et al, 1995).

D. Organizational Development and Performance: It takes a look at the firm's level of efficiency and way to improve its current activity level in order to meet up to standards and survive the competitive pressure.

One way to judge the performance of an organization is to compare it with other unit within the Company. Comparison with outsiders however can highlight the best industrial practices and promote their adoption. This technique is commonly term "bench making" (Roberts, 1994).

Hence, it is done with the help of leadership commitment, the power of ICTs and frontline employees' acceptance (Richard & Getachew, 2006). The BPR targets those institutions with functionally- based structures and sequentially organized process be it government or non government organization. The point here is that, in re-engineering, substituting parallel for sequential processes perhaps, could reduce the likelihood of errors, delays, and information failing through the cracks. When each unit or department works on aspect of product or process and then passes it on the next unit. ICTs are understood to provide the technological means of running in parallel tasks or process that were previously organized in series manner, the

committed leadership is supposed to secure the necessary resources requirement from start to end, where front line employees perform the new tasks with enthusiastic atmosphere. Once BPR is implemented, the existing reward systems, performance evaluation systems, career management and etc may not be appropriate for the newly created work environment. According to Hammer and Champy (1993), redesigned work creates different jobs which require different reward system. The existing reward systems may be inappropriate to the newly created nature of work. They argue that, the revisions in reward systems facilitate changes in working practice. This helps ensure that reward systems push staff towards working in the new way rather than pull staff back to the old way. Hence, some argue that, reward changes may occur too slowly compared to speed of process redesign and implementation and this perhaps might result in hampering organizational performance for that matter.

BPR is a management process used to re-define the mission statement, analyze the critical success factors, re-design the organizational structure and re-engineer the critical processes in order to improve customer satisfaction (Oakland, 1995). BPR is a major management approach that can focus on doing things in a better way that is clearer and easier to achieve a radical improvement on quality, speed, customer service, and reduction in cost (Goll & Cordovano, 1993). Allen (1994) argued that, the focus of reengineering is on the processes redesign, which relate to doing things better and clearer.

2.2. BPR Theory

2.2.1. Why BPR?

BPR has become a popular tool to deal with rapid technological and business change in today's competitive environment. Literature is full with examples of how BPR has helped firms contain costs and achieve breakthrough performance in a variety of parameters like delivery times, customer service, and quality (Michael Hammer,1996). Companies that have successfully implemented reengineering have reported general benefits of higher productivity, greater cost efficiency in delivering goods or services, reduced business cycles, and overall improved profits (Carr, 1993). In order for different agencies to be successful in business process reengineering projects, the agencies should work hard to ensure a reasonable transition to the new process. This includes managing the human and technical issues surrounding implementation of the new process and assessing the results of agencies' reengineering efforts. Besides, organizations also need to focus on ongoing performance measurement and feedback to continually improve the new process once it is in place (Lowenthal, 1994). Similarly, Carr indicated that organizations need to effectively manage change so as to be successful in BPR implementation projects (Carr, 1993).

2.2.2. Why change?

In general change is needed to meet changing customer needs; to meet changing market conditions; to response to internal pressures; to take advantage of new opportunities and to respond to competitive pressure.

2.2.3. Implementation Plan

Aligning BPR strategy with corporate strategy that guides the alteration of tasks and flows into integrated processes, and variance in how tasks are performed and the flow of material, people, and information (Hammer, 1996), is necessary to be effective in the transition to process orientation. Hence, it is essential to align cooperate strategy with BPR strategy (Jackson, 1997).

Detail implementation plan also is a corner stone of the successful BPR implementation. How new processes are tested, employees are redeployed, offices are arranged, resources are decided and the communication plan, change management strategies, controlling and monitoring as well as implementation arrangements are the main components of BPR implementation plan (Hammer and Champy, 1993). Effective BPR implementation planning that spells out the work

that needs to be done, with time frames, milestones, decision points, and resource allocations is essential for smooth transition from task orientation to process orientation (Jackson, 1997).

In relation to implementation plan, Zairi and Sinclair asserted that training and workforce deployment, specifying timetables for all actions, assigning individuals responsible for overseeing and performing the tasks are important elements of BPR implementation plan (Zairi and Sinclair, 1995).

Al-Mashari and Zairi (2001) suggests that successful BPR implementation is highly dependent on an effective BPR program management which includes: adequate strategic alignment; effective planning and project management techniques; identification of performance measures; adequate resources; appropriate use of methodology; external orientation and learning; effective use of consultants; building process vision; effective process redesign; integrating BPR with other improvement techniques and adequate identification of the BPR value. Information communication and technology (ICT) is also critical to the implementation of BPR initiatives

The planning part also includes setting appropriate cross-functional team. Organizations' executives and cross functional transition team should develop a detailed implementation plan that lays out the road to the new process. This cross-functional BPR teams are a critical components of successful BPR implementation (Towers, 1994; Dawe, 1996). Teams should be made up of people from both inside and outside the organization and also need to have experience in variety of techniques (Hammer and Champy, 1993). Effective communications, effective team leadership, adequate knowledge in process mapping, motivation, empowerment and proper organizations are the pillar for the success of the team (Carr, 1993).

The other issues to be covered here is pilot testing. Pilot testing which provides a method of refining the process and building support are particularly important for tuning a BPR implementation project to full successful implementation of the new process across the organizations (Jackson, 1997; Hammer and Stanton, 1995).

2.2.4. Methodology of a BPR project implementation / alternative techniques

BPR is world-wide applicable technique of business restructuring focusing on business processes, providing vast improvements in a short period of time. The technique implements organizational change based on the close coordination of a methodology for rapid change, employee empowerment and training and support by information technology.

In order to implement BPR to an enterprise the key actions need to take place on Selection of the strategic (added-value) processes for redesign; Simplify new processes - minimize steps - optimize efficiency - (modeling); Organize a team of employees for each process and assign a role for process coordinator; Organize the workflow - document transfer and control; Assign responsibilities and roles for each process; Automate processes using IT (Intranets, Extranets, Workflow Management); Train the process team to efficiently manage and operate the new process; Introduce the redesigned process into the business organizational structure and Most reengineering methodologies share common elements, but simple differences can have a significant impact on the success or failure of a project.

After a project area has been identified, the methodologies for reengineering business processes may be used. In order for a company, aiming to apply BPR, to select the best methodology, sequence processes and implement the appropriate BPR plan, it has to create effective and actionable visions.

All methodologies could be divided in general 'model' stages:

The Envision stage: the company reviews the existing strategy and business processes and based on that review business processes for improvement are targeted and IT opportunities are identified.

The Initiation stage: project teams are assigned, performance goals, project planning and employee notification are set.

The Diagnosis stage: documentation of processes and sub-processes takes place in terms of process attributes (activities, resources, communication, roles, IT and costs).

The Redesign stage: new process design is developed by devising process design alternatives and through brainstorming and creativity techniques.

The Reconstruction stage: management technique changes occur to ensure smooth migration to the new process responsibilities and human resource roles.

The Evaluation stage: the new process is monitored to determine if goals are met and examine total quality programs.

BPR has been implemented in both service and manufacturing firms in different countries around the world. Successful implementation of BPR brings many benefits to the organization and it increase quality service, increases customer satisfaction, increased productivity, higher flexibility, increased employees and improved coordination, and improved competitive advantage are the main benefits of successful BPR implementation. BPR helps organizations to achieve new heights of success by dramatically changing existing business processes (Holland and Kumar, 1995)

2.2.5. Change Management

Change management, which involves all human- and social-related changes and cultural adjustment techniques needed by management to facilitate the insertion of newly-designed processes and structures into working practice and to deal effectively with resistance (Carr, 1993). Change management is considered by many researchers to be an essential success factor in BPR implementation projects (Cooper and Markus, 1995).

According to Simons (1999), change management involves all human- and social-related changes and cultural adjustment techniques needed by management to facilitate the insertion of newly designed processes and structures into working practice and to deal effectively with resistance.

The most important factors relating to change management and culture include: revision of reward systems, effective communication, empowerment, people involvement, training and education, creating a culture for change, and stimulating receptivity of the organization to change. Organizational culture influences the organization's ability to adapt to change.

Ahmad et al (2007) proposes that an organization must understand and conform to the new values, management processes, and the communication styles that are created by the newly-redesigned processes so that a culture which upholds the change is established effectively.

2.2.6. Successful implementation of BPR

The ultimate success of BPR depends on the people who do it and on how well they can be motivated to be creative and to apply their detailed knowledge to the redesign of business processes. So the attitude of the employees towards change has a great contribution. Authors like Revenaugh (1994); Terziovska et al.(2003), indicated numerous organizations like Ford Motor, Wal-Mart, IBM Credit Co., and so forth which achieved larger cost reduction, higher profits, improved quality and productivity, faster response to market and customer service through BPR. Redesign can be achieved in two modes: incremental and radical. Incremental change can be classified methodologies for improvement and simplification. These methodologies aim at improving what already exists in the organization usually by eliminating non value added activities in order to achieve lower throughput times and best re-allocation of resources (Grover et al, 1993). In the latter case the redesign or rebuilding of the processes will usually emerge from the application of “best practices” that is achieved with the use of benchmarking. In radical change redesign will challenge the existing organizational framework and might request the introduction of new technology regardless of the impact this might have on the personnel’s behaviors and attitudes (Grover et al, 1993).

Organizations planning to undertake BPR must take into consideration the success factors of BPR in order to ensure that their reengineering related change efforts are comprehensive, well implemented, and have minimum chance of failure (Hammer and Champy, 1993).

Active involvement of staffs in BPR implementation is necessary for the success of the project (Dawe, 1996). All people that are involving in the implementation should not be discouraged. At the beginning errors and mistakes should be tolerated as the implementation commenced. BPR supports teamwork and integration of labor, co-operation, co-ordination, and interactions; interpersonal skills, IT skills, performance monitoring, process analysis and planning knowledge are very important dimension of training required to succeed in the implementation processes (Cooper and Markus, 1995; Towers, 1994). Similarly, Bruss and Roos indicated the importance of educating people how IT related innovation important for competitive advantages and used as enabler to succeed in the project (Bruss and Roos, 1993; Davenport, 1993).

To have a successful BPR, requires a strategy that incorporates are:

1. **A business focus – a focus on all dimensions.** Success depends on integrating all process, technology, and organization, plus supporting that integration with new infrastructure and values.
2. **A methodology and project approach** – requires discipline and structure; methodology must be systematic and fact focused; must articulate how to secure funding, manage power struggles, and sell the new ideas.
3. **Time** - BPR takes time. Executives must be able to stick with the program.
4. **Partnership participation** – BPR is accomplished only as a result of efforts by people from all over the organization. Requires flexible and trained teams.
5. **Visible, active leadership.** This is the most important of all the critical success factors. Requires long-term commitment to BPR – in terms of dollars, people and executive visibility. (Leaders must be careful not to use negative reinforcement; positive reinforcement is much more effective).

****Executive leaders and middle managers must:**

- 1) Enable people to step back and evaluate how the work is done, this may mean changing work priorities,
- 2) Resist the temptation to silence dissident voices,
- 3) Simplify problem solving
- 4) Remove barriers and obstacles to performance
- 5) Reward and encourage ideas
- 6) Allow people to have fun at work BPR begins the process of transforming a dysfunctional organization into learning, productive, quality-focused, customer driven organization. BPR must be customer driven.

Quality is defined in terms of added value, cost sensitivity, responsiveness, and functionality. BPR must enable people to handle more change successfully.

Reyes, D (2001) noted success factors of BPR implementation to public organizations are commitment and support of top management who have real power to change.

McAdam and Donaghy (1999) found that top management support, commitment and understanding of BPR and the selection of a knowledgeable and skilled reengineering team were critical for public sector BPR project success. According to Al-Mashari (2001), an increase in consumer requirements for both product and service efficiency and effectiveness has resulted in BPR. Since the 1990s Process Redesign or Business Process Reengineering has been embraced by organizations as a means to cut non-value-added activities (Grover & Malhotra, 1997).

The seven CSFs – Collaborative working environment, top management support and commitment, IT infrastructure, training, less bureaucratic structure (fatter structure), culture, adequate financial resources and empowerments.

Hammer (1990) considers Information Technology (IT) as the key factor in BPR for organization that wants to witness a “radical change” in its operation.

As stated by Hammer and Champy (1993), the reengineering of business processes is concerned with fundamentally rethinking and redesigning business processes to obtain dramatic and sustaining improvements in quality, cost, service, lead-times, outcomes, flexibility and innovation which guarantee the performance of the organization in the world of competition that is why Reengineering has become a fairly accepted approach today in the reform efforts of any organizations.

2.2.7. Causes for BPR Failure

In general, BPR has been attributed with achieving major gains in efficiency, quality, and speed. On the other hand, there is also considerable evidence of widespread disappointment with the outcome of reengineering initiatives. Reengineering seeks very large changes, the kind that are most difficult to implement and the most risky. A process often involves multiple organizational sub units so the change may involve organizational structure as well as operations. Al-Mashari and Zairi (2001) recognized implementation of BPR as complex and needs to be checked against several success and failure factors to ensure successful implementation by avoiding implementation pitfalls.

What are the reasons for failure of BPR?

The Economist (1994) asked Michael Hammer one of the founder and gurus of BPR what had gone wrong. He answered that too many firms had simply equated with 'slash & burn 'exercises in cost reduction. He added 'Reengineering is about rethinking work, not eliminating jobs.' Other

has traced the root of the trouble to the neglect of the people management aspects. Hammer also stated that he and his colleagues 'forgot about people' in developing reengineering principles.

The other major realization to emerge from BPR exercises is that most production and administrative processes are exceedingly complex. To redesign a process one must first understand it. Process mapping exercises reveal that even seemingly simple business processes, such as the procurement of the office supplies, involve complex and sophisticated systems of interactions among a number of organizational members. M. Grant underlined that reengineering without a complete understanding of the process is hazardous.

2.2.8. Factors Related to BPR Challenges

Besides the success stories of BPR there is a list of failures in business world. Organizations used BPR to improve their performance by changing business processes radically and fundamentally, however, its implementation phase is the most challenging one. Business process reengineering is an approach towards changing the traditional methods of working and redesigning the process workflows in an efficient and effective manner. A new business process calls for a change which is always welcomed with resistance in an organization (Peppard and Fitzgerald, 1997).

According to Al-Meshari and Zairi (2001) classified the factors that could affect BPR implementation into following dimensions:

On the studied literature, researcher agreed on the common five dimension; change management system, project management, management's support and leadership, organizational structure and IT aspects. These dimensions (and their related factors) are adequate with the private and public sectors. As lack of dramatic change is one of the major problems facing organizations now- a-days, reengineering has become an alternative mechanism for providing new working conditions to the organization and its employees who are previously not much actively participate to overcome the problem. Reasons for such a problem can be due to the fact that; senior management does not always have a clear vision of what the BPR effort intends to achieve, or how to gauge or monitor the success of the programmed objectives and lack of commitment and support (Graham, 2010).

2.2.9. BPR in Ethiopia

Since 1994, the government of Ethiopia has embarked on reforming its civil service organizations with the objective of improving the public sector service delivery system. The government sponsored a lot of management training programs to enhance the capacities of civil service employees and to implement *Result Based Performance Management System* in all of its civil service organizations.

The Ethiopian government has taken BPR as a panacea for the problems of inefficiency in the performance of the civil service organizations (Debela, 2009). Business Process Reengineering (BPR) has been considered as a government sector technique to help organizations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs, and become responsive (Ministry of Health BPR document, 2007)

Ethiopia is a country striving for building good governance, democracy and economic development and improving the living standard of citizens. The last few years experience in building democracy and economic development in the country is promising.

And now ahead, the Ethiopian Government is in charge of ensuring good governance and building democracy and economic development. Transforming the civil service system is one of the key tools in achieving these objectives. Otherwise continuing with the old bureaucratic system of the civil service will result in futile attempt this reality has brought about the need for BPR in the Ethiopian civil service system Belete (2006).

2.2.10. BPR in Ethiopian Insurance Corporation

The environment in which organizations operate is characterized by change. The change could be caused by globalization, technological innovations, change in customer expectation, and increased competition etc. As a result, organizations need to learn something new, or adjust themselves to a new way of operations or unlearn how they are doing, so as to make themselves fit and responsive to the changing conditions and in turn ensure their sustainability and growth.

Realizing that need Ethiopian Insurance Corporation is undergoing a reform program to bring about institutional transformation by undertaking reform-oriented projects under the auspices of the Financial Sector Reform Program.

One of the aspects of the program focuses on undertaking Business Process Reengineering (BPR) to streamline business processes. To this effect, one core business processes known by Insurance Service Process (ISP) is chosen on which BPR is going to be conducted.

Ethiopian Insurance Corporation has taken an extensive study of its business processes using the contemporary management tool known as Business Process Reengineering (BPR) which eventually is expected to bring about institutional transformation.

Reengineering teams have been established and given training on the concepts and techniques of Business Process Reengineering. Then, the teams have been engaged in a painstaking study of understanding the “AS-IS” of each selected processes, followed by redesigning of new processes that will supersede the old ones, job organizing of the newly redesigned processes that show how activities are performed, Policies & Procedures that are governed performers in each process and Team Charters developed for the smooth and effective execution of the business. Ethiopian Insurance Corporation applied BPR concept in January, 2011 to enhance the process of corporation performance and to achieve the desired outcome of BPR implementation results.

2.2.11. Organizational performance

Organizational performance is a result of the effectiveness and efficiency of the actions that an organization undertakes. Effectiveness refers to the achieved outcomes in relation to strategic objectives/goals and customer requirements. Efficiency refers to how economically the organization’s resources are utilized by an activity such as a business process that produces a given output or that delivers a given service. These two fundamental performance dimensions highlight the external and internal reasons for pursuing a specific course of action; that is, effectiveness with a primary focus on customers, and efficiency with a primary focus on internal operations and processes. Organizational effectiveness and efficiency can be measured using both financial and non-financial indicators .Venkatraman and Ramanujam (1986).

Financial performance indicators include profit, rate of return and costs. Non-financial performance indicators are customer satisfaction, market share, learning and innovation, new service/product introduction, product/service quality, flexibility, responsiveness and service/product delivery Venkatraman and Ramanujam (1986). The Business Process perspective emphasizes the relationship between the extent of business process improvement and organizational performance. It argues that the achievement of higher degrees of business

process orientation and higher performance at the business process level lead to higher overall organizational performance.

2.2.12. Performance Management

Performance management applies to organizations as well as individuals and includes recurring activities to establish organizational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently. This performance management helps organization to measure its performance. Setting performance measures are necessary to indicate the levels of achievements (Zairi and Sinclair, 1995).

There have been different types of performance measurements techniques. Among these self-assessment, capability maturity model, statistical process control, work flow based monitoring and balanced scorecard approaches can be mentioned. Balanced scorecard approaches use a number of financial and non-financial indicators on a regular basis which has a framework with four perspectives. These are; the financial, the customer, the internal business, and the learning and growth perspective. This performance measuring and monitoring tool is used for the purpose of strategic performance reporting; to link strategy with performance measures; to present different perspectives (Kaplan & Norton, 1996). Determining if the new process is achieving the desired results using performance measurement and continuously improving the new process is vital for the success of BPR. Although, there is an element of commonality in all of these definitions, there are some key differences between them: Hammer and Champy (1993) emphasize on cost, quality, service and speed; Davenport (1993) placed emphasis on the analysis and design of work-flows; while Grover (1993) identified the following as common features of BPR programs.

2.2.13. Organizational Performance Measures

Several empirical studies have been conducted to establish the link between BPR effort and organizational performance (Smith, 2003). The results of these studies indicated that there are various measures, i.e. organizational performance. Corporate performance, business performance, operational performance, financial and non-financial performance, innovation performance, and quality performance.

Organizational performance in two dimensions: organizational productivity and organizational growth. Productivity dimension involved the appraisal of an enterprise within the organization, the departments and individuals. Bontis (1998) suggest that the variables in the organizational level have positive impacts on objective business performance hence are important indicators of business performance measures. These variables reflect the success of the enterprise, meeting of customer 'needs and securing future performance and earning of respect within the industry. Bontis (1998) suggest that the variables in departmental level reflect the department's contribution to the organization, overall performance of the department and meeting of performance targets. Organization's growth was operational zed using a company's improvements in deposit growth and market share gains relative to competition (Smith, 2003). Although many studies have found that different companies in different countries tend to emphasize on different objectives, the literature suggests financial profitability and growth to be the most common measures of organizational performance (Smith, 2003). Many researchers also observed that a successful BPR effort often enhance organizational performance, including sales growth, shares and profits (Smith, 2003).

2.2.14. Service Quality (SERVQUAL)

Service means a non-object that performances cannot be seen, felt, tasted, or touched before an exchange agreement is concluded. The service performance is vary and cannot be stored or reserved for the next use. Service cannot be separated from provider; it needs the interaction directly between provider and consumer.

Service quality means a form of an attitude, related but not equivalent to satisfaction that results from the comparison of expectation with performance.

The customers generally use certain criteria to evaluate service quality by examining reliability, responsiveness, assurance, empathy and physical aspects. Organizations over the years have regarded perceived service quality as a strategic tool for positioning as well as means of achieving operational efficiency and improving business performance. Service quality has been seen as critical for the success of organizations because of its close link with customer satisfaction (Parasuraman, et al, 1985) especially in the service industry. Thus organizations regard quality as a source of competitive advantage which they always strive to achieve. Moreover, excellent service increases customer retention and leads to repeat customer purchase

behavior to which ultimately increases the market share of the companies and generates high revenues.

Service quality is the level of excellence expected by the control over the level of excellence to meet the customer. There are two main factors that affect service quality, the expected service and perceived service (Parasuraman, et al, 1985). If services are received or perceived (perceived service) as expected, the service quality perceived will be good and satisfying. If the received service exceeds customer **expectations**, the quality of service perceived is the ideal quality. Conversely, if the received services lower than expected, then the perceived quality is poor.

2.2.15. Characteristics of service

Service has four characteristics: intangibility, inseparability, heterogeneity and perishability.

A. Intangibility of Services

Regan (1963) “introduced the idea of services being activities, benefits or satisfactions which are offered for sale, or are provided in connection with the sale of goods”. The degree of intangibility has been suggested as a means of differentiating tangible products with services. Most of the time, services are explained as being intangible since their outcome is considered to be an action rather than a physical product

B. Inseparability of Services

Inseparability is taken to reflect the simultaneous delivery and consumption of services (Regan 1963)

C. Heterogeneity of Services

Heterogeneity “reflects the potential for high variability in service delivery” (Zeithaml et al., 1985). This is a particular problem for services with high labor content, as the service performance is delivered by different people and the performance of people can vary from day to day.

D. Perish ability of Services

In general, services cannot be stored and carried forward to a future time period (Zeithaml et al., 1985). Onkvisit and Shaw (1991) suggest that “services are “time dependent” and “time important” which make them very perishable.” Hartman and Lindgren (1993) claim that the “issue of perish ability is primarily the concern of the service producer” and that the consumer

only becomes aware of the issue when there is insufficient supply and they have to wait for the service.”

2.2.16. Service Quality Dimensions

According to Parasuraman et al. (1985), detailed dimensions of service quality through focus group studies are listed as: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, competence, understanding the customer and tangibles.

Among these ten service quality determinants, reliability is identified as the most important.

In their subsequent research (Parasuraman et al., 1985), they then purified and distilled the ten dimensions to five: tangibles, reliability, responsiveness, assurance, and empathy, which constitute the base of a global measurement for service quality. According to their study, reliability was the most critical dimension, followed by responsiveness, assurance and empathy.

The tangibles were of least concern to customers.

Reliability means that the firm performs the service right the first time and the firm honors its promise. This includes punctual service delivery and ability to keep to agreements made with the customer. It concerns the ability to keep service promise accurately and consistently. It includes correct service and accurate record and prompt reply to customer.

Responsiveness refers to speed and timeliness of service delivery. It also includes willingness and readiness of employees to provide service. It concerns ability to provide appropriate information to customers when a problem occurs. It includes prompt response, prompt services and quick problem solving.

Assurance is defined as knowledge and courtesy of employees and their ability to convey trust and confidence. It's a combination of the following: Competence (having the requisite skills and knowledge); Courtesy (politeness, respect, consideration and friendliness of contact staff); Credibility (trustworthiness, believability and honesty of staff) and Security (freedom from danger, risk or doubt).

Empathy concerns with caring and individualized attention the firm provides its customers. It's a combination of the following: (1) Access (physical and social): approachability and ease of contact. (2) Communication: keeping customers informed in a language they understand and really listening to them. (3) Understanding the customer: making the effort to get to know customers and their specific needs.

Tangibles are appearance of physical facilities, equipment, personnel, and communication materials.

2.2.17. Service quality in insurance sector

In order to address the issue of service quality in insurance, one must take into account the specific characteristics of the industry. Insurance products and services are extremely complicated; perhaps, there are no other products or services in the market for which such ignorance exists. Insurance service plays a significant role in supporting endeavors, in all activities of social and economic life of the people. Insurance contract is a special kind of legal undertaking between two parties. Both of them, the insurer and the insured (customer), expect reasonable benefits. The most important reason for purchasing insurance is the existence of risk in different form and magnitude which may or may not occur in the duration of an insurance contract. Thus, what is sold by insurance companies is just a promise that is to make the loss/good if and when the risk insured materialized. As a result, customers can assess the quality and value of the insurance service after they bought the insurance policy after some time i.e., at the time of claim. Because of this, the claim settlement procedure appears to be the most critical incident of insurance, and distinguishes insurance from the majority of service, for which production and consumption occur simultaneously (Zeithaml et al. 1988).

As the customer is the final to judge the quality of service being provided, service quality and the achievement of customer satisfaction should be the most fundamental or critical for the success even in the insurance business.

The quality of services prior and during underwriting risks, as well as the adequacy and speed of claim statement leads to customer loyalty, persistency, and positive word of mouth communication in the insurance sector.

Ethiopian Insurance sector and service quality in Ethiopia, though the market is open for all the clusters of customers, business relationship with the customer have been formed and based on different influencing factors.

Therefore, the good insurance quality service delivery mechanism could improve customers and insurance staff member's satisfaction, increased customer loyalty to the insurer and encouraged customers to return to the insurance company and recommend the service to others.

The cumulative effect of this will be reflected on the bottom line i.e. profit. It therefore, appears that insurers who invest in customer's satisfaction may have superior chance of forming an effective and vibrant organization, with caring, committed and empowered people (Chartered Insurance Institute, Marketing, 2006).

2.2.18. Customer satisfaction

Roberts-Lombard (2009) defines customer satisfaction as “the degree to which a business's product or service performance matches up to the expectation of the customer. If the performance matches or exceeds the expectations, then the customer is satisfied, if performance is below par then the customer is dissatisfied”. Customer satisfaction is often viewed as a central determinant of customer retention, without customers the service firm hardly be able to exist, thus, every service giving organization needs to proactively define and measure the level of customer satisfaction. (Reincheld1996). They are dissatisfied when expectations are not fulfilled by actual experience: satisfied when expectations are fulfilled; and very satisfied, or thrilled, when they are exceeded.

Customer satisfaction influenced by expectations, perceived service and perceived quality. Expectations influence total satisfaction when the customer evaluates a product or service. Satisfaction is a customer's emotional response when evaluating the discrepancy between expectations regarding the service and the perception of actual performance. This perception of performance gained through the physical interaction with the business and the product and services of the business (Salami, 2005).

Perceived quality measured through recent service experiences that consist of two components, namely perceived product quality and perceived service quality. There is a direct link between perceived quality and total satisfaction (Balaji, 2009). The customer first forms expectations based on needs, values, past experiences and extrinsic cues about the product. The perceived quality based on those first expectations, and the choice that the customer made then evaluated to determine satisfaction. Perceived value is the customer's overall assessment of the quality of a

product based on the perception of what received compared with Customer satisfaction, trust and commitment as predictors of customer loyalty.

Measuring customer satisfaction could be very difficult at times because it is an attempt to measure human feelings. However, the National Business Research Institute (NBRI, 2009) suggested possible dimensions that one can use in measuring customer satisfaction. such dimensions are Quality of service; Innocently; Speed of service; pricing; Complaints or problems; trust in your employees; the closeness of the relationship with contacts in your firm; Other types of services needed and Your positioning in clients' minds

The major things that influence customer satisfaction are likely to fall in one of the following three concepts:

- 1. Service quality** - based on empirical studies and some theoretical arguments service quality is divided in to two dimensions which are the core or outcome aspects(contractual) and the relational or process aspects (Customer employee relationship) of the service. While reliability is largely concerned with the service outcome, tangibles, responsiveness, assurance, and empathy are more concerned with the service process. Whereas customers judge the accuracy and dependability (i.e. reliability) of the delivered service, they judge the other dimensions as the service is being delivered.
- 2. Service features** - related to the kind of service that the bank offers and this definitely affects customers' overall satisfaction and ongoing customer handling. For example location is one feature among others that most banks get benefited from their customers due to its convenience and accessibility to its customers. Moreover, feature like competitive interest rates are another feature that customer satisfaction is likely to be influenced by the perceived competitiveness.
- 3. Customer complaint handling** - when customers encounter and face difficulties they might respond by switching service provider. Customer switching cost is too high and makes the bank to be passive in taking action for unsatisfied customer. Moreover, if the service providers give a timely response to its complaints then more customers are getting satisfied. This means that companies customer handling have a linkage with customer satisfaction

B: EMPIRICAL REVIEWS

Global competition has brought change. Because of the competitive economy, organizations today seek to rationalize, innovate and adapt to changing environments and circumstances as part of business process reengineering (BPR) efforts.

Several empirical studies have been conducted to establish the link between BPR effort and organizational performance (Smith, 2003; Ahmed et al., 2007). The results of these studies indicated that there are various measures, i.e. organizational performance, corporate performance, business performance, operational performance, financial and non-financial performance, innovation performance, and quality performance.

Bontis (1998) suggest that the variables in the organizational level have positive impacts on objective business performance hence are important indicators of business performance measures. These variables reflect the success of the enterprise, meeting of customers 'needs and securing future performance and earning of respect within the industry. Organization's growth was operational zed using a company's improvements in deposit growth and market share gains relative to competition (Smith, 2003). Although many studies have found that different companies in different countries tend to emphasize on different objectives, the literature suggests financial profitability and growth to be the most common measures of organizational performance. BPR has helped giants like General Motors Company (GMC) succeed after financial draw backs due to competition.

It helped American Airlines to get back on track from the bad debt that is currently haunting their business practice (Smith, 2003).

At Ford Motor Company, the accounts payable department involved a work force of more than 500 employees. A benchmarking effort with Japan's Mazda, with whom Ford had formed a strategic alliance, revealed that the Japanese company employed only five personnel in its accounts payable group.

Ford officials went into scrutinizing their systems and employed reengineering efforts to scale down the number of personnel from 500 to 125, a process that took five years. (The size and staff is still large compared to its sister company)

The Mutual Benefit Life, an insurance company, the time to process insurance applications involving 30 steps done by 19 people in five departments was trimmed down by as much as one-

fifth (Hammer and Champy, 1993). Accounts of fairly successful reengineering efforts were also reported in Kodak, Hallmark Cards, Inc., Bell Atlantic, a as American Express and Amoco (Hammer and Champy, 1993).

Federal Mogul Company: Likewise, in the Federal Mogul, under the old process, there were many hand offs and a lots of steps to be passed to finish the process and deliver the part to the customer. Nevertheless, its worst competitors could do the same work in ten weeks, its best competitors could do it in six weeks and Federal Mogul was not winning many orders. Hence, these have forced the company to join the BPR track. Accordingly, after BPR, this company saw the entire process. As a result, a sales representative and an engineer organized as a team and visit the customer. This avoids the ambiguities and misunderstanding that occurred when the sales representatives handed off specifications to engineer. All units of sales, engineers, and manufacturing are all connected by electronic work flow system so that everyone is instantaneously aware of every one's activities and needs and no need to use US mail system. Hence, the company has gone from 20 weeks to 8 day cycle time and achieve profitability more than double (Hammer and Champy 1993).

IBM Credit Company: At the IBM Credit Corporation, a wholly owned subsidiary of IBM, approval of applications for credit in the financing of the purchases of computers, software and services took six days on the average, with some lasting up to two weeks. As a result of the lag, potential buyers are given six days to find other sources of financing, be seduced by competitors of other brands, or simply withdraw from the deal. The reason for the delay had been traced to several hands-offs or stages of work from different specialists engaged in the approval, from the request to appraisal of creditworthiness to determination of the interest rate. This tended to delay even legitimate applicants. Once reengineered, it was discovered that the actual work can be done on the average of ninety minutes because much time is consumed by handing the form off from one department to the next. In the end, the Corporation replaced its specialists with generalists who take care of each application from beginning to end (Hammer and Champy, 1993).

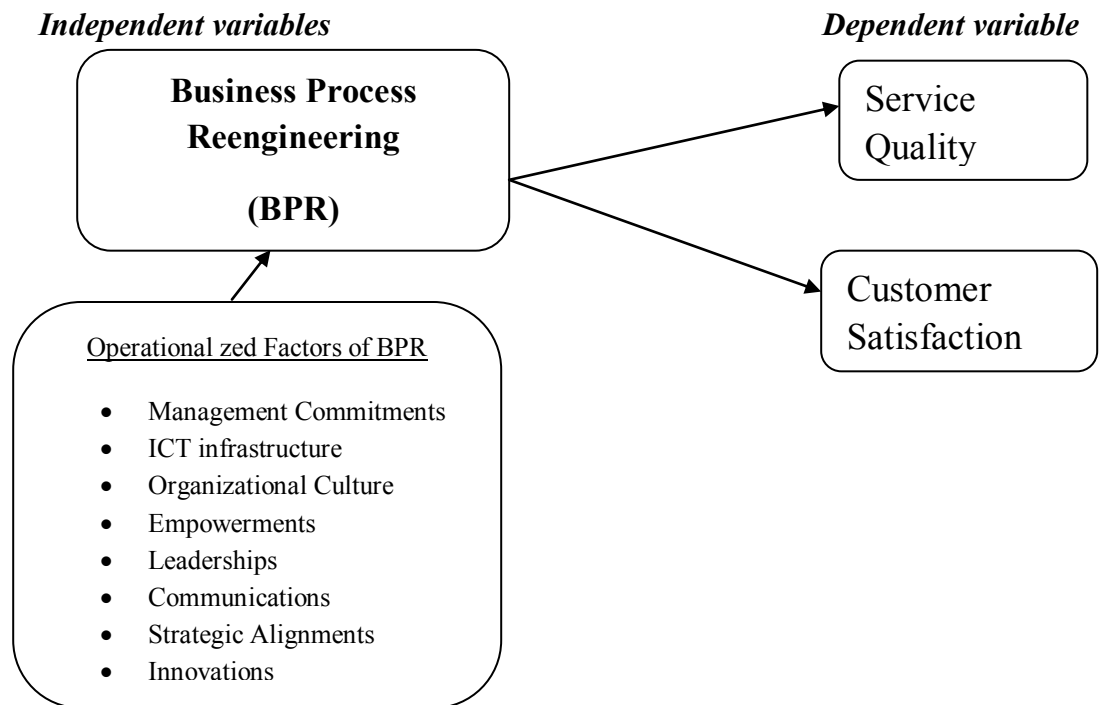
Based on Mengesha and Common, (2007), MOTI and MOE both organization achieve very high levels of user satisfaction and spectacular improvements in performance recorded because of BPR. However, the researchers also noted that the change process in both Organization's growth

was operational zed using a company’s improvements in deposit growth and market share gains relative to competition (Smith, 2003).

According to Debela and Hagos (2011), Ethiopian Revenue and Custom Authority, Ministry of Labor and Social Affairs, Commercial Bank of Ethiopia, and Development Bank of Ethiopia encouraging results have been achieved in terms of efficiency, mission effectiveness, transparency, and minimizing corruption. And there was a challenge in these organizations in human, technological and material capacities during BPR implementation. BPR, if implemented properly, can give huge returns.

2.2.19. Conceptual Framework of the Study

The model shown in figure 2.1 considered as an independent variable based on the dimension of operational zed factors of BPR (including management commitments, ICT infrastructures, empowerments, leadership, communications, strategic alignments and innovations) and organizational performance i.e. service quality and customer satisfaction as a dependant variables. The relationship of independent and dependent variables can be expressed as follow:-



Source: The researcher

Figure 2.1: Conceptual frame work of BPR implementation practices related to service Quality and customer satisfaction.

CHAPTER THREE

3. Research Methodology

This chapter presents details of the research design and methodology. This includes the study area, research design, Target population, sample size, sampling technique, source of data, data collection method and data analysis and interpretations. Generally, this chapter provides the methodological framework in order to achieving the set of objectives of the research project.

3.1. Description of the Study Area

The area where this study was conducted is within The Federal Democratic Republic of Ethiopia, Addis Ababa City Administration Kirkos sub city at *EIC's head office*.

The reason behind limiting the research area towards is due to;

- Easy access to get the relevant data at a time to undertake study
- The complete representation of study undertaken in Addis Ababa belongs outlying areas - generalization from the sample to the original population is feasible.
- The centralizations of organizational structure.

3.2. Research Design

According to the objectives of the study, descriptive and explanatory research designs were employed by using both quantitative and qualitative approaches to describe the effect of BPR implementation on service quality and customer satisfactions. Both primary and secondary data sources were used for the study.

By using SERVQUAL model, it is examined significant differences in the five service quality dimensions (tangibility/physical aspects, reliability, responsiveness, assurance and empathy) by evaluating customers' expectations and their actual perceptions of EIC service delivery and some complimentary suggestions and opinions were gathered from employees and management members of EIC through questionnaires and interview. The data were analyzed by using descriptive and inferential statistics.

3.3. Target Population

In this research, the target population of the study were different managerial group, different department employees(Clerical staff) who have greater than or equal to five years work experience in EIC and who are critically knows the situation before and after the BPR implementation and customers of Ethiopian Insurance Corporation at Addis Ababa head office. The data was collected from targeted sample population who have adequate knowledge/understanding/ about service delivery systems of EIC.

Table 3.1: Source of targeted population

Work unit	Management Staff	Non managerial Staff	customers	Total targeted population
A.A head office	79	231	401	711

Source: own survey, July 2015

3.4. Sample and sampling technique

The sample size of this study is determined to be 250 from targeted populations. To select the sample size, the researcher used stratified sampling techniques. In this technique, the population is stratified in to a number of non overlapping work unit or strata and sample items are selected from stratum. With this technique, the sampling frame can be organized in to relatively homogenize groups (strata) before selecting elements for the sample.

Sampling frame was constituted from the total number of managerial staff, Non-managerial staff and customers of EIC at head office, from which the sample was driven. This method ensured that the population and the subgroups of the population were represented.

The researcher was taken 250 respondents that represent the right sample size based on Determining Sample Size for Research Activities according to Krejcia and Morgan (1970).

The sample size needed is a function of confidence interval of $\pm 5\%$, confidence level of 95%, and the population size of seven hundred eleven (711) and 250 sample size of the total population.

The sample size is determined using the formula of $n = \frac{z^2 * p * q * N}{e^2 * (N-1) + z^2 * p * q}$

Description

N= is the population size

n= required sample size

z= confidence level at 95% (standard value of 1.96)

e= margin of error at 5 % (standard value of 0.05)

P= population proportion at which the sample size is maximum (at p=0.5 and q=0.5, p*q=0.25) where q=1-p

95% confidence level and 5 % of error means that the researcher has 95% confidence the findings of this study were in the interval of 5% error from the true value of the population.

$$S = \frac{3.8416 * 711 * 0.50(1-0.50)}{0.05^2(710) + 3.8416 * 0.50(1-0.50)}$$

$$\frac{683}{2.73} = 250$$

Therefore, the researcher was used a sample of size $n = 250$ drawn from a population of size $N = 711$ which is divided into three strata of size $N_1 = 79$, $N_2 = 231$ and $N_3 = 401$

Where, N_1 , N_2 , & N_3 represent Managerial staff, Non Managerial staff and customers respectively as information gathered from EIC Head office. Among the three strata, customers constitute the largest portion of the target population. Using proportional sampling technique (proportional allocation= $S * N_1 / N$; $S * N_2 / N$ and $S * N_3 / N$) resulted in sample size of 28 managerial staff, 81 non managerial staff and 141 customers of EIC head office selected from a

targeted population, the researcher was used stratified random sampling . Hence, it is necessary and pertinent to use this sampling method to obtain more efficient and accurate results.

Table 3.2: proportionate sample size

Source of population	Targeted population	Targeted sample proportionate
Managerial staff	79	28
Non-managerial staff	231	81
Customers	401	141
Total	711	250

Source: Own survey, July 2015

3.5. Data Source and Instruments

The researcher used two main types of data sources both primary and secondary sources of data to complete the study. Primary data was collected through the use of a questionnaire and interviews. In this study, two types of questionnaires were designed. The first was completed by the non managerial groups and the second was completed by customers of the organizations. Moreover, both structured and unstructured interview methods also developed to collect necessary information from managerial staff regarding the subject under the study.

Secondary data for this study was obtained from different Manuals, books, magazines, newspapers, reports, international organization publications, and internet websites have been consulted. Both qualitative and quantitative data gathering instrument were employed. The instruments were designed to fit and address the type of information required for the study.

3.5.1. Questionnaire

Questionnaire is one of the most important research instruments that are highly preferred by researcher. It is easy for respondents and minimizes difficulties of anonymity and reduces the effect of biased conclusion and interpretation that happen in other method. Besides, it enable researcher to collect information from large number of informants. A close ended question addressing different issues related to the effect of BPR implementation on service quality and customer satisfaction. The Likert technique has been used to test feelings and contained five points ranging from 1 to 5. 1 being the least and 5 being the best. The scores are evaluated to measure the intentions of the respondents.

3.5.2. Interview

Interview enable researcher to elicit detail information that respondents may not share other tools. It can be inferred that more than any other data collection tool, an interview gives the interviewer a unique opportunity to probe for clarification and in depth information on the topic of interest. For this reason interview used by the researcher to get ancillary data to substantiate the information obtained through questionnaires.

The researcher was conducted interview question with management group of the organization for the purpose to know the existing condition of the effect of BPR implementation on service quality and customer satisfactions.

3.6. Data analysis and interpretation.

After data have been collected, the next step was analyzing, discussing and interpreting the data by using descriptive and inferential statistical analysis.

Descriptive analysis refers to the transformation of the raw data in to a form that will make them easy to understand and interpret. The raw data gathered from respondents were edited, coded, classified and tabulated. The quantitative data collected through questionnaire were analyzed by using statistical packages for social science (SPSS) software version 16.0 and MS-Excel. The results of the analysis were presented with Descriptive statistics (frequency, percentage, diagrams, mean and standard deviation) and inferential statistics (Pearson correlation and Regression analysis).

Inferential statistics allows to infer from the data through analysis the relationship between two or more variables and how several independent variables might explain the variance in a dependent variable. The data gathered through interview were analyzed qualitatively. The collected data was interpreted based on findings. After analyzing the data and properly interpreting them, findings are summarized based on the major results, appropriate conclusions drawn and finally possible recommendations forwarded to concerned body.

3.7. Ethical considerations

According to Borg and Gall (1989), it is argued that the researcher has to ensure confidentiality of data and sources. All information gotten from the respondents were treated with confidentiality without disclosure of the respondent's identity. In this study, the researcher was obtained permission letter from Ethiopian Insurance Corporation on the topic of the study. Based on permission letter, the Questionnaires were distributed to concerned bodies of the organization. The purpose of the study was communicated to all the study participants and they were also required to fill the questionnaires voluntarily. Then, the responses given were analyzed collectively and all the literatures collected for the purpose of this study were appreciated in the reference list.

3.8. Reliability and Validity of the Instrument

In order to reduce the possibility of getting the wrong answer, attention was paid on the reliability and validity of the questionnaire. Numbers of different steps were taken to ensure the validity and reliability of the study.

3.8.1. Reliability

The internal consistency is usually calculated using an alpha coefficient, which measures the interrelationship between items in the questionnaire (Cortina, 1993). Nunally (1978) argued that a reliability of 0.70 or higher is acceptable.

Data were collected from the reliable sources. With meaning that respondent must be an employee and customer of the organization.

Table 3.3: Cronbach Alpha Reliability test

Variable	Number of items	Cronbach's alpha
Existing BPR implementation practices	12	.952
Challenges of BPR implementation	21	.978
Service Quality	21	.981
Customer satisfaction	13	.977
Total	67	

Source: (SPSS output)

The Cronbach alphas all ranked higher than 0.70. This analysis indicates that the scales used in the study are reliable.

3.8.2. Validity

Under this research; content of validity is used to investigate the validity of research instrument and questionnaire was made based on literature review to ensure the validity of the result. Questionnaire was pre-investigated by experienced experts and required modifications were made to the questionnaire based on their comments. Then, 67 questionnaires were sent to the Customer and employees of the organization.

CHAPTER FOUR

4. RESULT AND DISCUSSION

In this chapter data were analyzed and interpreted to address the research questions and objectives in order to assess the effect of BPR implementation on service quality and customer satisfaction of EIC, the researcher has prepared and distributed 81 questionnaires to non-managerial staff and 141 questionnaires to customers of the organization. Interview was conducted with 28 managerial staff of EIC at head office.

4.1. Statistical Analysis

Once the data were collected, a common first step is data analysis and discussion. This involves summarizing and discussing information about variables in the dataset. All data used in the study were SPSS outputs. Descriptive, Pearson correlation and regression models were used.

4.2. Respondents Sample statistics

Table 4.1: Response rate

	<i>Sample respondents</i>			
Respondents	<i>Managerial staff</i>	<i>Non managerial staff</i>	<i>customers</i>	<i>Total</i>
Total	28	78	132	238

Source: own survey, July 2015

Table 4.1 shows the numbers of respondents were completed questionnaire forms and interviewed. The total sample size of the study comprises three main strata of 250 respondents. However, after verification of completed forms, coding and preliminary analysis of the data, 9 questioner forms of customers and 3 questioner forms of employee's total 12 questionnaires were rejected for incompleteness or misinformation. Thus, the achieved final sample is 238 respondents. Out of 238 sample respondents 28 of them were interviewed and remaining 210 respondents fulfilled the questioners and yielding a response rate of 95.2%.The researcher deemed this response rate as adequate and sufficient for purposes of data analysis. According to

Mugenda and Mugenda (2003), a response rate of over 60% of the respondents is considered adequate for analysis as it is representative of the population under study.

4.3. Respondents profile

Table 4.2: Respondent's Age, Sex distribution and work experience (non managerial staff)

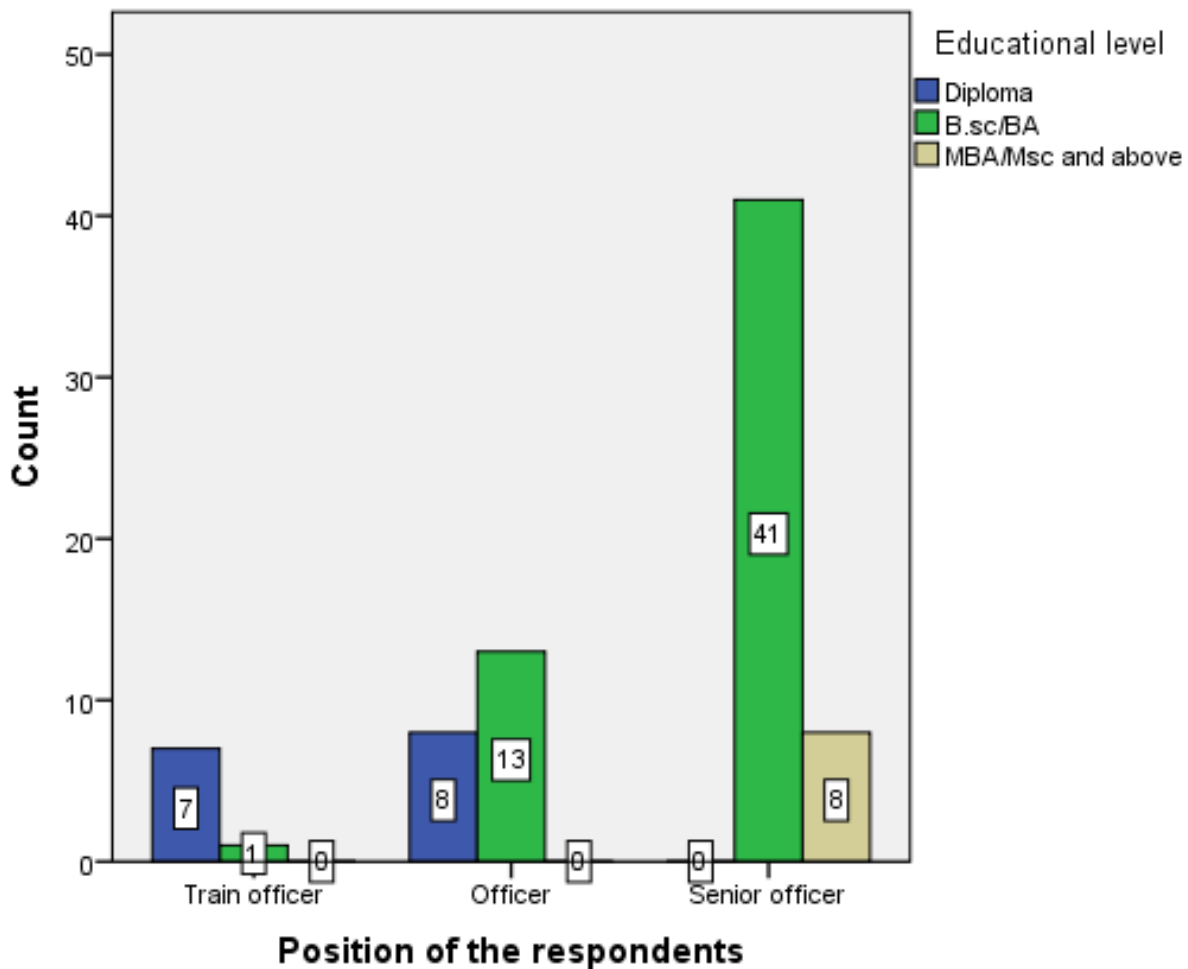
Demographic Variables		Non managerial staff	
		Frequency	Percent
Sex	Male	54	69.20
	Female	24	30.80
	Total	78	100
Age	Less than 30 year	18	23.10
	30-40 year	42	53.80
	Greater than 40 year	18	23.10
	Total	78	100
Work Experience	5-10 years	32	41
	11-17	36	46.20
	18-24	10	12.80
	Total	78	100

Source: own survey, July 2015

The characteristics of the sample were described by identifying the percentage of respondents by sex, age and work experience. Table 4.2 above shows that, the majority of the respondents were male 54 (69.20%) and 24 (30.80%) were female participated in the study. The findings revealed that there is big gender imbalance in the organization in other words the numbers of male

respondents were highly engaged in the corporations. Regarding age distribution of respondents majority 42 (53.80%) of respondents lies within age group of (30-40) years while 18 (23.10%) were found within the age group less than 30 year and also 18 (23.10) lies the age greater than 40 year. This shows that majority of the respondents were an adult and productive age group.

With respect to work experience of staff respondents 32 (41.0 %) have work experiences 5 to 10 years and 36 (46.20%) of respondents served in EIC from 11 to17 years and only 10 (12.8%) have 18-24 years of work experience in the organization. From this finding ,Majority of them have quite experienced and provide quality information and understanding of the subject matters before and after BPR implementation .The obtained information helps the researcher to get genuine information about the current status of BPR results on organizational performances.



Source: own survey, July 2015

Figure 4.1: Educational Qualification and Positions of respondents (non-managerial staff)

Concerning the educational qualification, over half of the respondents 55 (70.5%) of non managerial staff having first degree and 15(19.20%) have Diploma holders. Only 8 (10.3%) had second degree. From the above result, the majority of the respondents (non managerial staffs) are educated, qualified and have capable for understanding about changes and contributes toward for organizational change. And finally, respondent's views were based on many years of experience. Moreover figure 4.1 shows that, 49 (62.80 %) of staff respondents were at senior position, 21(26.90%) of the respondents assigned on the officer position and the remaining 8 (10.3%) were at level of trainee officer. Thus most of the respondents belonged to the position of senior officers. The result of the study indicates that the level of understanding about BPR implementation on organizational performance in better way rather than others positions.

Table 4.3: Socio-demographic characteristics of respondents (customers)

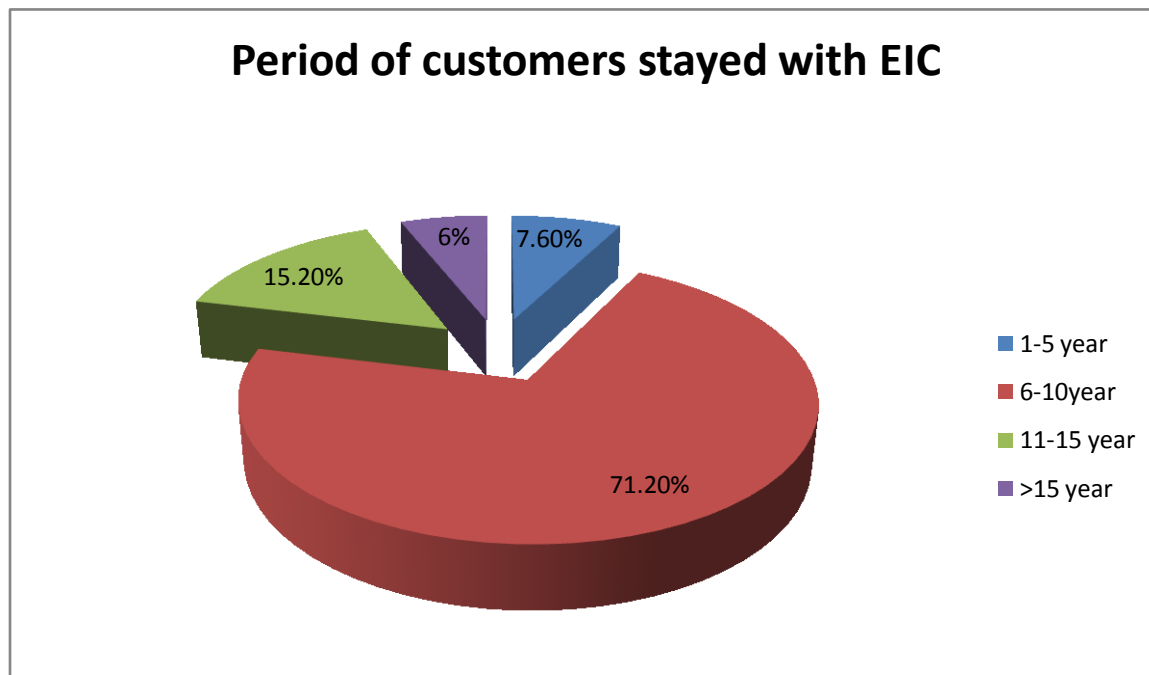
Demographic Variables		Customers	
		Frequency	Percent
Sex	Male	102	77.30
	Female	30	22.70
	Total	132	100
Age	Less than 40 year	27	20.50
	40-50 year	94	71.20
	Greater than 50 year	11	8.30
	Total	132	100
Educational status	Reading and writing	21	15.90
	Secondary& preparatory(9-12)	36	27.30
	Diploma	61	46.20
	First degree	14	10.60
	Total	132	100

Source: own survey, July 2015

In Table 4.3 above, out of customer respondents 102 (77.30%) were male and 30(22%) were founded to be female. This indicates that most of the customers are male and the share of female is very few in numbers as compared to male.

Regarding age distribution of customers 27 (20.50%) were within age group of less than 40 years and 94(71.20%) of customers found within the age group of (40-50) years and 11 (8.30%) were greater than 50 years.

From the above result, the dominant age group of the respondents range between 40-50 years. This shows that majority of the respondents are an adult and productive age group. In addition, 21(15.90%) of customers have the ability of writing and reading and 36(27.30%) have a certificate from secondary school and Majority of the respondents 61(46.2%) have a Diploma holders. 14 (10.6%) had first degree. Most of the customer respondents were found to be a diploma holder. This implies that the respondents give proper justification regarding to the inquires.



Source: own survey, July 2015

Figure 4.2: period of customers stayed with EIC

As can be seen from the above Figure, Most of the respondents 94 (71.20%) stayed with EIC 6-10 years. 20(15.20%) of Respondents have been customers of EIC for a period ranging between 11-15years.

8(6%) respondents had customers of the organization for a period of over 15 years and 10(7.6%) of the respondents stayed in EIC for 1-5 years. This indicates that majority of the respondents had Knowledge that to give witness about over all the activities of service delivery and their past experience helps to simply evaluate the level of service delivery system of the corporations.

4.4. The Existing of BPR implementation practice in EIC.

BPR is analysis and design of workflows and processes within an organization and it is basically rethinking and re-design made to organizations existing resources(Hammer,1993).The first objective of the study sought to examine the existing BPR implementation practice in EIC. The respondents were required to indicate the current activities were performed based on BPR implementation. In this study, the existing BPR implementation practices was measured using 12 quantitative questions in which respondents were required to indicate the extent to which they strongly disagree, disagree, undecided, agree and strongly agree with each statement by indicating the number that best describe their perceptions.

All 12 question items on the existing BPR implementation practices were a Likert scaled using five points ranging between 1= Strongly Disagree,2=.Disagree, 3=Undecided, 4=Agree, 5=Strongly agree.

Their responses were analyzed and described using means as summarized in table 4.4 below.

Table 4.4: Factors related to Existing BPR implementation practices in EIC

Variables	Mean	Std. Dev
There is BPR practice in the corporation	3.56	0.99
Traditional working methods and process workflows has been changed to new work flows and process	2.6	1.02
Business processes in the corporation has been radically redesigned	2.42	1.04
New process have been introduced to provide many service in a single window	2.27	0.99
Non-value adding activities in processes and performances has been eliminated	2.14	1.02
Tasks have been supported with net worked technology	1.88	0.88
Employees have been empowered by being given more decision making	1.9	0.8
Efficient service delivery is being provided by the organization	2.52	0.82
Major improvements have been made on speed ,quality and costs	1.99	0.95
Organization is able to achieve its strategic objective	2.19	0.97
Multiple layers of check and approvals have been reduced	2.04	0.93
Customer complaints have been reduced	1.76	0.93
Overall	2.27	1.02

Source: own survey, July 2015

Note: The lowest the mean scored shows that the least positive response on the existing of BPR implementation practice and the highest the mean scored, the highest positive response on the existing practice of BPR implementation practice.

As indicated in the above table 4.4, the mean and standard deviation of the Existing BPR implementation practices in EIC were calculated. The result of the table shows that on the idea regarding to the existing BPR implementation practice in the corporation; Traditional working methods and process workflows has been changed to new work flows and process and efficient service delivery is being provided by the organization has the mean score 3.5, 2.6 and 2.52 with standard deviation 0.99, 1.02 and 0.82 respectively. Therefore, the average score of the respondents with regard to mentioned ideas has not inclined to disagree.

Similarly, in the table 4.4 above, on the idea regarding with Business process in the corporation has been radically redesigned; New process have been introduced to provide many service in a single window; Non value adding activities in the process and performance has been eliminated ; Organization is able to achieve its strategic objectives and multiple layers of check and approval have been reduced has the mean score 2.42, 2.27, 2.14 ,2.19 and 2.04 with standard deviation 1.04, 0.99 ,1.02 , 0.97 and 0.93 respectively . This shows that the respondents did not agree with these statements. In addition, the result on the above table shows that respondents strongly disagreed with the idea of Tasks have been supported with net worked technology; employee have been empowered ;Major improvements have been made on speed, quality and cost and customer complaints have been reduced, this justified by the mean score 1.88 ,1.90 ,1.99 and 1.76 with the standard deviation 0.88 ,0.80, 0.95 and 0.93 respectively.

According to Goll and Cordovan (1993), BPR is a major management approach that can focus on doing things in a better way that clearer and easier to achieve a radical improvement on quality, speed, customer service and reduction in cost by supporting ICT infrastructure and people involvement. However, to conclude the result of this study on the above table 4.4 indicates that the average mean score of 2.27 and standard deviation 1.02. Therefore, this shows that the respondents don't agree with the statements in table 4.4.

On the other hands, questions were posed to interviewees (managerial staff) of the organizations that to confirms the overall BPR implementation practices in the organization. As per the discussion made with most of the interviewees point out that, EIC has repeatedly made different reform instruments at different times like quick win, BPR and with the objective of shortening the length of service hours and to cut the service channel in the manner to satisfy the customer and employee awareness and participation in BPR project has a crucial role in facilitating re-engineering efforts and smoothing the insertion of new processes in the work place through empowerment, human involvements , training and education. Accordingly, at the beginning it was tried to create employee awareness through training but it was not adequate. However, traditional working methods and process workflows has been changed to new work flows and process.

Overall, they commented saying that “we are working to satisfy our customers as much as possible, but sometimes customers are not happy with our service due to several internal and

external reasons”. On the other hands, the necessary facilities were adequately available at every service center of the corporation; however, the existing new systems (insurance and accounting package of software's) are not integrated and tested regularly for its effectiveness.

Finally, the managers argued that they always make every effort to meet customer’s expectation and promised to solve their customers’ problems that may arise and narrow communication gap with their employees.

4.5. Challenges Encountering BPR implementation.

The Second objective of the study was to identify the major challenges faced in BPR implementation.

Table 4.5: Problems related to top management commitment and Support

Criteria for evaluation	Strongly Disagree		Disagree		Undecided		Agree		Strongly Agree	
	NR	%	NR	%	NR	%	NR	%	NR	%
a) There is inadequate participation of concerned parties in the overall implementation plan of BPR.	1	1.30%	10	12.80%	10	12.80%	29	37.20%	28	35.90%
b) Lack of understanding about BPR implementation requirements	1	1.30%	9	11.50%	12	15.40%	42	53.80%	14	17.90%
c) There is lack of management determination when problem comes	0	0.00%	13	16.70%	16	20.50%	32	41.00%	17	21.80%
d) Lack of commitment and support of top level management	2	2.60%	13	16.70%	12	15.40%	30	38.50%	21	26.90%
e) There is ineffective leadership in motivating and empowering employees	2	2.60%	9	11.5%	14	17.9%	28	35.9%	25	32.10%
Average response	1	1.6 %	11	13.80%	13	16.4%	32	41.28%	21	26.92%

Source: own survey, July 2015

Scale: 1=strongly disagree, 2=Disagree. 3 = undecided, 4=Agree, and 5=strongly agree

Note: NR= Number of respondents

The information under criteria (a) in table 4.5 above shows that majority 29(37.2%) of the respondents are agreed on there is inadequate participation of concerned parties in the overall implementation plan of BPR. The other 28(35.9%) are strongly agreed, 10 (20.8%) undecided on the issues.10 (12.8%) are disagreed and rest 1(1.3%) strongly disagreed.

One can understand from the information under criteria (b) on the table 4.5 shows that 42(53.8%) of the respondents are agreed on lack of understanding about BPR implementation requirements .14 (17.90%) are strongly agreed, 12 (15.4%) are neutral, 9 (11.5%) are disagreed and 1(1.3%) are strongly disagreed.

Table 4.5 (c) depicts that majority 32 (41%) of the respondents are agreed on the lack of management determination when challenging comes. 17 (21.80) of the respondents are strongly agreed, 16(20.50%) of respondents are undecided on the statements and remaining13 (16.70%) are disagreed.

For the question about lack of commitment and support of top level management stated on the table 4.5(d),30 (38.50%) of respondents are agreed ,21 (26.9%) are strongly agreed,12(15.4%) of respondents are neutral ,13(16.7%) are disagreed and 2(2.6%) are strongly disagreed. Similarly, the information contained in criteria (e) of table 4.5 above majority 28 (35.9%) of the respondents confirmed that there is ineffective leadership in motivating and empowerments. while 14(17.9%) are neutral, 9 (11.5%) are disagreed and 2 (2.6%) are strongly disagreed.

Hammer and Stanton declared that Committed and strong leadership in the upper echelons of management are often cited as the most important factors of successful BPR project (Hammer and Stanton, 1995) and in relation to involvement of employee in developing BPR project, Russ and Rose pointed out in re-engineering, all people must be openly and actively involved (Bruss and Roose, 1993).However, as can be seen overall results from table 4.5 on average, 53 (68.20%) of the respondents rate poor commitment and support of top management of the corporation on the implementation of BPR.12 (15.4%) of the respondents are disagreed and the rest of the respondents 13 (16.4 %)are either not agreed or disagreed.

This implies that most of the respondents more than average are agreed on the lack of top management commitment and support on BPR implementations.

In order to confirm this, the interviewees believed that at the inception period of BPR, there was a great resistance from employee side, Since the training delivered was not sufficient enough to change the mind of the employees and some management groups were also seems not properly understand the concept of BPR and lack of committed and admitted that were resisted to change.

Generally, the finding tells us top management is not given proper attention in motivating ,achieving organizational goals and employee empowerments for decision making and consistent in controlling the BPR projects to monitor how things are actually proceeding and to take action before any difficulty arises.

Table 4.6: problems related to change management and culture

Criteria for evaluation	Strongly Disagree		Disagree		Undecided		Agree		Strongly Agree	
	NR	%	NR	%	NR	%	NR	%	NR	%
a) The policies and procedures of EIC are not towards employees	3	3.80%	7	9.00%	17	21.80%	31	39.70%	20	25.60%
b) Operations are not planned and performed based on BPR.	3	3.80%	10	12.80%	17	21.80%	31	39.70%	17	21.80%
c) Employees are inadequately motivated based on BPR performance ratings.	1	1.30%	12	15.40%	18	23.10%	29	37.20%	18	23.10%
d) Performance are not monitored and evaluated based on planned BPR	2	2.60%	7	9.00%	23	29.50%	28	35.90%	18	23.10%
e) There is communication gap between management and employees on performance evaluation of the organizations.	1	1.30%	13	16.70%	17	21.80%	32	41.00%	15	19.20%
f) Customers are not adequately, qualitatively and satisfactorily served based on implemented BPR	3	3.80%	5	6.40%	22	28.20%	28	35.90%	20	25.60%
g) Managers are anxious about losing their authority after the change	2	2.60%	8	10.30%	22	28.20%	27	34.60%	19	24.40%
h) Employees resistance to change due to the fear of job displacement	2	2.60%	11	14.10%	17	21.80%	26	33.30%	22	28.20%
i) There is inadequate integration and coordination among functional work processes	0	0.00%	10	12.80%	21	26.90%	28	35.90%	19	24.40%
j) There are not enough employees training on BPR implementation.	2	2.60%	9	11.60%	16	20.50%	31	39.70%	20	25.60%
k) Absence of benefit packages (incentive, promotions, education communication about BPR progress)	1	1.30%	8	10.30%	18	23.10%	28	35.90%	23	29.50%
Average response	2	2.37	9	11.66	19	24.24	29	37.16	19	24.57

Source: own survey, July 2015

Scale: 1=strongly disagree, 2=Disagree, 3 = undecided, 4=Agree, and 5=strongly agree

In the above table 4.6(a) clearly depicts that, 51 (65.30%) of the respondents are satisfied with the specific question that the policies and procedures of EIC are not towards employees while

10(12.80%) of the respondents are dissatisfied, 17 (21.80%) of the respondents are neither satisfied nor dissatisfied. This implies that EIC must further revising the existing policies and procedures to better towards employees and to achieving the goals of BPR projects. Again regarding the criteria as stated in table 4.6 (b) above, 48(61.50%) of the respondents agreed on the operations are not planned and performed based on BPR while 13 (16.60 %) of the respondents disagreed on the statements. 17 (21.8%) of the respondents kept silent.

The third question shown in table 4.6(c), Employees are inadequately motivated based on BPR performance rating .Based on this question 47 (60.30%) of the respondents are agreed. 13 (16.70%) of the respondents are disagreed and remaining 18 (23.10%) of the respondents are neutrals. The table 4.6 (d) above reveals that 46 (59.80%) of the respondents agreed on the performance are not monitored and evaluated based on BPR project and remaining portion of the respondents 9(11.60%) are disagreed on the statements. 23 (29.5%) of the respondents kept silent. As can be seen in table 4.6 (e) above about 47 (60.20%) of the respondents confirmed that there is communication gap between management and employees on performance evaluation of the corporation. In the same way 14 (18.00%) of the respondents are disagreed. The remaining 17(21.80%) of the respondents were not sure.

In the same table 4.6 (f) above, employees are asked about customers are not adequately, qualitatively and satisfactory served based on BPR implementation. Based on the question 48 (61.50%) of the respondents are agreed and 8 (10.20%) of the respondents disagreed and 22 (28.20 %) of the respondents are neutral. As it shown from table 4.6 (g), 46 (59%) of the respondents agreed on that managers not anxious about losing their authority after the change. 10(12.90%) of the respondents disagreed and 22(28.20 %) of respondents neither agree nor disagreed.

The above table 4.6 (h) shows that the result of employees resistance to change due to the fear of job displacement .From majority the respondents, 48 (61.50%) are satisfied, 13 (16.7%) are dissatisfied and 17 (21.8) of the respondents are neutral. The other question in table 4.6 (i) that there is inadequate integration and coordination among functional work process. For this, 47 (60.30%) of the employees are agreed, 10(12.80%) of employees are disagreed and remaining of the respondents 21(26.90%) are neutral.

Similarly, in the table 4.6 (j) above, 51(65.30%) of the respondents believed that there is not enough employee training on BPR implementation .11 (14.20%) are disagreed and the rest 16 (20.50%) of the respondents kept silent.

The table 4.6 (k) above reveals that 51 (65.40%) of the respondents agreed on the question that absence of benefit package, 9 (11.60%) of the employees are disagreed. The rest 18(23.10%) of the respondents are neutral.

Effective change management should consider soft issues around the human and would avoid resistance to change among employees (Cooper and Marks, 1995) and Hammer (1995) affirmed that organizations need to refine their change management plan to induce cultural changes. However, the findings show that in table 4.6, majority of the respondents 48 (61.73%) were agreed that the change management plan is not aligned with BPR implementation plan and the organization did not refine its plan for needed cultural changes and the policies and procedure of EIC does not include employee needs like motivation, training, reaction between management and employee.

On contrary, 11 (14.03 %) respondents indicated that change management plan carrying out its specific objective based BPR implementation plan.

Based on the results majority of the factors are not considered by change management of the corporation. Thus management should ensure that the above listed factors considered and adopted for effective change management and culture.

Table 4.7: problems related to Infrastructure

Criteria for Evaluation	Strongly Disagree		Disagree		Undecided		Agree		Strongly Agree	
	NR	%	NR	%	NR	%	NR	%	NR	%
a)There is no adequate alignment of IT infrastructure and BPR strategy	1	1.30%	7	9.00%	16	20.50%	32	41.00%	22	28.20%
b)Information technology is not adequately integrated in business plan of the organization	0	0.00%	10	12.80 %	12	15.40%	43	55.10%	13	16.70%
c)There is no efficient communication channel in transferring information	1	1.30%	8	10.30 %	14	17.90%	41	52.60%	14	17.90%
d)The existing ICT infrastructure of the organization is less efficient, reliable and outdated information system.	4	5.10%	6	7.70%	13	16.70%	41	52.60%	14	17.90%
e)There is inadequate budget to finance BPR implementation	4	5.10%	16	20.50 %	19	24.40%	33	42.30%	6	7.70%
Average	2	2.56	9	12.06	15	18.98	38	48.72	14	17.68

Source: own survey, July 2015

Scale: 1=strongly disagree, 2=Disagree. 3 = undecided, 4=Agree, and 5=strongly agree

Note: NR= Number of respondents

As table 4.7 (a) indicates, 54 (69.20%) of the respondents agreed on there is no adequate alignment of IT infrastructure and BPR strategy. 8 (10.30%) of the respondents disagreed and 16 (20.50%) of the respondents are neutral. Regarding to the problems related to information technology is not adequately integrated in business plan of the organization shown in table 4.7 (b), majority of the respondents 56 (71.8%) agree.10 (12.8%) of the respondents disagreed on the statements and the rest 12 (15.4%) are neutral.

The third question shown in table 4.7 (c), there is no efficient communication channel in transferring information. Among the respondents 55 (70.50%) are agreed, 9 (11.6%) disagreed and the remaining 14 (17.50%) of respondents are neither agreed nor disagreed.

Table 4.7 (d) shows the result of employee response towards to the question that the existing ICT infrastructure of the organization is less efficient, reliable and outdated information system. From the results it can be obtained that 55 (70.50%) of the employees of EIC head office agreed with

the question. 10(12.8%) of the respondents are disagreed to the statements and 13 (16.7%) are neutral.

The result shown in table 4.7 (e) shows that 39 (50%) of the respondents are agreed, 20 (25.6%) of the respondents disagreed and 19 (24.4%) of the respondents are neutral with the question of there is in adequate budget to finance BPR implementation.

Regarding to Contribution of ICT Infrastructure for BPR implementation on organizational performance several researchers argued that effective use of modern soft ware tools to assist in BPR efforts is crucial to BPR success (Carr, D and Johansson, 1995) and BPR and ICT infrastructure strategies which are both derived from organization strategy are in need of effective alignment to ensure success of BPR initiative (Grover, 1995). However, as it can be observed, more than half or (66.4%) of the respondents are reflected poor contribution of ICT infrastructure to BPR implementation. The reasons of that, the existing ICT infrastructure utilization (namely ABW&INSIS) are ineffective and unintegrated. Less than half 14.62% of the respondents were rated the existing contribution of ICT infrastructure are moderate. In relation to this, most management groups point out that it is Obvious that ICT is a major important facilitator and plays a critical and central role in BPR projects. However, since BPR implemented in the organization, the two systems (INSIS and ABW) were unable to produce efficient, reliable, accurate data, and yet not integrated.

4.6. Level of service quality

According to Parasuraman et.al (1985), regardless of the type of service, consumers basically use the same criteria to assess quality. Service quality is a general opinion the client form regarding its delivery, which is constituted by a series of successful or unsuccessful experiences.

The third objective of the study was set to investigate the effect of BPR implementation on service quality of EIC. In this study, service quality was measured using 21 quantitative questions in which respondents were required to indicate the extent to which they agree or disagree with each statement by indicating the number that best describe their perceptions. All the twenty one items on service quality were likert scaled using five points ranging between 1= Strongly Disagree, 2= Disagree, 3= undecided 4=Agree and 5= Strongly Agree. Their responses were analyzed and described using frequency and percentages in table 4.8-4.12 below.

Table 4.8: Description of the level of service quality on tangibility dimension

<i>Tangibles</i>	strongly disagreed		disagreed		undecided		agreed		strongly agreed	
The location of EIC Head office convenient to you	3	2.30%	44	33.30%	53	40.20%	24	18.20%	8	6.10%
The appearance and dressing of employees is neat and attractive	4	3.00%	67	50.80%	43	32.60%	13	9.80%	5	3.80%
Materials associated with the service in the office are visually attractive.	2	1.50%	76	57.60%	33	25.00%	16	12.10%	5	3.80%
The office equipments and Network system are modern, good looking and accessible respectively	9	6.80%	78	59.10%	23	17.40%	15	11.40%	7	5.30%
Average	5	3.40	66	50.25	38	28.80	17	12.80	6	4.75

Source, own survey, July, 2015

The service provided by insurance company is purely intangible, but the quality and accessibility of facility materials like office equipment and furniture, building, neatness of employees and location of service rendering have the capacity of attracting customers and plays a role of promotional activities.

As we can see from table 4.8, an average results under tangibility dimension majority of the respondents 71(53.65%) are dissatisfied with EIC’s facility provision. Only 23 (17.55) of respondents are satisfied and rest 38(28.80%) respondents are neutral. This shows that the tangibility dimension of facility management directorate office of EIC with respect to the sustainable, sufficient and quality of physical goods to various work units of the corporation is not fulfill the demand of customer satisfactions.

Table 4.9: Description of the level of service quality on *Reliability dimension*

Reliability	strongly disagreed		disagreed		undecided		agreed		strongly agreed	
	Employees Provide services to you just as they promise to do so.	18	13.60%	45	34.10%	41	31.10%	21	15.90%	7
Employees Perform services in a way that inspires trust and Confidence.	17	12.90%	62	47.00%	27	20.50%	19	14.40%	7	5.30%
Employees have Sincere interest in solving customer’s problems	17	12.90%	62	47.00%	29	22.00%	16	12.10%	8	6.10%
The employees treat all customers equally	18	13.60%	60	45.50%	32	24.20%	15	11.40%	7	5.30%
There is a practice of Keeping error free records	17	12.90%	58	43.90%	36	27.30%	13	9.80%	8	6.10%
Average	18	13.14	57	43.5	33	25.02	17	12.72	7	5.62

Source, own survey, July, 2015

Reliability is the most important dimension for the consumer of services and measures the ability of company providing efficient and reliable service to its customers by using the right professional employees to handling complaints and problem solving just as they promise to do.

In the above table, on average, 24 (18.34%) of the respondents are strongly agree and agree that they are well handled and customers problem solving was as expected while on average 75 (56.64%) of the respondents are disagree and strongly disagreed. This implies that the majority of the employees of the company are not willing to assist the customer. In consequence of this, customers may shift their face to another rival competitor the industries.

Table 4.10: Description of the level of service quality on Responsiveness dimension

<i>Responsiveness</i>	strongly disagreed		disagreed		undecided		agreed		strongly agreed	
	The staff provides quick service to customers	16	12.10%	59	44.70%	26	19.70%	22	16.70%	9
The staffs have willingness to help customers	13	9.80%	64	48.50%	29	22.00%	21	15.90%	5	3.80%
Customers are always informed when exactly services will be performed.	11	8.30%	60	45.50%	33	25.00%	17	12.90%	11	8.30%
The Employees are responsive to customers	13	9.80%	69	52.30%	21	15.90%	16	12.10%	13	9.80%
Average	13	10	63	47.75	27	20.65	19	14.4	10	7.20

Source, own survey, July, 2015

Responsiveness measures the willingness or readiness of employees to provide service, timeliness of service such as mailing a transaction slip immediately, calling the customer back quickly, giving prompt service. In this dimensions most of the respondents 76(57.75%) replied that they are dissatisfied, 27(20.65%) of them are neutral and the remaining 29(21.60%) are satisfied. This shows that employees of the corporation are not encouraged to help the customers quickly or they are not ready to provide service immediately.

Table 4.11: Description of the level of service quality on Assurance dimension

<i>Assurance</i>	strongly disagreed		disagreed		undecided		agreed		strongly agreed	
	The employee's friendly show courtesy to the customers	7	5.30%	58	43.90%	37	28.00%	23	17.40%	7
Customers feel safe in their transactions	10	7.60%	65	49.20%	31	23.50%	19	14.40%	7	5.30%
The Behaviors of staff instill confidence in Customers	10	7.60%	70	53.00%	28	21.20%	18	13.60%	6	4.50%
The staff having knowledge to answer question aroused by customers.	14	10.60%	67	50.80%	25	18.90%	19	14.40%	7	5.30%
Average	10	7.77	65	49.22	30	22.9	20	14.95	7	5.16

Source, own survey, July, 2015

Under Assurance dimensions service provider should have the knowledge to answer the question which is raised by customer s and have positive attitudes in the mind of customers.

According to the above table, respondents have replied that 7 (5.16%), 20 (14.95%), 30 (22.90%), 65 (49.22) and 10 (7.77%) strongly agreed, agreed, neutral, disagreed and strongly disagreed respectively. Despite the fact that employee of the company are not friendly handled the customers and customers also have no full trust and confidences on the employees

Table 4.12: Description of the level of service quality on Empathy dimension

<i>Empathy</i>	strongly disagreed		disagreed		undecided		agreed		strongly agreed	
	The staff understands about specific needs of customers	14	10.60%	58	43.90%	29	22.00%	13	9.80%	18
The employees are giving customers best interest at heart	17	12.90%	64	48.50%	23	17.40%	18	13.60%	10	7.60%
The operating hours convenient to you	18	13.60%	66	50.00%	19	14.40%	16	12.10%	13	9.80%
The staff gives attention/consideration to customers	28	21.20%	57	43.20%	17	12.90%	18	13.60%	12	9.10%
Average	19	14.67	61	46.40	22	16.64	16	12.27	14	10.02

Source, own survey, July, 2015

This dimensions measures the capacity of a person has to experience another’s feelings. As the result shown in the above table 4.12, on average, most of the respondents 80 (61.07%) are dissatisfied and 38(15.72%) are dissatisfied while the rest neutrals'. This indicates that majority of the employees of EIC are not understand the specific needs of their customers.

4.7. Level of customer satisfaction

The Fourth study objective was to examine the effect of BPR implementation on customer satisfaction. The level of customer satisfaction in EIC was measured by using 13 questions in which respondents were requested to indicate the extent to which they agree or disagree with the statement by writing the number that best describes their perception. Each of the items in the questionnaire was rated with the aid of five likert scaled subjects ranging between one and five;

where 1= Strongly Disagree, 2= Disagree, 3= undecided 4= Agree and 5= Strongly Agree. Their responses were described using means as summarized in table 4. 13.

Table 4.13: Description of the level of customer satisfaction

Variables	Mean	Std. Dev
Customers are properly and innocently cared in the organization	2.591	0.996
Current procedural quality of the corporation is satisfactory	2.508	0.929
Keeping of transactional qualities are promoted	2.386	1.001
Service delivery time is improved	2.326	1.015
There is less waiting time to get service	2.386	1.039
Welcoming staff and service accuracy are satisfactory.	2.386	1.082
Customers are trusted in employees of the organization	2.373	1.092
Affordable insurance premium is provided by organization	2.542	1.042
The organization have better payment plan	2.379	1.102
The availability of parking's are satisfactory	2.379	1.109
Employees have technological knowledge and skills in solving customers problems	2.371	1.087
Employees of the organization are professionally competence.	2.318	0.999
How would you rate your overall satisfaction with EIC?	2.492	0.777
Average	2.43	1.10

Source, own survey, July, 2015

The result in table 4:13 , above shows the level of the customer satisfaction which had mean score of above 2.5 representing customers are satisfied by service delivery of the organization in terms of customers are properly and innocently cared in organization ;current procedural quality of the corporation is satisfactory and affordable insurance premium is provided by organization. These three responses were considered by the respondents to have been satisfied by service delivery of the organization. The other remaining ten responses had a mean score of 2.386 and below .These includes keeping of transactional qualities are promoted; service delivery time is improved ; There is less waiting time to get service; welcoming staff and services accuracy are satisfactory; customers are trusted in employees of the organization ; the organization have a better payment ,the availability of parking are satisfactory; employees have technological

knowledge and skills in solving customers problems, employees of the organization are professionally competence and rating overall satisfaction with EIC are below expectation of the customers.

4.8. Results of Inferential Statistics

In this section, the result of Pearson’s correlation and regression analysis were performed.

4.8.1. Pearson Correlation analysis

To determine the relationship between Existing BPR implementation practices on service quality and customer satisfaction, Pearson correlation was computed. Table 4.14 below presents the results of Pearson correlation on the relationship between Existing BPR implementation practices with service quality and customer satisfaction. in other words it is to determine whether there is significant relationship between the dependent and independent variables.

Table 4.14: The relationship between Existing BPR implementation practices with service quality and customer satisfaction

Correlations			
		Service quality	Customers’ level of satisfaction
Existing BPR implementation	Pearson Correlation	.742 **	.893 **
	Sig. (2-tailed)	.000	.000
	N	78	78
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: (SPSS Output)

Note: N = number of respondents

The results show in table 4.14 above , the BPR implementation has highly related with customer satisfaction and service Quality(Tangibility, Reliability, Assurance; Responsiveness and empathy) and BPR is likely to bring service quality and customer satisfaction. All factors are found to be positive and at significance level of less than 5%.

4.8.2. Regression Analysis

Regression model was applied to test how far the BPR implementation had an effect on service quality and customer satisfaction. Coefficient of determination-R square is the measure of proportion of the variance of dependent variable about its mean that is explained by the independent or predictor variables (Hair et.al, 1998). Higher value of R square represents greater explanatory power of the regression equation.

Table 14.15: Regression analysis of existing BPR implementation practices on service quality

Dependent Variable	Service quality				
Predictors (Independent Variable)	Existing of BPR implementation practices				
Adjusted R Square Value	0.551				
F value of the model	93.165				
Significance	0.000				
Coefficients					
	B	Std. Error	B	t	Sig.
(Constant)	1.106	.211		5.233	0.000
Existing BPR implementation practices	0.868	0.090	0.742	9.652	0.000

Source: (SPSS Output)

Regression analysis is done by entering the Existing BPR implementation practices of EIC obtained in the factor analysis as independent variable and service quality on EIC as dependent variable.

The results are presented in the Table 4.15, the regression model found to be significant ($p < 0.000$). The adjusted R-Square value is 0.551. This indicates that BPR implementation practices as independent variables influence service quality to an extent of 55.10 % and the other unexplored variables may explain the variation in service quality which accounts for 44.90%.

BPR implementation has a significant influence on the service quality. BPR implementation has more impact ($B = 0.868$, $p < 0.000$).

Table 14.16: Regression analysis of existing BPR implementation practices on customer satisfaction.

Dependent Variable	Customers' level of satisfaction				
Predictors (Independent Variable)	Existing of BPR implementation				
Adjusted R Square Value	0.798				
F value of the model	299.79				
Significance	0.000				
Coefficients					
	B	Std. Error	B	t	Sig.
(Constant)	0.547	0.144		3.792	0.000
Existing BPR implementation practices	1.063	0.061	0.893	17.314	0.000

Source: (SPSS Output)

The Existing BPR implementation practices of EIC obtained in the factor analysis as independent variable and the level of satisfaction on EIC as dependent variable.

The results are presented in the Table 14.16, the regression model found to be significant ($p < 0.000$). The adjusted R-Square value is 0.798. This indicates that BPR implementation practices as independent variables influence the satisfaction to an extent of 79.80 % and the other unexplored variables may explain the variation in customer satisfaction which accounts for 20.20 %. BPR implementation has a significant influence on the customer satisfaction. BPR implementation has more impact ($B = 1.063$, $p < 0.000$).

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Introduction

This chapter focused on major findings of the study, conclusion based on the results and forward relevant recommendations to concerned body of the organization and as a references for other researchers who wants to conduct a research with related to assessing the effect of BPR implementation on service quality and customer satisfaction.

5.2. Summary

The main objective of the study was to assess the effect of BPR implementation on service quality and customer satisfaction. The study was carried out in Ethiopia Insurance Corporation. The total sample size of the study comprised 250 respondents of customers, employees and managerial group. Out of total sample size, the response rate of 95.2% or 238 was analyzed and presented. The reliability of the adapted scales was tested and found to be reliable. In analyzing, the data through descriptive analysis mean, standard deviations, diagrams and percentage of variables were computed. Correlation and regression analysis were applied to identify the relationship, explain or estimate the predictor and test statistical significance between BPR implementation practices with service quality and customer satisfactions. Based on 238 respondents of questioner response and interview results obtained from managerial group, the finding of the study is summarized as follows:

- From the sample of employees, majority of the respondents were male 54 (69.20%) under the age category of 30-40 (53.80%) and educational level of first degree holders are (70.5%) with working experience of 11-17 years (46%) and their positions are senior officers. Similarly, when we come to demographic characteristics of customer's majority of them 77.3% were male under the age category of 40-50 (71.20%) with educational level of diploma holders (46.20%) and stayed with EIC for 6-10 years (71.20%).

- The analysis made for the existing BPR implementation practices in EIC indicates that overall majority of the respondents in average mean score (2.27) were justified their disagreements.
- As per the interview made with managerial group of the organization, different efforts has been made to change the traditional working methods and process workflows in to a new work flows and process.
- The average result found from problem related to top management commitment and support, 53(68.20%) of the respondents rate poor commitment and support of top managements to success of BPR implementation .Similarly, Majority of the respondents 48 (61.73) were agreed that the change management and organizational cultures are not aligned with BPR implementation plan. In addition, more than half or (66.4%) of the respondents were reflect poor contribution of ICT infrastructure to assist BPR projects.
- An average results under tangibility dimension majority of the respondents 71(53.65%) are dissatisfied with EIC's facility provision.
- The average result of Reliability, out of 132 respondents the majority 75(56.64%) of them commented that they are not satisfied in the companies reliability.
- Regarding Responsiveness dimensions, most of the respondents 76(57.75%) replied that they are dissatisfied.
- The average result of the Assurance dimension stated that majority of them 74 (56.99%) are disagreed.
- The average result of the empathy dimension stated that 80 (61.07%) of the total respondents are not satisfied with the staffs attention given to them.
- The findings clearly reflect that majority of the customers rating overall satisfaction With EIC are below expectation which got the least weight mean score (M=2.43).
- Concerning the analysis relationship between the study variable, findings from the Pearson bivariate correlation coefficient shows a significant and positive relationship between BPR implementation practices with service quality and customer satisfaction.
- The result of regression analysis shows that BPR implementation practices as independent variables influence the Service quality and customer satisfaction to an extent of 55.1% &79.8% and the other unexplored variables may explain the variation in service quality and customer satisfaction which accounts for44.90% and 20.20% respectively.

5.3. Conclusions

According to the findings, the researcher concluded that:

BPR is most effective for improvement of organizational performance when management and employee of the company understand the needs for change and work together by one sprits. This comes through management and employees are showing their redness for changes, by having regular meeting and discussion with all department of the company on reviewing their performances and able to take corrective actions.

Even if BPR implementation practices are there, the finding reveal that major improvements have not been made on speed, quality and costs to increase productivity and customer satisfaction. According to the respondents idea, the area that needs improvements are customer compliant handling and efficient service delivery like minimizing multiple layers of check and approvals; cut off non-value adding activity and provide many service in a single window. Additionally, Based on the findings of the study, there is no employee empowerments for decision making in a change process and do not feel sense of belong nesses for success of BPR implementation. Different operational and non operational tasks have not been supported with effective net worked technology.

When it comes to the second objective of the study was to identify major challenges faced in BPR implementation. As per findings of the study the greatest challenges are ineffectiveness of ICT infrastructure, lack of top management commitment and support.

In regarding to challenges about effective integration of ICT it needs due attention to improve unless it is difficult to improving quality of services, productivity and customer satisfactions.

Similarly, the third objective of the study was to investigate the effect of BPR implementation on services quality. The quality of service is one of the major determinants of the customer satisfaction. However, the findings of the research indicated that majority of the customers of the organization rated poor service quality provided by organization.

The fourth objective of the study was to examine the effect of BPR implementation on customer satisfactions. Customer satisfaction is an ambiguous and abstract concept. Actual manifestation state of satisfaction will vary from person to person, product to product and service to service. The state of satisfaction depends on a number of factors which consolidate as psychological,

economic and physical factors. Thus, from finding of the study, most of the customers were dissatisfied by service rendered by EIC. The correlation result shows that, BPR implementations are positively and significantly related with service quality and customer satisfaction.

5.4. Recommendations

Based on the problems and identified gaps the researcher has forwarded the following recommendations.

- Enhanced ICT infrastructure plays the most important role in implementation of BPR project, but the existing condition of installed ICT soft ware in EIC shows that there is unintegrated soft ware (ABW with INSIS software) and ineffective as the study confirmed. Therefore, EIC should be replacing the existing software by selecting the right ICT infrastructure which is related to insurance business. Because improving IT competency, effective use of it and presenting timely, reliable, relevant and accurate information needed to be strengthened.
- EIC shall empower its employee so as to bring more responsibility, accountability and to make decisions with fewer hierarchical levels thus shortening the cycle time and becoming responsive, saving the time and cost of the customers.
- Leadership and top management is a key to managing organizations in periods of change and crisis. Based on this fact, lack of commitment and support of top level management can affect success of BPR projects and organizations may not meet a desired level of organization performances. Therefore, top management of EIC should be support the new process through continuous monitor and evaluation schedules.
- Employee's motivation through different benefit packages plays a crucial role of success of BPR projects and has a great power to change a negative attitude of the employees on BPR projects. Therefore, EIC shall consider reward systems and has to work on the attitude of employees to improving the existing organizational performance.
- Insurance industries have to design fast service delivery system that would be maximize the satisfaction level of customers. Therefore, EIC should be identifying the existing problems and understands the customer's feelings in all service quality dimensions and to

take a pro-active measure to their customers and retain the existing business and attract more. Otherwise the customers may tend to shift to other similar companies.

- This study revealed that, Since BPR implemented in EIC there is no monitoring and evaluation systems on the effectiveness of reengineering. Therefore, EIC should be developing monitoring an appropriate performance against stretched objectives and taking corrective actions to improve organizational performance.
- Finally, the researcher recommended that Change management of the organization should be develop effective change management strategy , evaluate continuously the level of change, identify key points of risk and plans to address them through innovation to respond to dynamic environment and conducting various studies and researches to make change effective.

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Appendices

Appendix I Questionnaires for employees of EIC at head office

Dear respondents;

This questionnaire is prepared as a data collection method for an academic purpose. The objective of the study is to assess the effect of BPR implementation on service quality and customer satisfaction in the case of Ethiopian Insurance Corporation at head office and your genuine response is very important for the success completion of the study.

Therefore, you are kindly requested to read the entire question and fill honestly without any hesitation. The researcher confirms that the data to be collected would not be used for any other purpose. Thank you for giving your valuable time and cooperation.

Instruction:

- ***You are not required to write your name***
- ***To give your response by circling on your answer from the alternative choice and fill the blank space.***

Section I: Demographic Characteristics of the Respondents

1. Sex : A) Male B) Female
2. Age: _____
3. Status of your highest level of education
A): A) Secondary and preparatory education B) Diploma C) First degree D) Masters and above
4. What is your current position in Ethiopian Insurance Corporation?
A) Train officer B) Officer C) Senior officer
5. For how long have you have been working in Ethiopian Insurance Corporation? _____

Section II= Questionnaires related to BPR implementations in EIC

In line with factors related to BPR implementation in Ethiopian Insurance Corporation, the following questions are prepared to identify the effect of BPR implementation on service quality and customer satisfaction. Please insert (X) marks Key: SA= Strongly Agree, A = Agree, UN=Undecided, D = Disagrees Strongly Disagree=SD

No	Questionnaires items/The existing practice of BPR implementation in EIC/	SA	A	UN	D	SD
1	There is BPR practice in the corporation					
2	Traditional working methods and process workflows has been changed to new work flows and process					
3	Business processes in the corporation has been radically redesigned					
4	New process have been introduced to provide many service in a single window					
5	Non-value adding activities in processes and performances has been eliminated					
6	Tasks have been supported with net worked technology					
7	Employees have been empowered by being given more decision making					
8	Efficient service delivery is being provided by the organization					
9	Major improvements have been made on speed ,quality and costs					
10	Organization is able to achieve its strategic objective					
11	Multiple layers of check and approvals have been reduced					
12	Customer complaints have been reduced					

Section III= Questionnaires related to challenges of BPR implementation

The following questions are prepared to identify the effects of BPR implementation on service quality and customer satisfaction.

No	Item	SA	A	UN	D	SD
	Top management commitment and support					
1	There is inadequate participation of concerned parties in the overall implementation plan of BPR.					
2	Lack of understanding about BPR implementation requirements					
3	There is lack of management determination when problem comes					
4	Lack of commitment and support of top level management					
5	There is ineffective leadership in motivating and empowering employees.					
	Change management and culture					
6	The policies and procedures of EIC are not towards employees					
7	Operations are not planned and performed based on BPR.					
8	Employees are inadequately motivated based on BPR performance ratings.					
9	Performance are not monitored and evaluated based on planned BPR					
10	There is communication gap between management and employees on performance evaluation of the organizations.					
11	Customers are not adequately, qualitatively and satisfactorily served based on implemented BPR					
12	Managers are anxious about losing their authority after the change					
13	Employees resistance to change due to the fear of job displacement					
14	There is inadequate integration and coordination among functional work processes					
15	There is not enough employees training on BPR implementation.					
16	Absence of benefit packages (incentive, promotions, education communication about BPR progress)					

	Infrastructure					
17	There is no adequate alignment of IT infrastructure and BPR strategy					
18	Information technology is not adequately integrated in business plan of the organization					
19	There is no efficient communication channel in transferring information					
20	The existing ICT infrastructure of the organization is less efficient, reliable and out-dated information system					
21	There is inadequate budget to finance BPR implementation					

Thank you for taking time to complete these questionnaires!!

Appendix II

QUESTIONNAIRES FOR CUSTOMERS

Dear respondents, this questionnaire is prepared by Fikru Refera as an instrument to conduct an academic research which is entitled on “ The Effect of BPR implementation on service quality and customer satisfaction, in the case of Ethiopian insurance corporation at head office.” for the fulfillment of MBA Degree in Business Management from Jimma University.

The information you will provide is very important for successful accomplishment of this research. Furthermore, the information you give will use only for the academic purpose. Therefore, you are kindly request to read all the questions and fill honestly without any hesitation. Thank you in advance for your cooperation!

Instruction:

- 1. Do not write your name**
- 2. Read the question carefully before providing your response**
- 3. Please, circle your appropriate response and fill in the blank space.**

Section I: Demographic Characteristics of the Respondents

1. Sex: A) Male B) Female
2. Age: _____

3. Educational Level: A) Reading and writing

B) Secondary and preparatory education

C) College diploma

D) First degree and above

4. For how long have you been clients of Ethiopian Insurance Corporation at head office? _____

Section II: Service quality related questionnaires from customers' perspective

The following questions are prepared to identify the feeling / intensions of the customers on the following service quality dimensions. Please insert (X) marks Key: SA= Strongly Agree, A = Agree, UN=Undecided, D = Disagrees Strongly Disagree=SD

	SA	A	UN	D	SD
<i>Tangibles</i>					
T1: The location of EIC Head office convenient to you.					
T2: The appearance and dressing of employees is neat and attractive					
T3: Materials associated with the service in the office are visually attractive.					
T4: The office equipments and Network system are modern, good looking and accessible respectively.					
<i>Reliability</i>					
R1: Employees Provide services to you just as they promise to do so.					
R2: Employees Perform services in a way that inspires trust and Confidence.					
R3: Employees have Sincere interest in solving customer's problems.					
R4: The employees treat all customers equally.					
R5: There is a practice of Keeping error free records.					
<i>Responsiveness</i>					
Re1: The staff provides quick service to customers.					

Re2: The staffs have willingness to help customers.					
Re3: Customers are always informed when exactly services will be performed.					
Re4: The Employees are responsive to customers.					
<i>Assurance</i>					
A1: The employee's friendly show courtesy to the customers.					
A2: Customers feel safe in their transactions.					
A3: The Behaviors of staff instill confidence in Customers.					
A4: The staff having knowledge to answer question aroused by customers.					
<i>Empathy</i>					
E1: The staff understands about specific needs of customers.					
E2: The employees are giving customers best interest at heart.					
E3: The operating hours convenient to you.					
E4: The staff gives attention/consideration to customers.					

Section III = Questionnaires Related to Customers' level of satisfaction

The following questions are prepared to identify the major factor that highly contributes for customers' satisfaction. Please insert (X) marks Key: SA= Strongly Agree, A = Agree, UN=Undecided, D = Disagrees Strongly Disagree=SD

No	Item	SA	A	UN	D	SD
1	Customers are properly and innocently cared in the organization					
2	Current procedural quality of the corporation is satisfactory					
3	Keeping of transactional qualities are promoted.					
4	Service delivery time is improved.					
5	There is less waiting time to get service					
6	Welcoming staff and service accuracy are satisfactory.					
7	Customers are trusted in employees of the organization					
8	Affordable insurance premium is provided by organization					
9	The organization have better payment plan.					
10	The availability of parking's is satisfactory.					
11	Employees have technological knowledge and skills in Solving customer problems.					
12	Employees of the organization are professionally competence.					
13	How would you rate your overall satisfaction with EIC?					
	Very satisfied					
	Somewhat satisfied					
	Neutral					
	Somewhat dissatisfied					
	Very dissatisfied					

Thank you for taking time to complete these questionnaires!!

Appendix III

Interview question for managerial Groups

1. What is the overall of BPR implementation practice in your organization?
2. What is the effect of BPR implementation on service quality and customer satisfaction?
3. What is the overall commitment of management and attitude of employees towards BPR implementation in your organization?
4. Does employees and customer are satisfied with BPR implementation?
5. How to understand the effectiveness of ICT infrastructure on the implementation of BPR of EIC?