The concept of Business Process Re-Engineering and Organizational Performance: A Study to explore contributive factors linked with SME Effective Performance in Kabul, Afghanistan

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Abstract
The context of this topic is determining the process which held in every enterprise. Some of them describe a process as "a set of logically related tasks performed to achieve a defined business outcome," (Davenport and Short in BRINT 1998). Some people made a wrong concept about Business Process Reengineering (BPR). Some were misunderstanding about the BPR term. In other way, so many researches were introduced to describe a better definition about BPR. The thinking about concepts, causes, and effect of BPR will make a new perception about the term of BPR itself as a better methodology instead of the other Quality Management Methodologies. This paper intended to examine the relationship between BPR and organizational performance considering some contributive factors linked with SMEs in Afghanistan. The result found strong positive relationship among the variables. Furthermore, 200 employees were asked to participate filling the questionnaires, SPSS were used to analysis the data for this study.

Keywords: Organization Culture, Information Technology, Organization Structure, Management System, Re-Engineering

1.0 Introduction

With no doubt an increasing number of businesses are applying for business process re-engineering to replace old measures for effective performance, cost reduction, and improving competitive advantage, to minimize business delays, eliminate errors, and to work towards removing excuses that breaks individuals and group effective performance, therefore the current research study is focused to explore various factors that supports small and medium enterprises operating in capital city of Afghanistan. Researchers for instance (Van Meel, 1994; Peltu, 1996; Machlntosh & Francis 1997) argued that there is no commonly approved definition of business process reengineering while (Hammer and Champy, 1993) in their book Reengineering the Corporation is widely referenced for the definition of BPR as well proposed by variousresearchers. Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvement in critical contemporary measures of performance, such as cost, quality, service, and delivery or speed, (p.32).

Another BPR definition purposed by BPR father, Davenport in 1993, he described business process reengineering as the analysis or design or workflows and entire business process within and between organizations, he further added that business activities must be viewed as more than a collection of individuals even functional tasks, and these tasks should be broken into different processes that can be designed for maximum effectiveness, and this can be happen in any organization manufacturing and or in service environment. Furthermore, the original concept of BPR traced back to the management theories of nineteenth century as reported by the financial times (1994). Frederick Taylor in 1880s suggested that organizations managers use process reengineering methods until be able to discover best practice of how to perform in best way towards organizational productivity.

A research study on business process reengineering by (Abdikeyev, 2006) suggest that BPR is the introduction of the very latest information technology to be used for achieving new ideas, focusing on services that must satisfy our targeted consumers. While two other researchers argued that the main objective of the business process reengineering includes joint union as a group that support structural subsidiary and appearance of the built in corporate reference in order management serving in functional real duration of time (Shakurkin, 2015; & Akhmetshin, 2015).

Re-engineering in modernization management effects of innovative process (Bogomolova, 2012) aimed at creating a fresh originality productive frameworks and interference procedures and their implementation with the manifestation, preferment, distribution. American scientist Hamler, who introduced in science the term re-engineering learning revolution (Chuev, 2016; Vasilev, 2013; Vasilev & Akhmetshin, 2014).The current study aim to explore the contributive factors towards small and medium enterprises in Kabul as well as clarifying how business process reengineering help them to replace old procedures and adopt new procedures for effective performance and overall business outcome.

1.1 Research Objectives

The current study aimed to meet the following objectives:

- To measure the contribution of various factors that supports business process re-engineering.
- To understand the relationship between business process reengineering and effectiveness of small and medium enterprises in Kabul, Afghanistan.
- To contribute overall effective performance of small and medium enterprises that replace old measurements & procedures.

1.2 Research Questions

The research question for the current study designed based on objectives of the research as followings:

1. What is the contribution of business process reengineering to effective performance of small and medium enterprises?
2. How organizational culture supports business process reengineering?
3. To what extent information technology help small and medium enterprises for effective business process reengineering?
4. How organizational culture supports business process reengineering?
5. To what extent management system contributes business process reengineering for effective replacement of old procedures in the organization?

1.3 Research Hypothesis

For current study the research questions are developed as above, therefore the following is the research hypothesis for the current study:

H_1: Business research process has significant impact on effective business performance.

H_2: Organizational Culture significantly influences business process reengineering.

H3: Information Technology significantly influences SMEs who focuses on business process reengineering.

H_4: Organization Structure significantly influences business process reengineering& organization performance.

H_5: Management System has significant relationship with business process reengineering& organization performance.

2.0 Literature Review

2.1 Organization Culture and Effective Performance

The term organizational culture has been defined embodiment of it is collective systems, norms, ideologies, beliefs, myths and rituals, they can motivate people and can become valuable source of effectiveness and efficiency (Sudarsanam, 2010). While there is no covenant on the mechanisms of organizational culture, most authors agree that it is: holistic, inter-subjective and emotional, rather than firmly balanced (Christensen, and Gordon, 1999); factually determined and needs to be communicated to new members as the "correct way" to perceive things (McGregor, 1960; Schein, 1990); related to anthropological concepts (McNamara, 2000).

Furthermore, the concept of culture has been called as a way of life for an entire society while culture of a group is defined as a pattern for shared basic assumptions that group member learned to solve its problems (Scheine, 1990). Besides all, Schein (1992)

2.2 Information Technology and Effective Performance

We do believe globalization forces the changing environment of our business the way we are doing. Marketers, business companies and service organizations are increasingly focus on their core value and capabilities and the trend forward to outsourcing their growing (Doh, 2005; Espino – Rodriguez and Padron-Robaina, 2006; Mol, 2005). It has been argued from various researchers that information technology plays the most crucial part in managing interorganizational relationship (Wang, 2006). For instance Dell computer successfully employee's information technology in its global operation by means of virtually integrated value

chain for their targeted customers. For this study the term information technology used as a purpose to examine how IT will contribute business performance. Furthermore, if we focus on global competition and increased availability of products and services in marketplace determine the necessity of information technology for gaining competitive advantage, in particular in private business investment information technology is a growing phenomenon in attaining pre – planned goals (Gu and Jung, 2013).

Moreover, an increasing number of the research studies considered information technology as an indicators for basic business process reengineering and performance which is so called intermediate process level for instance productivity, profit, cost reduction (Bharadwaj, 2000). Researchers for instance (Devaraj and Kohli 2003; Mithas, 2011 and 2012). While other studies used performance based on organizational level like we can say market share, market share value, competitive position (Mata, 1995; Hitt and Brynjolfsson, 1996; Dehning and Richardson, 2002; Agan, 2011; Ceccobelli, 2012).

2.3 Organization Structure and Effective Performance

In terms of research and debate organizational structure attracted vital attention among organizational managers and academia. Difficult decisions have been faced by managers while they are setting out to design an organizational structure, they must be attentive to choose among various frameworks of the job in different department (Gibson, Ivancevich, Donnelly, and Konopaske, 2003). Organizational structure designed to use by different firms and they prefer as a control mechanism to the effective performance of individuals with organization, to make sure the asked task are performed effectively, and to confirm that goals and objectives of the organization attained accordingly (Katsikea, Theodosiou, Perdikis and Kehagias, 2011; Al-Qatawneh2, 2014).

Planned good organization structure itself one of the accurate procedures for an expected performance, importantly the organization structure not only affect the employee's performance but overall organizational performance and confirms the efficiency of the organization, all poor organization structures can't support performance but aids o the poor performance which negatively affect human efficiency (David, Renner and Young, 2006). According to (Bassey and Umoh, 2010) poor organization culture restricts individual's promotion, psychological health, individual's growth that resulting failure. Both Martin, (2005) and Jacob, (2008) stated that formal and good organizational structures support performance. In some other researchers like

Daniel (2006) and Victor (2008) report negative relationship, organizational performance, on other hand, is an indicator which measures how well an enterprise achieves their objectives (Venkatraman and Remanujam, (1986); Hamon, (2003); Ho, (2008).

Management System and Effective Performance

Managing performance in the organization is not a new concept but it's widely accepted and adopted term throughout the world. According to Collins-Camargo, (2014) it's clearly must be stated how to communicate performance of group and individuals within the system. Biron, (2011) found that management system must be considered as a critical factor for the success and effective performance of various organizations within some specific market place. Dewettinck and Dijk (2013) uncovered that the more planned (formal) and unplanned (informal) discussions managers had with their subordinates about their performance, the more likely these subordinates perceived the system to be effective. Haines and St-Onge (2012) found that the use of multi-source feedback did not have a significant relationship with the perceived effectiveness of the system.

Research Methodology

The current research used a quantitative approach to diagnose and conceptualize the problem. Based on above literature the main components will be for instance organization culture, information technology, organization structure, management system and business process reengineering. For this study the independent variable was business process reengineering while dependent variable is SME effective performance. A total of 6small private owned businesses were selected. A total of 200 questionnaires were distributed among different workers working in the selected small and medium enterprises operating in Kabul capital province of Afghanistan. Furthermore, the convenience sampling techniques were used for data collection from selected business sector. For this study regression analysis were used to explore the relationship between various independent and explanatory variables used SPSS software tool.

Results and Data Analysis

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.990	.980	.980	.35453

a. Predictors: (Constant), OC, IT, OS, MS

The regression analysis of the study is used to describe the variation of the variables, the significance of the model and as well the beta change. Here, the model summary table of the analysis is used to state the R square value .980 is used to indicate the level of the variation caused between the independent variable BPR and the organizational performance.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6005.389	3	2001.796	15926.521	.000
	Residual	125.187	996	.126		
	Total	6130.576	999			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Organization Culture, Information Technology, Organization Structure, Management System

This table of the analysis is used to mention the fitness of the model keeping in view the significance value. Therefore, the above table of the analysis has found out that the significance value is .000 which is less than .05. Hence, we can state that the model is statistically significant.

Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.759	.108		6.999	.000
OC	.938	.009	.954	102.534	.000
IT	.988	.006	1.021	153.323	.000
OS	.960	.009	1.084	105.258	.000
MS	.838	.008	.995	121.241	.000

a. Dependent Variable: Organizational Performance

Regression coefficients represent the mean change in the response variable for one unit of change in the predictor variable while holding other predictors in the model constant. Furthermore, Here in the table above we see that the beta value for the organizational culture is . 954 the beta value for the information technology is 1.021, for organization system, 1.084 while

for management system we have .995 beta values, also there is significant .000 values for each variable in coefficients table.

Conclusion

The study here was conducted to explain the effect of the concept of business process reengineering with contributive factor linked with SMEs in Kabul Afghanistan. The study of the sample was 200 in which the valid respondents were 200 and the data was collected through the questionnaires which were distributed through simple random sampling. Furthermore, the study which was undertaken had mentioned that there exists positive strong relationship between the both business process reengineering and organizational performance with contributive factor for SMEs. We have run the SPSS 21.1 in which we applied various tests for the analysis of the data. Therefore, Here in the table above we see that the beta value for the organizational culture is . 954 the beta value for the information technology is 1.021, for organization system, 1.084 while for management system we have .995 beta values, also there is significant .000 values for each variable in coefficients table. Both of which are used to indicate the positive relationship between these two BPR and the OP. Likewise, the regression analysis were run to indicate the significance value, the degree of variation and the beta value which indicates the change of the variables or level of the confidence. The model summary of the regression analysis which has the R square value .980 which is used to indicate that 98.0% change is taking place means the change in the business process reengineering will have the relatively mentioned proportional change on the employees' commitment. After all the coefficient of the regression analysis has the standard beta value which indicates the unitary change and the level of the confidence

Future Research Direction

The current study was conducted to examine the relationship between BPR and organizational performance with assessing the factors contributes SMEs in Kabul Afghanistan, Business process reengineering, by its very nature is process oriented. This means that the company's processes can be reengineered one by one using BPR. The only thing to be concerned here is how to choose the process, prioritize them apply the BPR model and implementation strategy developed in the above section. In this regard therefore, similar work should be carried out on processes selected as per the model developed. Furthermore, the principles of BPR and the model developed in this study can be easily adapted to other sector of the industry that wants to

reengineer their processes. Framework for the Guidelines of Modeling" helps also to understand the different aspect of business process.The results of this unique study indicate that the BPR program produced dramatic benefits that affected every area of the company. Furthermore, the study can be implemented in other sectors for instance pharmaceutical industries, marketing industries, telecommunication and educational institutions.

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