

**EFFECT OF REENGINEERING STRATEGIES ON ORGANIZATIONAL
PERFORMANCE: A CASE OF HUDUMA CENTRE KISII TOWN, KENYA**

^{1*} **Victor Magara**
vmagara@gmail.com

^{2**} **Professor Willy Muturi**
mmuturi2001@gmail.com

^{1, 2} Jomo Kenyatta University of Agriculture and Technology, Kenya

Abstract: *Huduma Kenya is a Government of Kenya multichannel public service delivery strategy that seeks to enhance service provision efficiency through a one stop service provision centers. It is conceptualized along the concept of integrated public service provision and with an aim of providing integrated public services hence transforming service delivery processes. Huduma Center service delivery is important in ensuring that the government meets its commitment to the citizens as well as realization of national development. It is also encouraged public bodies to measure and assess performances by committing themselves to standards of service that the public expects and evaluating how they measure against those standards.*

Significance: *Reengineering strategies are being attempted to operate at Huduma center to enhance transparency, efficiency and effectiveness, towards customer satisfaction but not improved organizational performance. However, the customers are still complaining of service delivery and the need to have efficiency in service delivery of Huduma centers.*

Objectives: *this study aims to evaluate the effect of reengineering strategies on organizational performance of public organizations. The study was conducted at Huduma center Kisii. The specific objectives of the study were; to evaluate the effect of benchmarking on organizational performance, to examine the effect of radical transformation on organizational performance, to establish the effect of process rationalization strategy on organizational performance and to assess the effect of process integration on organizational performance.*

Establishments: *The concluded that process rationalization affects organization performance. The study found that Process Rationalization intends to suggest a customer service rationalization method which consists of service process model, performance simulation, and contingent. Further, it was established that expansion and alteration of strategy pertains to a particular service to be offered. Based on the organizational performance, it was examined the respondents' views on mutual recognition among Customs administrations of each organization's programmes and controls and Cost-effectiveness analysis for better performance. Therefore, it is recommended that customer service should not be individualized for best marks but incorporated for service.*

Keywords: Benchmarking, Organizational Performance, Reengineering Strategies, Radical transformation

Background of the Study

Reengineering is the way of rethinking existing business methods and work procedures towards customers. This involves reinvention rather than evolutions but not marginal improvement, as a strategy which requires that an overarching rethinking of the business and a view of set processes rather than functional department to critical customer focus. Reengineering strategy is a strategic management tool of planning, design and

implementation of the whole organizations. Reengineering as a strategy for change is more recently developed than downsizing, and much less research has been conducted on its association. Reengineering strategy is relating to applications of information technology (Davenport and Short, 1990), but little attention was paid to reengineering by organizational scholars.

Over the past years, the public has experienced a lot of challenges in accessing public services which has led to a lot of travelling to various public offices, thus high delays, hence dissatisfaction of customers, (Tella, 2012). Since 2014, most organizations have advanced in their businesses through reengineering mode of operations in the public sector by 'one stop' shop strategy (GoK, 2015). The concept of business process reengineering originated from Hammer and Champy (1993). They stated that, reengineering is the fundamental rethinking and radical redesign of business process to achieve dramatic improvements. Saba, (2014), supports them by explaining that reengineering is rethinking for radical change of the new processes of operations, to improve service delivery, (Deak, 2014).

Reengineering is usually claimed to have produced dramatic improvements in various performance indicators includes critical modern measures of performance such as cost, quality, service and speed. They stressed that; the concept of reengineering cannot be reduced to process alone because its principles are applied in all parts of an organization. Every company can be seen as a process that responds to customer needs by creating, producing, supplying and invoicing goods and services. Process reengineering is redesigning or reinventing how we perform our daily work, and it is a concept that is applicable to all industries regardless of size, type, and location, (Hamscher, 1994). These processes occur in response to market conditions. According to him, business process re-engineering is a term that includes several different views on how to achieve radical change in an organization. The advantages of reengineering came from a combination of organizational changes and information technologies (Lillranka, 1998).

Strategy rationalization is the process of coming up with a technology solution that delivers or supports a business goal. Business goals are created in exactly the same way those technology goals. The purpose of reengineering is not just for corporate restructuring, but help critical procedure of serving customers or client's needs. Reengineering strategy is a competitive trend which has forced organization to improve customer service value to reduce their operating cost. Business process reengineering as a factor, improve performance, but also, it has faced difficulty in terms of reformation in the organizations in Italy. The change in information technology has grown through customer potential (Ringim, 2016). Watundu (2013) observed that, reengineering strategy demands for quantitative investigation of organizational growth in Uganda. He observes that, the use of corporate reengineering strategy brings success, but redesigning operations is necessary to identify business goals as it been observed in Uganda.

Reengineering replaced cost reduction, time-to-market changing direction. Superseded product performance, or cost reduction replaced process performance as the objective considered to be most important. In Kenya, Reengineering concerns the fundamental rethinking and radical redesign of process to obtain sustained improvements.

Huduma Kenya is a Government of Kenya multichannel public service delivery strategy that seeks to enhance service provision efficiency through a one stop service provision centers. It is conceptualized along the concept of integrated public service provision and with an aim of providing integrated public services hence transforming service delivery processes. Thus, their initiative presents customer understanding and at the point of service delivery in the industry. In order to improve service delivery in various organizations, there is need

to embrace business process reengineering. Reengineering is an overhaul of organizational structures, management systems, employee responsibilities and performance measurements, incentive systems, skills development, and the use of information technology. It can impact every aspect of how daily business is undertaken.

Statement of the Problem

Performance of Huduma centers has been hindered by low employee morale and slow pace of service delivery with poor attitudes attributed by different strategies reengineered (Mutia 2017). This has called for re-engineering so as to improve their organizational performance. The most notable reengineered strategies are benchmarking, radical transformation, process rationalization and process integration, but there is no clear evidence which strategy is working the best, hence Huduma Center initiatives have limited success in enhancing organizational performance in public service delivery. The problem of service accessibility due to centralization of some government services is still a major challenge (Berihu-Assefas, 2017).

Watundu (2013) also observed that reengineered organizational improves competitive growth, leaving out reengineering in service public sector. Huduma centre in Kenya has also introduced different strategies in 2014 which has integrated different public services from citizens or customers of public services point of view under the one-stop paradigm, all of the customer demands can be completed in a single contact, be it face to face or via phone, fax, internet or emails in terms of services offered. In a bid to enhance performance the Huduma centers have to adopt different strategies which includes teamwork and involvement, rationalization of processes, continuous quality improvement, continuous downsizing strategies, benchmarking, radical transformation, process rationalization and process integration, however re-engineering strategy turns to bring radical change to the business that are not performing well. Therefore, the study intended to evaluate the effect of reengineering strategies on organizational performance at Huduma center in Kisii County.

Objective of the study

To evaluate the effect of reengineering strategies on organizational performance at Huduma center in Kisii County.

Literature Review

The study was informed by the following theories discussed below.

Scientific Management Theory

It was also referred to as Classical management theory was started by French engineer Henry Fayol within the scope of the organization environment of the 2nd industrial revolution. This theory aimed to increase business' efficiency through their organization and the application of scientifically-based general management principles. Fayol is associated with the American theorist FredrickW Taylor (1856-1915) who is termed as the father of scientific management theory who focused to develop better understanding among employees and managers by improving efficiency for all. Both of them advocate for strategic management (Parker&Ritson, 2005; Souza&Aguiar, 2011) Frank (1868-1924) and Lillian Gilbert (1878-1972) also put their part in scientific management following the concepts of F.W. Taylor. They focused to cut unnecessary factors for the process productivity and decrease the fatigue in each part of the task.

According to Senge, (1990), noted that reengineering strategy can motivate people to reach common objectives. Haveman (2012), states that the essence of leadership involves achieving objectives with and

through people. Researchers believe that strategic leadership is above all management executives, or general managers (Kotter, 1982). The discretion of top managers and the CEO varies widely from very little to a great deal. Thus considering the general principles recommended by Fayol and the current reality of Huduma Centers in Kenya, there seems to be some common of reengineering strategies which will be important to explore.

Resources Based View Theory

Penrose (1959) was one of the first scholars to reorganize the importance of resources to a firm's competitive position. She focused not only on static resources but also the firm's resources like inimitable skills, technologies and knowledge with which they are deployed. She argues that advancement of a firm is due to the manner in which its resources are employed. The resources only contribute to a firm's competitive position to the extent that they are exploited in such a manner that their potentially valuable services are made available Penrose (1959: 24). Possessed resources that were valuable and rare would attain a competitive advantage and enjoy improved performance in the short term,(Malakooti, 2013).

Strategic theory

This is theory of strategic management started by Burns and Stalker in 1961. This theory states that strategic management practices may change in organization comparison. This is related to organizations operations in different sections. Otley (1980) observed that managers are at top of strategic management with no specific strategies that can be reengineered to all activities of the organizations. In this theory, every organization has its own strategies (Gichaga 2014).

Michael Porter's Generic Competitive Strategies

The generic competitive strategies theory was proposed by Michael porter in 1985.The theory states that competitive advantage arises out of the value created by an organization that is more than the cost incurred to create it. Further it says that value is what buyers are ready to offer which come out of offering lower prices than rivals for equal benefits. Kyarizi (2012) argued with this theory of reengineered strategy, differentiation strategy, and focus strategy. Further the organization performance can be enhanced by different strategies by applying differentiated services at low cost for a given time.

The assumption of the theory is that the strategy focuses on efficiency through reengineered standards at low cost and avails the same to many customers at low prices. It gives organizations economies of scale not mentioning creation of strategic advantages. Microlinks (2009) on the other hand, observed on the assumption that differentiation strategy is concerned with the broad market which involves the creation of services that are taken to be absolutely diverse form those of competitors in the entire market. The reengineering strategy can be attain by using bizarre designs, brand image, technology, features, dealers, network, or customer's service leads to enhanced customer loyalty to the brand reduces the sensitivity.

The relevance of the theory is that organization can gain competitive advantage over its rivals in improving performance. Pursuing provision of competence based reengineering strategies gives an organization competence to improve performance over its competitors by producing highly qualified, differentiated services at low cost for a defined customer base. Therefore, this theory is more applicable to assess the effect of reengineering strategies on organizational performance.

Research Methodology

The study adopted descriptive research design. Huduma centre have sixteen public organizations operating under one stop office from headquarter. The target populations comprised of 65 employees working in Huduma Centre in Kisii. Census sampling was used to sample 65 respondents. The study used research questionnaire to collect data. The collected data was analyzed by descriptive statistics and inferential statistics. The results were presented by tables.

Results and Discussions

Benchmarking strategy

The study sought to establish influence of Benchmarking strategy on organizational performance in Huduma center. Advanced technology adoption and structural change was among the Benchmarking n Huduma centers reengineering strategy. The result was presented in table 1.

Table 1 Benchmarking strategy

	Mean	Std. Dev.
Huduma is an organization redesigned to provide government service from different offices with best option	3.12	2.02
Huduma provides service that are cost effective manner than previous time of travelling cost	4.46	2.10
Huduma centers use integration benchmarking to enhance service delivery	4.31	2.11
Our Huduma center achieves customer demands	3.10	1.87
It is more of customer service than individual best marks	1.56	.116

Table 1 showed that Huduma provides service that were cost effective manner than previous time of travelling cost had a mean of 4.462.10, Huduma is an organization redesigned to provide government service from different offices with best option had a mean of 3.12 and standard deviation of 2.02, Huduma centers use integration benchmarking to enhance service delivery had a mean of 4.31 and standard deviation of 2.11, our huduma center achieves customer demands had a mean of 3.10 and standard deviation of 1.87, and it is more of customer service than individual best marks had a mean of 1.56 and standard deviation of .116. From the result, it was established that huduma center is cost effective than cost of traveling to headquarter to service. However, it was shown that huduma center was not customer service than individual best marks.

Process Integration strategy

The study sought to evaluate the effect of process integration on organizational performance. The study used demand analysis design and -improving process technology as an indicator of benchmarking strategy.

By placing a tick in the appropriate box, the respondent indicated the influence of proper application of process integration, and how it has contributed to build a valuable information technology for better organizational performance as presented in table 2.

Table 2 Process Integration strategy

	Mean	Std. Deviation
The central department facilitate desired performance	3.72	1.240
The incorporated processes improved performance through service delivery	4.13	1.267
The organization has uses reengineered strategy by technology to save time, improve accuracy	3.58	1.039
Huduma center does not compete with other firms but to offer services with effectively designed implement processes	3.74	1.235
Huduma centre has a driving strategy that facilitate change as in the desired direction of employees	4.16	1.249
Valid N (listwise)		

Huduma centre has driving strategy which facilitate change as they push employees in the desired direction had the highest mean of 4.16 and standard deviation of 1.249, it incorporated processes improves performance through service delivery, with a mean of 4.13 and standard deviation of 1.267, Huduma center does not compete with other firms but to offer services with effectively designed implement processes had a mean of 3.74 and standard deviation of 1.235, The central department facilitates desired performance had a mean of 3.72 standard deviation of 1.240, the organization has uses reengineered strategy by technology to save time, improve accuracy had a mean of 3.58 and standard deviation of 1.039.

Transformation strategy

The respondents were asked to indicate their level of agreement by placing a tick using appropriate box. The respondents indicated the extent to which they agree with the following statements whether transformation strategy affect organization performance.

Table 3 Transformation strategy

	Mean	Std. Deviation
Revolve team is highly committed to quality services	3.74	1.235
There is full-scale recreation of processes for optimization	4.16	1.249
Huduma centre use traditional way of offering service	3.57	1.036
management team provides a clear strategic plan	3.75	1.229
Huduma centre change its strategy as it adopted within the organization	4.17	1.247
Valid N (listwise)		

From table 3, it was shown that Huduma centre changes its strategy as it adopted within the organization with the highest mean of 4.17 and standard deviation of 1.247, Huduma centre has full-scale recreation of processes for optimization had a mean of 4.16 and standard deviation of 1.249, management team provides a clear strategic plan had a mean of 3.75 and standard deviation of 1.229, revolve team is highly committed to quality services had a mean of 3.74 and standard deviation of 1.235, Huduma center use traditional way of offering service had a mean of 3.57 and standard deviation of 1.036.

The results implied that Huduma centre changes its strategy as it adopted within the organization, but it do less to use traditional way of offering service.

Process Rationalization strategy

The respondents were also requested to indicate the extent to which they agree or disagree with the following statements on the effect of process rationalization on organization performance.

Table 4 showed that process rationalization intends to suggest a customer service rationalization method which consists of service process model, performance simulation, and contingent had a mean of 4.67 and standard deviation of 1.511, Reorganization of a company increases its operating efficiency had a mean of 4.15 and standard deviation of 1.259, Huduma centre has desired output as a result of practical application of knowledge to achieve a desired end had a mean of 3.72 and standard deviation of 1.232, Huduma centre globalized modern era of every process 3.71 had a mean of and standard deviation of 1.237, my organization has high-efficiency working spaces had a mean of 3.57 and standard deviation of 1.038 and expansion and alteration of strategy pertains to a particular service to be offered had a mean of 3.56 and standard deviation of 1.041.

Table 4 Process Rationalization

	Mean	Std. Deviation
My organization has high-efficiency working spaces	3.57	1.038
Huduma centre globalized modern era of every process	3.71	1.237
Reorganization of a company increases its operating efficiency	4.15	1.259
Expansion and alteration of strategy pertains to a particular service offered.	3.56	1.041
Huduma centre has desired output as a result of practical application of knowledge to achieve a desired end.	3.72	1.232
It intends to suggest a customer service rationalization method which consists of service process model, performance simulation, and contingent.	4.67	1.511

From the table 4, it was indicated that process rationalization intended to suggest a customer service rationalization method which consists of service process model, performance simulation, and contingent and expansion on the alteration of strategy pertains to a particular service to be offered.

Organizational performance

The study also examined the respondents’ views by ticking in the appropriate answer. They indicated the level of agreement with the reengineering strategies on enhancing organizational performance. The results were presented in table 5.

Table 5 Organizational performance

	Mean	Std. Deviation
Customer satisfaction is improved	3.77	1.229
Quality services is achieved by timely solution	4.18	1.238
Cost-effectiveness analysis	3.57	1.032
Reduced compliance costs for legitimate	3.77	1.229
Mutual recognition among customs administrations of each organization’s programmes and controls.	4.22	1.248

Huduma center has mutual recognition among customs administrations of each organization’s programmes and controls had a mean of 4.22 and standard deviation of 1.248, quality services is achieved by timely solution had a mean of 4.18 and standard deviation of 1.238, reduced compliance costs for legitimate had a mean of 3.77 and standard deviation of 1.229, customer satisfaction is improved had a mean of 3.77 and standard deviation of 1.229, cost-effectiveness analysis had a mean of 3.57 and standard deviation of 1.032.

Correlation analysis

The study sought to establish the relationship between reengineering strategies and organizational performance: a case of Huduma Centre Kisii town. The following variables were correlated; radical transformation, process rationalization, process integration on organizational performance. The results were shown in table 6.

The results indicated there was a positive significant relationship ($r=.843$, $P=.000$, between radical transformation and organizational performance.

Table 6 Correlation analysis

		Benchmarking strategy	Radical transformation	Process intergration	Process rationalization
Benchmarking strategy	1				
	Pearson Correlation	.110			
Process integration	Sig. (2-tailed)	0.022*			
	N		37		
Radical transformation	Pearson Correlation		.843	1	
	Sig. (2-tailed)		.000		
	N		37	37	
Process rationalization	Pearson Correlation		.112	.112	1
	Sig. (2-tailed)		.018	.018	
	N		37	37	37

Correlations is statically significant at 0.001

Further, there was a positive significant ($r=0.112$, $p=0.018$), benchmarking strategy had $r=0.110$, $p=0.022^*$, relationship between process rationalization, benchmarking strategy and organizational performance.

Regression analysis

Regression model

The study sought to establish the relationships between the reengineering strategy and organizational performance. The results are shown in Table 7.

Table 7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.882 ^a	.778	.202	1.045

a. Predictors: (Constant), Benchmarking strategy, Process integration, Radical transformation, Process rationalization

The study findings show that 88.2% of reengineering strategies can predictor organizational performance while the other remaining percentage was explained by other variables not under the study.

ANOVA

The study findings show that the ANOVA had F (7.749, .000^b) implied that reengineering strategy had significant effect on organizational performance by its variables under study Process integration, Radical transformation, Process rationalization as presented in table 8.

Table 8 ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	25.405	3	8.468	7.749	.000 ^b
Residual	84.150	77	1.093		
Total	109.556	80			

a. Dependent Variable: Organizational performances

b. Predictors: (Constant), Benchmarking strategy, Process integration, Radical transformation, Process rationalization)

The study findings show that there is a relationship between reengineering strategy and organizational performance.

Regression coefficients

The regression coefficient was used to test the relationship between reengineering strategy and organizational performance using the regression equation as presented in table 9.

Table 9 Regression Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
	(Constant)	.304	.128		2.382	.018
	Benchmarking strategy	.291	.113	2.02	6.941	.012
1	Process integration	.307	.051	.401	7.654	.000
	Radical transformation	.420	.055	.161	2.613	.010
	Process rationalization	.637	.054	.198	3.220	.001

a. Dependent Variable: Organizational performance

The regression model can be written as Process integration, Radical transformation, Process rationalization

Linear regression model becomes now linear equation as in; s

$$Y = 0.304 + 0.291X_1 + 0.307X_2 + 0.420X_3 + 0.637X_4 + \ell$$

X_1 - Benchmarking strategy, X_2 Process integration, X_3 Radical transformation, and X_4 process rationalization,
 Y = organizational performance

The regression equation indicated that benchmarking strategy B .291, $p=.012$, process integration, B 0.307, $p=0.000$, implies that 30.7% change in one independent variable of radical transformation by 42.0%, and process rationalization by 63.7% explain organizational performance, the p value for all variables was less than 5% level of significance. Thus, study revealed that there is statistical significant relationship between reengineering strategy and organizational performance of Huduma Center In Kisii town.

Conclusions

Based on the result from the first objective, benchmarking strategy had an influenced organizational performance in Huduma center. Advanced technology adoption and structural change was among the process rationalization in huduma centers reengineering strategy. The study further found that Huduma is organization redesigned to provide government service from different offices with best option. Further, it is more of customer service than individual best marks.

From the second objective, process integration affects organizational performance. The study used demand analysis design and -improving process technology as an indicator of benchmarking strategy. The respondent found that proper application of process integration has contributed to build a valuable information technology for better organizational performance. Huduma centre has driving strategies which facilitate change as they push employees in the desired direction and the organization has uses reengineered strategy by technology to save time, improve accuracy.

Based on the results obtained, transformation strategy enhanced organization performance. From table 4.5, it was found that change its strategy is adopted within the organization, and they use traditional way of rendering service.

The study further concluded that process rationalization affects organization performance. The study found that process rationalization intends to improve customer service delivery which consists of service process model, performance simulation, and contingent. Further, it was established that expansion and alteration of strategy pertains to a particular service was less offered.

Based on the organizational performance, it was examined the respondents' views on mutual recognition among customs administrations of each organization's programmes and controls and cost-effectiveness analysis for better performance.

Recommendation of the study

The study established the influence of Benchmarking on organizational performance in Huduma center. Huduma provides service that were more cost effective manner than previous time of travelling cost and it is more of customer service than individual best marks. Therefore, it is recommended that customer service should not be individualized for best marks but incorporated for service.

The study sought to evaluate the effect of Process Integration on organizational performance. The study indicated that proper application of Process Integration has contributed to build a valuable information technology for better organizational performance. The organization has uses reengineered strategy by

technology to save time, improve accuracy. Thus, the organization should employ reengineered strategy enhanced by technology adoption to improve service and save time.

The study recommends that process rationalization should be enhanced to improve organization performance. The expansion and alteration of rationalization strategy has to be aligned to a particular service to be offered to customer needs.

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