Reform Tools in Ethiopian Finance Institution: Challenges and Prospects

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Abstract

It has become an undeniable truth that the wealth of the nation depends more on its people, management and government, than on its natural resources. 61 finance staffs and 3 key informants are considered for investigation. Moreover the researcher used questionnaire, interview and documents analysis as data gathering instruments. This study employed both qualitative and quantitative research approach. Besides, both primary and secondary data sources used to examine the issue under discussion. In addition, to better triangulate the study findings interview with key informants was undertaken. Data presentation, analysis and interpretations are made with the aid of descriptive statistics. Accordingly, the study result shows that despite few encouraging achievements were registered, multifaceted challenges has been encountered. For instance among major challenges, lack of top management focus and involvement, lack of continuous monitoring and evaluation, lack of coordination and communication, absence of incentives etc are worth mentioning among many other challenges identified. The study also recommended many like ; Top managers have to be fully committed and take responsibility for their action to prove the success of Business Process Reengineering implementation, The Finance Offices should strive and work in collaboration with concerned bodies to address the ongoing questions of incentive packages with in short period of time.

Background

It has become an undeniable truth that the wealth of the nation depends more on its people, management and government, than on its natural resources. History has taught us adequately that the countries, which are now called as advanced and prosperous (like USA, Japan, Great Britain, Germany, Israel, the Netherlands) have achieved such a remarkable economic growth and development through their work alcoholic and innovative people. Education helps to enhance the knowledge base of the nation and therefore it plays a vital role in shaping the future of the nations. Emerging global trends, new economic challenges, the rapid growth of information technology (IT) and the requirement for multilingual proficiencies are some of the challenges that developing countries have to face. The role of education in building workforce and management capable enough to cope with these challenges has been appreciated and gained much more attention from various governments than ever before (Gill and Lashine, 2003). Particularly, higher education, as the most important source of educated and skilled people, is increasingly recognized as an important way of forming rich human capital through providing high quality education and in addressing the pressing problems of a nation (Karname et al, 2004).

Ethiopia, and Africa at large, lags behind in scientific and technological advancement. We are mired in a state of underdevelopment, poverty, poor health, inadequate education coverage, and consequent marginality. Although with immense potential and possibilities, we are poor in competitiveness in this era of globalization and knowledge economies. Building our higher education capacity is, therefore, not a luxury but a necessity in order to use our potential and to bring sustainable development of our countries.-Higher education in Ethiopia is going through a decisive phase of reform and expansion. As a system it is increasingly required to respond and gear adequately to the development needs of the society and the country. This change is taking place through a government-led radical review of the systems status and challenges, and by devising mechanisms of consensus building, as well as ownership and overcoming the resistance to change, characteristics of a higher education community. (Teshome Y, 2003).
Although Ethiopia’s public universities number and their intake capacity increased rapidly, universities way of doing businesses criticized being as old-fashioned processes that are scattered in pieces of tasks among various units of the university. That in turn resulted to dissatisfy both the customers and service providers. Above all, those old-fashioned work practices lack to enhance the Ethiopian public universities for effective, efficient and economic performances. Accordingly, the former Ethiopian Ministry of Capacity Building tried to introduce transformation in Ethiopia in the ways in which works have to be done by all government organization through Business Process Reengineering (BPR). Thus, under the delegation of Ministry of Education (MoE), Ethiopian public universities engaged in Business Process Reengineering (BPR). (MoE, 2007)

Linden (1998) noted that the biggest disappointment of organizations on Business Process Reengineering (BPR) is implementation or more specifically, lack of implementation.

Likewise, Hammer and Champy (1993) estimate indicated that 50% to 70% of Business Process Reengineering (BPR) initiatives failed to achieve their objectives. Studies on the key success and failure factors of Business Process Reengineering (BPR) implementation attempted to identify different sets of factors (Grover et al., 1995; Attaran and Wood, 1999; Allen and Fifield, 1999; Al-Mashari and Zairi, 1999; Ahmad et al., 2007). These factors include change management, management competency and support, organizational culture, project planning and management, information technology (IT) infrastructure and financial resources.

Besides, Attaran (2000) attempted to identify barriers to successful implementation of Business Process Reengineering (BPR); however, the author claimed that the difference between success and failure did not depend on company size or resources, but on appropriate planning and avoidance of pitfalls.

The factors identified by various authors are almost similar, except some researchers like Allen and Fifield (1999) and Terziiovskia et al. (2002) depart on the IT factor. The reason that inspired the researcher to carry out the study on this area is a widely shared understanding that Ethiopia has survived with very limited higher learning opportunities for many decades. However, more recently, the doors are being widely open for potential learners to get access to educational opportunities at various levels-more universities and colleges are being opened in the last few years. This quantitative surge requires quality checks/controls through systematic management tool. There is a consensus among scholars that establishing Business Process Reengineering (BPR) serves as an important tool to measure and maintain academic excellence in higher learning institutions. As in business, in higher education there are acceptable conventions of measuring excellence. As opposed to accounting-based measures dominantly used in businesses, HEIs have historically emphasized academic measures. In particular, measurement in HEIs has generally focused on quantifiable academic indicators, such as student and faculty demographics, faculty-student ratios, enrollment (by sex, ethnicity and program level), graduation rates, dropout rates, repetition rates, grade point average, class rank, faculty teaching loads and instructional contact hours, academic and administrative staff ratios, statistics in physical and library sources, budget utilization level, and other similar factors (MoE, 2007; Ruben, 1999; Ewell, 1994).

The history of conducting researches at the University of Gondar traced back to the late 1950s in the then Gondar Public Health and Training Center. Since that time, valuable researches have been conducted mainly in the medical research arena. Despite long history of researches at the University of Gondar, however, many of them were disciplinary specific and have not been arguably based on the problems that the nearby dwellers were facing. In today’s dynamic global business environment, organizations both in public and private sectors are finding themselves under extreme pressure to be more
flexible and adaptive to such change. Change always has been the case, but although in the past it was predictable, incremental and evolutionary, today it is unpredictable, rapid and revolutionary. Although the introduction of Business Process Reengineering (BPR) in Ethiopia is a recent phenomenon, to the researchers knowledge, there have been serious management problems and lack of extensive study that identified the specific factors that affect Business Process Reengineering (BPR) implementation and their magnitudes in Finance and Budget Directorate Offices in University of Gondar. Therefore, this study could have implications to evaluate the challenges and take corrective actions of Business Process Reengineering (BPR). The objective of the study is to evaluate the challenges of implementing Business Process Reengineering (BPR) in the University of Gondar Finance and Budget Directorate Offices.

Research Methods

This research has employed both qualitative and quantitative approaches. Besides, descriptive survey was used to undertake this specific research under consideration.

According to University of Gondar Human Resource Director Office there are about 64 University of Gondar Finance and Budget Directorate Offices staff. Therefore the study population was classified in to Fasil campus Finance and Budget Offices staff(10), GCMHS campus Finance and Budget Offices staff(12), Maraki campus Finance and Budget Offices staff (9), Teda campus Finance and Budget Offices staff(5), Tewodros campus Finance and Budget staff(12) and main finance and budget directorate staffs(16).

The sample covered all the staffs of Finance and Budget Directorate Offices in the University of Gondar. Therefore the number of Questionnaire distributed is as follows; Fasil campus Finance and Budget Offices staff(10), GCMHS campus Finance and Budget Offices staff(12), Maraki campus Finance and Budget Offices staff (9), Teda campus Finance and Budget Offices staff(5), Tewodros campus Finance and Budget Offices staff(12) and main finance and budget directorate staffs (13).

In this study both primary and secondary data sources were used. With regarding to secondary data source, relevant information was collected by consulting different documents pertinent to the challenges of BPR implementation. These include reports on BPR, books, proceedings, websites and others.

In addition, primary data was collected through in depth interview with key informants as well as questionnaire survey was administered at the University Finance and Budget Directorate Offices. Besides, for better triangulation of the information gathered, personal observations were undertaken by the researcher by systematically looking at what was going on. Finally, this information was fine tuned and made ready for data analysis and presentation.

This research is aimed to employ the following data collection techniques in order to collect both primary and secondary sources. These includes: structured interviews with key informants, questionnaire and to some extent own personal observations.

Mostly, the researcher was interested in employing Likert Scale (1-strongly agree up to 5-strongly disagree) questioning style for the very reason that it is easy to ask, easily understand, easy to quickly answer, and quick to code for analysis in measuring individuals position on an attitude continuum to generate quantitative data. Thus, it saves time and energy for both researcher and respondents. This part is developed using five-point Likert-type scales. The Likert-type questions helped to get respondents perceived experiences about each challenging factors.

The information collected from both primary and secondary data sources through review of different documents and in depth interview with key informants, and questionnaires was organized and narrated. The questionnaire was summed up by frequency counts and then converted into percentages to provide the understandings of issue under discussion numerically. Indeed, data analysis was presented using tables. Ultimately, generalizations was made and presented accordingly for the qualitative data by way of narrating and interpreting the situations. Data obtained from the questionnaire instrument was analyzed using quantitative data techniques hence descriptive statistics was used: frequency and percentage.
Key Findings

Accordingly, the study revealed that a great deal majority about 83.9% of respondents have witnessed that there is lack of commitment, visionary leadership and weak support demonstrated by Finance Offices. In addition to these, the interview result also attests to this reality in that top managements do not have actual commitment and vision for change. Besides, these have created an apprehension and fear in the minds of performers that Business Process Reengineering implementation could not be realized. The other issue observed by this study is concerned with understanding about Business Process Reengineering by top managements and process owner to give supports to performers is adequate or not. Thus, the study revealed that about 66% of respondents reach consensus that there is no adequate understanding (conceptual and technical) in this respect. This study shows that top managers and Finance staffs were not equipped with necessary training since the appointment is deliberate and on political proximity. Thus they are busy with doing their political delegation activities than focusing on striving to know deeply the processes and ultimately provide the required support with full understanding. Worst of all, the key informants and observation have revealed that the so called Finance staffs are not empowered in the Finance Offices. So there is some times manifestation of dealing business as usual. At the above discussed point juncture it is not surprising that those respondents were asked to confirm whether there are confusions created by top management to identify Business Process Reengineering as management tool rather than political tool. Hence, the study identified about 75.2% of respondents proclaimed that there exist problems in this regard. In light of this, key informants also reflected the same thing in that since the top managers have dual responsibility they are characterized by confusing and inconsistent and sometimes overlapping activities application of the intended reform. On the top of this some top managers use Business Process Reengineering simply for strengthening their power base. Similarly, the study reflected about 60.7% of respondents confirmed that there is a challenge due to fear of top management to support the new values and beliefs required by the redesigned processes of Business Process Reengineering because of technical and political reasons. Furthermore, the study revealed that total involvements of top management are very minimal showing that a significant number about 78.5% of respondents asserted the existence of challenge in this respect. With regards to organizational related challenges the study revealed that creating organizational culture (value and belief) for the change still remains unsolved. Majority of respondents’ count to 75% have attested to this reality. Besides, the study reflected that there is employee resistance due to change to job displacement and lack of incentive packages though there were no job losses while restructuring and placement. Hence, majority respondents’ account to 78.5% proclaimed the presence of this particular situation. Moreover, the study revealed that performers simply feel to have accepted Business Process Reengineering implementation when they are asked but in practice they have a tremendous resistance to Business Process Reengineering. In spite of the fact that there is a human resource management policy on the blue print, respondents’ accounts to 71.4% confirmed that there is lack of proper implementation. In addition to this, respondents about 78.6% expressed that there is no/little effort done so far with regard to installing and implementing management systems (e.g., incentive, measurement) to cultivate the required values of redesigned processes while this issue observed greatly obstructing the Business Process Reengineering implementation. Thus, though there could be some starts about human resource management on the paper recently as informed by key officials from the study Finance Offices, this study verified that on the practical plane performers are treated largely in mechanistic terms whereby they are in a position to obtain what human resource management policy dictates. This could be due to significant delays in developing job evaluation and grading; and a performance appraisal system. The study also revealed that there is problem of retaining skilled employees in the Finance Offices. Accordingly, the majority of respondents’ account to 59% attests to this fact. The study revealed that there was lack of organizational readiness to
change prior to Business Process Reengineering project start. Thus, respondents accounts to 57.2% witnessed it. Respondents’ account to 58.9% admits that there exist difficulty to break still rigidity, problem of clear jobs definition, and responsibility allocation. In some instances it is also seen that there are problems in this respect as mentioned in the data description part of this study. The study revealed that respondents’ account to 51.7% confirm that employees were not openly and actively involved and consulted at all stages of Business Process Reengineering implementation. According to this study about 58.9% of respondents declared that there exists ineffectiveness in redesigned processes due to merging and remerging of Finance Offices. In light of this the observations of the researcher also attest to these facts. It is recognized that training and far beyond education are perhaps the most widely used intervention area of Business Process Reengineering for it has impact on the success of its implementation. However, about 67.9% of respondents argued that there is challenge in this respect. Moreover, the study shows that most training are not focused on Business Process Reengineering, there is also problem of undermining the contribution of training, problem of need based training and taking feedback are worth to mention as major challenges. With regards to IT facility respondents about 62.5% agreed that the existing IT facility is satisfactory. However, the study findings reflect that respondents accounts to 67.9% and 59.1 affirmed that there is problem of training provision of performers and know how deficiency respectively. On the other hand, the study shows that respondents 71.4% confirmed that there is weak pace of coordination, communication, and integration within the Finance Offices which impeded Business Process Reengineering implementation. Besides this, the study revealed that majority respondents’ account to 64.3% expressed that there is difficulty in validating the performance result of Business Process Reengineering by the Finance Offices. To this end, key informant respondents findings also reflect the same reality. Furthermore, the study findings reflect that respondents about 59% expressed that there is lack of implementation capacity due to the constraints of finance and skilled manpower and logistics to provide necessary and continuous support.

The training and education provided was not sufficient. Though it is believed that education and training has great contribution in shaping the sentiments of performers to citizens as well as help harness the sustainability of service delivery in the due course of Business Process Reengineering implementation this is particularly, however, the case that the past attempts were not effective in bringing about common understanding on Business Process Reengineering implementation. The Business Process Reengineering agenda must be clearly communicated by involving employees and citizens as well other stake holders along with what will be expected of employees, citizens and stake holders once the Business Process Reengineering is initiated. Above all, there should be determination on how compatible the Business Process Reengineering is with current culture and to what extent employee have confidence that the tool can be implemented successfully. This helps to assess employee perception on this key change issues and work with team members to devise mitigation strategies together even when problems encountered.

In connection to this, the demand side pressure is important to create a culture of accountability which leads to capacity building for both service givers and service users. The experiences of developed countries for instance French, Britain and USA show that citizens in public service are not only end users but also owners and solution seekers for the challenges facing the service. Such an engagement of citizens is not only to ask rights but also to seek solutions. Thus, it is vivid from this that organizations can easily put their professed commitment to customer satisfaction into action by placing the customer at the centre of the Business Process Reengineering. Moreover, creating citizens awareness on public service, through citizens charter, organizational charter and accountability reports helps to empower the citizen to strengthen the Business Process Reengineering implementation.
Therefore, these lessons should be appreciated in that increasing the involvement of the general public in Business Process Reengineering affairs and raising the awareness of performers and other concerned bodies has been justified by many scholars as it has unique contribution for the successful implementation of Business Process Reengineering reform initiative. Thus, the above table seeks to identify major issues related with Business Process Reengineering science since understanding its science is the building block for the implementation of the Business Process Reengineering and provides a great opportunity to give knowledge based decision making.

Key informants were asked the thorough challenges discussed from the above table for triangulation of facts on the ground. Accordingly the researcher had a conversation with those key respondents from the Finance Offices; head of finance and finance director. They all anonymously agreed to those questions. They replied most of the top managements focus on Business Process Reengineering implementation whenever there are meetings. But in reality the implementation is going wrong. The concerned bodies are not in a position to make a concerted effort to ensure its implementation. Hence, they recommended that if government recruits top managements unwisely; their investment will have less return. So the top management system should be installed with great care and focus.

Supporting this Hammer and Stanton (1993) believe, in the process of reengineering, the primary issue that comes first to our mind is the leadership particularly top management. This is due to the fact that reengineering is about transformation and system change, which follow the top down change operation in which top leadership is required right from the beginning. Strong, committed, executive leadership is the absolute prerequisite for reengineering.

Beside the study of Grover (1995) indicated that management support problem is the chronic problem that hinders the proper implementation of BPR. In similar fashion key informants of the study Finance Offices were requested to address whether there is challenges of coordination and communication and capacity to sustain the system or not. They anonymously witnessed that there is insufficient and inadequate coordination and communication within and among other Finance Offices.

As many scholars agree clear, effective, and convincing communication, coordination and integration, clear validation of performance and building necessary capacity are pertinent to the success of every change project and Business Process Reengineering implementation is not different. Thus, continually undertaking these activities can facilitate the success of Business Process Reengineering implementation.

With regards to training the key official respondents proclaim that the ICT Office of the University has provided training on basic computer skills. They also explained that trainings has been given on management information system, Peachtree, IBEX and other professional trainings such as JAVA, database, etc. Besides, maintenance trainings of office machines such as printers, desktop, fax machines etc has been given. Moreover the respondents did not deny that there is know how deficiency due to lack of proper and continuous trainings.

As Corran and Bryan (2010) indicated, the more complex an organization, the more apparent is the need for a system to pull together overall operational processes. As a result, the system helps to integrate and disseminate information for various units of the organization. To achieve the intended objectives of Business Process Reengineering, the integration of IT needed in the redesigned processes. However, the integration of IT have to be considered as enabler, rather than automating the processes by using IT.

Similarly, the finding of Grover et al. (1995) indicated that difficulty in obtaining IT-related skills and infrastructures to implement the redesigned processes, but the lack of such problems would by no means guarantee project success. Business Process Reengineering typically requires an investment, particularly in information technology. Out dated methods, such as doing a task by hand, face replacement
by computer programs. The programs improve efficiency and reduce errors. Hence, the organization must provide training to enhance the knowhow of each performer through intensive and continuous training to make performers user friendly with IT technology.

Conclusions
Despite encouraging efforts in the implementation of Business Process Reengineering, the following multifaceted challenges were evidenced from the study findings:

These include: Lack of commitment, visionary leadership and weak support demonstrated by Finance Offices top management, Problem of inadequate understanding about Business Process Reengineering by top managements and process owner to give supports to performers, Confusions created by top management to identify Business Process Reengineering as management tool rather than political tool, Lack of total involvements of top management, Fear of top management to support the new values and beliefs required by the redesigned processes of Business Process Reengineering, Problem of creating organizational culture and value for the change, Employee resistance due to change to job displacement and lack of incentive packages, Lack of properly implementing human resource management policy and absence of proper management systems, Lack of mechanism to retain skilled employees, Lack of organizational readiness to change prior to Business Process Reengineering project start, Difficulty to break still rigid hierarchical structures, clear jobs definition, and responsibility allocation, Ineffectiveness in implementing the redesigned processes due to merging and remerging of Finance Offices, Inadequate and discontinuous monitoring and evaluation of Business Process Reengineering Implementation, Problem of delivering continuous training and far beyond education to performers, weak pace of coordination, communication with plan, and integration within as well as between/among the Finance Offices, Problem of IT training provision and deficiency of knowhow in utilizing it and Difficulty in validating the performance result of Business Process Reengineering between and/or among the Finance offices were the major challenges identified by this particular study.

Recommendations
Based on the findings and conclusions reached, and challenges witnessed by the respondents as well as researcher personal observation, the following recommendations are suggested.

Top managers have to be fully committed and take responsibility for their action to prove the success of Business Process Reengineering implementation. Above all, they should provide visible supports to their performers and create climate of excellence by walking the talk. The emphasis should be given to harness the knowledge, skills, abilities, and attitudes that will let excel the understanding of top managers as they are shapers of Business Process Reengineering implementation activities. Therefore, top management should have knowledge and curiosity about Business Process Reengineering implementation and make important decisions with full understanding. Top management needs to dedicate time to involve carrying out the Business Process Reengineering activities not in terms of political tool but rather moving beyond daily political operation and be able to understand it as a management tool. Above all, they need to have deep exposure on to the conceptual and technical issues of Business Process Reengineering indoctrination as a management tool rather than political tool in order to eliminate confusions. Top management should give adequate attention and have sense of ownership for the implementation of Business Process Reengineering to bring success and avoid the ever growing critics in this respect. The Finance Offices should break away from the old ways of dealing with business by giving credibility to team empowerment, motivation, role model to realize the value and belief through reinforcement of a reward. The Finance Offices should be dealing effectively with introduction of proper placement, incentive packages, reward systems and pay, communication, empowerment, training and education, creating a culture for change, and stimulating receptivity of the Finance Offices itself to change into the working practice. The Finance Offices should break rigid hierarchical structures and provide clear jobs
definition. The focus should not be merging the organization but rather the processes. Thus, the Finance Offices should stand and think before taking such actions which could result in loss of focus, energy, time and cost expertise knowledge and skepticism here and there. The Finance Offices and other sectors should make adequate and continuous monitoring as is necessary to ensure that business process reengineering is implemented in all areas. It is also important to identify benchmarks and best practices to measure how successful the organizations are in implementing the business process reengineering reform. The Finance Offices should provide both on job and off job trainings continually. The Finance Offices should do continuous effort towards coordination, communication with proper plan and integration to tackle major risks of failure that could inhibit implementations and meet the future expectations. Finance Offices have to struggle and thrive continually to fill the gap of performers know how deficiency by providing intensive, consistent and update training on IT. Finance Offices have to create precise and consolidated commonly agreed institutional wide performance evaluation mechanism/criteria by involving every concerned body that has influence on their day to day actions directly or indirectly.

References


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