

## **The effect of business process reengineering (BPR) on human resource management in Addis Ababa City Administration**

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### **Abstract**

In Ethiopia, Addis Ababa City Administration is implementing business process reengineering in order to improve the performance of its public institutions. During the period June to October 2008, experts drawn from different sectors participated in the redesigning and organizing of business processes through shifting from functional /departmental structure to process-centered organizing practices. This study is part of the initial evaluative studies to assess the effect of business process reengineering on the management of human resources in Addis Ababa City Administration. It is based on a sample of 480 employees drawn from various city departments. Focus group discussions, key informant interviews and personal observations were used to collect data for the study. The study results show that the number of employees in the city increased after reengineering. This was due to new posts created during the reengineering process through the decentralization of some processes to the local levels (sub-city and kebele levels) of the city. Study results further show that even though process selection was adequately done in many departments, some activities were not properly regrouped after processes were redesigned which resulted in multiple approvals and delays in decision making. Employee participation during reengineering was weak. The front line employees did not get sufficient information and proper performance evaluation was not undertaken. Managers were not involved in the designing, coaching and advocacy roles, and are still engaged in operational and routine activities. Employee satisfaction was found to be low because there is no incentive system. However, employees' efforts to achieve the set standards and improve service delivery and their initiation for change improved despite the fact that the system as whole is not automated. Further, accountability and responsibility of management also improved as a result of the BPR.

**Key words:** Business process reengineering, decentralization, reengineering process, communication, human resource development, managerial competence, incentive schemes.

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## **Introduction**

Today, many organizations are implementing different change programs operating at any time, each with its own advocates, constituents, and ideologies. These all compete for time and attention, and usually have little real impact. According to Hammer (2001), organizations of all kinds and sizes must clearly identify and know the changes that they are going to implement if they want to operate successfully in response to escalating demands of the customer economy.

Business process reengineering (BPR) is the complete reinvention of how work is designed, implemented and managed (Hammer and Stanton, 1994). It demands that old beliefs, values and rules, are challenged and superseded and relies on different schools of thought other than continuous process improvement. Although innovations in the area of management in the last thirty years are impressive, they do not fit in today's organizations. "In the customer economy, yesterday's innovation is baseline today and obsolete tomorrow" (ibid.).

The driving forces behind reengineering are customers, competition and change. This is because today's customer-supplier relationship has become more complex than before. Customers are becoming more sophisticated, demanding, and are much more knowledgeable about their own needs necessitating changes in how suppliers do business from local to global level in a world of competition. Thus, today's management requires managerial innovation and organizational transformation to handle complex needs of customers as opposed to the supplier-dominated organizations (Hammer and Champy, 1993; Hammer and Stanton, 1994).

In the customer economy, organizations need to do much more than simplifying the customer's life. Hammer (2001) asserts that organizations must go beyond merely giving them their products and services but also adding value to them. Human resources provide the vital and resourceful driving force for other aspects of development because human resources are the only resources that are necessary in determining the appropriate manner of utilizing other resources. It is the ingenuity, knowledge and skill of human being that is applied to manipulate other resources to provide useful goods and services (Getahun, 1998; Nigussie and Mberengwa, 2009).

Mathis and Jackson (2008) also highlight that without providing effective and continuous communication, preparing detailed planning, and training leaders on the process of reengineering, the success rates of such projects is extremely low. This is also echoed by Eshete and Teka (2009) who indicate that 60% to 80% of the reengineering projects are not successful because of problems related to processes and people. Thus, creativity in the redesigning of the processes and the management of the human resources are critical success factors to sustain the change initiatives such as BPR.

In Ethiopia, Addis Ababa City Administration is implementing BPR in order to improve the performance of its public institutions. During the period June to October 2008, experts drawn from different sectors participated in the redesigning and organizing of business processes through shifting from functional /departmental structure to process-centered organizing practices.

This study is part of the initial evaluative studies to assess the effect of BPR on the management of human resources in Addis Ababa City Administration. It seeks to find out whether the BPR principles have been

properly applied in the reengineering process and the effect this has brought on the management of the human resources.

Within this context, the general objective of the study is thus to assess the effect of BPR on the management of human resources in Addis Ababa City Administration. The specific objectives of the study are to:

- a) analyze the effect of reorganizing and restructuring the processes and offices on human resources in the city administration;
- b) describe the integration of tasks and empowerment of employees in the reengineered processes;
- c) identify the major impediments and challenges that affect management of human resources after the processes are reengineered;
- d) assess the level of communication of the BPR efforts to employees in the redesigning and implementation processes;
- e) suggest alternative / further measures that can be instituted to improve the processes.

This study is significant in that it will assist federal, regional, city, local policy makers, reformers, planners and program implementing bodies on the nature and challenges of BPR implementation and instruct policy on the issues. On the academic front, the study contributes to the growing knowledge on BPR implementation through shedding light on Addis Ababa's experience.

## **Methodology**

### ***Sampling Procedure***

The Addis Ababa City's Capacity Building Bureau which also coordinates the civil service agency, urban management institute, information communication technology development agency and productivity improvement center, and education bureau sectors is central to the study. The effect of BPR on the City's management of human resource administration at city (municipal), sub-city and *kebele* levels is assessed for these sectors. At sub-city level, Arada, Gullele, Kolfe keranio and Yeka sub-cities are selected for study using simple random sampling. Similarly, three *kebeles* from each sub city are also selected using simple random sampling and included.

A population sample from each organizational level is stratified according to sex to ensure proportionate representation. The sampling is done in two stages: firstly, proportionate strata from each sector are selected. Secondly, the subjects from each sector are categorized into three clusters: leaders, process owners and performers. In all, a total of 480 employees and officials are selected using systematic sampling technique: 120 from the city level offices; 160 from the sub-cities and the rest 200 from the *kebele*-level offices. The number of subjects increased as we go down the hierarchy to increase the representativeness of the sub-cities and *kebeles*.

Both primary and secondary data sources are used in the study. Primary data are collected using questionnaires, interviews, focus group discussions and direct observation while secondary data are collected from local authority records, official working papers such as performance reports and unpublished documents from city, sub-city and *kebele* offices. Human

resource management practices before and after the BPR is also assessed from the BPR studies documents.

### ***Data Collection and Analysis***

In this study, key informant interviews, focus group discussions, survey questionnaires and personal observations are used to get information about human resources of the city administration and the BPR project.

#### ***a) Key Informant Interviews***

In depth interviews were conducted with fourteen key informants assumed to be knowledgeable on issues of human resources and business process reengineering either from experience, political position or professional capacity. These were drawn from different tiers of the city and their opinion in terms of how the implementation of BPR and management of employees in their respective organizations were solicited.

#### ***b) Focus group discussions***

For focus group discussions, more or less homogenous groups were selected. Three groups were formed: BPR consultants of the city; employees who lost their jobs due to BPR implementation; and employees (civil servants) currently implementing the reengineered processes. Each group consisted of six to eight participants - both male and female personnel working in different units of the local authority. Regarding the subject matter for discussion, initially, a preliminary analysis of information obtained from key informant interviews and survey documents on BPR in the study areas was made. A check list based on issues identified from these sources was drawn to guide the discussions.

### *c) Survey questionnaire*

One type of questionnaire was designed and distributed to permanent civil servants and for officials at different levels of the city. The questionnaire included both close-ended and open-ended questions. Before distributing it to the employees and leaders, the questionnaire was pre-tested in a small scale in bureau of capacity building. Then, after including the inputs obtained from the pilot test, it was distributed to the respondents. The coaches (members of the regional technical team), after undergoing an induction workshop, administered the questionnaires

Regarding the analysis of the data, quantitative data were analyzed using SPSS version 15. Qualitative data were summarized and synthesized thematically.

### **BPR: theoretical concepts**

This section discusses pertinent business process reengineering concepts either explicitly or implicitly used in the study. They are not exhaustive though.

#### *Organizational designs and employee behavior*

Organizations can be designed in three ways in order to compete effectively: the team structure, the virtual organization and the boundary less organization. *Teams' structures* are organizing devices used by management. Decision making is decentralized to the level of the work team and require employees to be generalists as well as specialists. These complement bureaucracy to achieve its standard while gaining the flexibility that teams provide (Robbins, 2001).

The *virtual organization* is a small core organization that outsources major business functions. It is flexible and outsources many of the functions and concentrates on what they do best and relies. On the other hand, the *boundary less organization* seeks to eliminate the chain of command, have limitless spans of control, and replaces departments with empowered teams. It relies heavily on information technology (ibid.).

In an effort to compete effectively, many organizations and their departments redefine their missions and undertake restructuring to support the newly redefined missions due to budget cuts, streamlining, and downsizing. Human resources management departments play key roles as they can affect the efficiency and effectiveness of employees through direct effects on the jobs, assignment, and motivation.

### ***Work design and technology***

Advances in technology are changing the workplace and affecting the work lives of personnel. The rapid growth of information technology such as internet and web based systems is creating changes in the processes in many institutions. Information technology also plays a crucial role in business process reengineering. It is an essential enabler of the reengineering effort. Hammer and Champy (1993) note that misuse of technology can block reengineering altogether by reinforcing old ways of thinking and old behavior patterns.

### ***Continuous improvement processes***

Processes can be improved by different ways such as implementing total quality management (TQM) programs, automating existing processes with information technology, restructuring or downsizing, reorganizing, de-



layering or flattening organizations. All these processes focus on enhancing existing processes and seek to enhance them by means of continuous incremental improvement. On the other hand, reengineering seeks breakthroughs by discarding the existing processes and replacing them with entirely new ones (Hammer and Champy, 1993; Robbins, 2001).

### ***Reengineering work processes***

Business process reengineering is about removing unnecessary steps and making simple way of getting service for the customer. It is about connecting the frontline performers directly with the customers i.e. end users of the service (Linden, 1994).

Reengineering is about making a drastic improvement in performance rather than making an incremental improvement. It is not business improvement or process enhancement or business modification, rather it is inventing better ways of doing work. According to Hammer and Stanton (1994), reengineering has dramatic impacts on the career of the employees, on how they are measured and rewarded, on the way organizations and employees are managed and the basic value system of individuals, teams and organizations. It fosters innovation, and improves organizational performance.

Business process reengineering needs continuous improvement hence requires strong follow up, monitoring and evaluation for its sustainability. Organizations implementing business process reengineering need strong technical advice and support from professionals in the area. This calls for the building and sustaining results-based monitoring and evaluation system (ibid.)

### ***Reengineering and human resources***

Reengineering is producing significant improvement in employee performance. The reengineering of business processes is achieving higher output with fewer performers. Contribution and performance are the primary bases for compensation in organizations that have reengineered, i.e. focus of performance measures and compensation shifts from activity to results (Hammer, 1996).

According to Hammer and Stanton (1994), the reengineering of work processes shapes the design of jobs and the kind of employees needed to perform them. This in turn affects the organizational structure and management systems for appraising, hiring, training and developing the employees. The systems in turn induce a set of attitudes, beliefs, and cultural norms about the important things. This also results in improved performance of the process.

### **Conceptual framework**

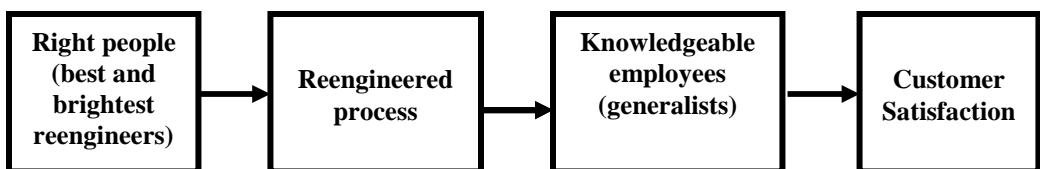
Hammer and Stanton (1994) note that the organization's best and brightest people should be assigned to the reengineering team. In addition, strong leadership is also the *sine qua non* for the reengineering project to be successful. Processes should be properly selected, reengineered and organized because they are the center of reengineering. Without appropriate processes, it is impossible to create process-based organizations.

Hammer (1993) explains that previous distinct tasks and jobs are combined, integrated and compressed after reengineering hence as a major change in the human resource comes along with reengineering. Communication is also

the critical element in reengineering process as it is difficult for employees to implement the project without properly understanding it. After the processes are redesigned, workers are required to make their own decisions because in the reengineered processes decision making is part of the work.

Managers are expected to play designing and process improvement, coaching and supporting, and advocacy and process representative roles. Process owners do not focus on the routine activities in the reengineered organizations like in traditional organizations. Business process reengineering also calls for generalists and self-managed teams who can properly handle these complex tasks, make proper decisions and solve customer problems. These employees also need proper handling and support so that they can implement the reengineered processes as per the standards.

**Figure 1: Conceptual framework for business process reengineering on human resource management.**



**Source: Adapted from Hammer and Stanton (1994).**

The reengineered processes have end to end activities that can create value for customers when properly designed and managed. This in turn leads to customer satisfaction because, after reengineering, customers get high quality, seamless services which are less costly with speed. So this shows the linkage of human resources, processes and customer satisfaction. So the study is analyzed in this framework.

## Results and discussions

### *Characteristics of the respondents*

Survey results show that the majority of the respondents 375(78.1%) were males while the remaining 105 (21.9%) of the total respondents were females (Table 1). This shows us that females' participation in government bureaucracy is weak and still needs support and affirmative action.

**Table 1: Characteristics of survey respondents**

Item	Category	No	Percent
Sex	Male	375	78.1
	Female	105	21.9
	Total	480	100
Age	18-30	195	40.6
	31-40	144	30
	41-50	109	22.7
	50 and above	30	6.3
	Not given	2	0.4
	Total	480	100
Educational qualification	Diploma	17	3.5
	First-degree	332	69.2
	Masters-degree and above	131	27.3
	Total	480	100
Work experience	5 and below	216	45
	6-10	101	21
	11-15	48	10
	16-20	64	13.3
	21 and above	51	10.7
	Total	480	100

**Source: own survey**

Regarding the age of the respondents, 195(40.6%) are within the age range of 18-30 years, 144(30%) within 31-40 years, 109(22.7%) within 41-50

years, 30(6.3%) of the respondents are 50 and above years old, while two respondents did not give their ages. Thus, the majority of the employees is in the youthful age and hence can serve in public institutions of the city for longer years.

Concerning the educational qualification, the majority 332(69.2%) are first degree-holders, 131(27.3%) hold master's degrees and above while the remaining 17(3.5%) of the respondents are diploma holders. This is an indication that Addis Ababa City Administration is manned by highly educated staff.

Regarding years of service in the administration, 216(45%) of the respondents served the organizations for less than 5 years, 101(21%) of them served for 6-10 years, 48(10%) served for a period of 11-15 years, while 64(13.3%) served for a period of 16-20 years. The remaining 51(10.7%) served their institutions for periods of 21 and above years indicating a relatively highly experienced workforce.

### ***Human resources***

Information on human resources was mainly obtained through survey questionnaires, focus group discussions and interviews with key informants in the city administration. According to key informants, the human resources portfolio witnessed substantial growth after reengineering of business processes. The number of employees in the city increased from thirty thousand to about forty two thousand after reengineering. One of the reasons given for the increase was the drive to fill all vacant positions created by the decentralization of business processes from city level down to

the *kebele* level. Most of these vacancies were filled by young and fresh university graduates hired by the city.

The decentralization of business processes to the local levels meant a shift of duties and responsibilities from the city level to sub-city and *kebele* levels. Thus, the effort of the city administration to assign university graduates (degree holders) to the local levels is encouraging. However, it has been observed that employment of graduates was not commensurate with the attractive remuneration packages to retain them. Key informants revealed that there is a high turnover of the employees in the city due to lack of incentive mechanisms and unfavorable working environment specifically at the *kebele* level. It was also observed that the employment of new university graduates actually took place while the reengineering process was going on. Issues of assignment of positions based on competence enshrined in the new business reengineering blue print were difficult to address when making adjustments to fit the new process. This may have compromised the effective implementation of business process reengineering right from the beginning.

### ***The reengineering process***

Hammer (1996) states that the problems that afflict modern organizations are process problems. Therefore, creating process-centered organizations is the best solution for the success of modern organizations. To recap, in this study, a total of 480 employees and leaders were selected for the study. Respondents were asked to evaluate the designed processes and the responses are summarized and analyzed in Table 2.

**Table 2: Responses about the reengineering process**

Questions	VH	H	M	L	VL
Appropriateness of the processes selected	207(43.1%)	142(29.6%)	47(9.8%)	61(12.7%)	23(4.8%)
Appropriateness of the designed processes	117(24.4%)	120(25%)	233(48.5%)	10(2.1%)	0
Leaders' support during redesigning	169(35.2%)	97(20.2%)	81(16.9%)	65(13.5%)	68(14.2%)
Ability of reengineering teams	70(14.6%)	122(25.4%)	160(33.3%)	53(11%)	75(15.6%)
Leaders' knowledge about BPR during reengineering	83(17.3%)	68(14.2%)	146(30.4%)	110(22.9%)	73(15.2%)
Appropriateness of regrouped activities	12(2.5%)	26(5.4%)	99(21%)	131(27.3%)	212(44.2%)
Non-value activities found in the processes	185(35.5%)	120(28%)	80(16.7%)	68(14.2%)	27(5.6%)

**Source: own survey**

Key: VH=very high H=high M= Medium L= Low VL= very low

Table 2 reveals that majority of the respondents (82.5%) agree that processes were properly selected in many organizations. However, activities were not properly regrouped and reorganized after processes were redesigned. Key informants revealed that some reengineering team members purposefully created many unnecessary case teams and added some non-value adding activities during the organization stage activities aimed at creating vacant positions so as to minimize layoffs that may occur during placement of employees. It was also revealed during focus group discussions and corroborated by key informants that issues related with

leaders' support and knowledge, appropriateness of the reengineered processes, and capability of the reengineering teams varied from sector to sector in redesigning of the processes.

It was further highlighted that many of the processes were designed by considering the available employees rather than focusing on the principles of designing processes. As a result of this, the number of employees in the city administration increased after reengineering as compared to the number of employees before reengineering. This implies that reengineering efforts in Addis Ababa City Administration have not resulted in a significant reduction of the employees.

In addition, non-value adding and value adding activities were not separated during regrouping of activities and also the non-value adding activities were not reduced or automated. This resulted in multiple approvals, instead of one point of contact for customers, which cause delaying of decisions in many public organizations that have reengineered processes.

### **Communication of the reengineering process to employees**

Communication is one of the most important management activities in the reengineering process. Leaders of reengineering process must find attractive ways to convey the importance of change despite apparent success. The reengineering progress and problems also need to be communicated properly. Keeping the organization up to date on the work of reengineering also helps to minimize the resistance that one may encounter in the implementation of the project (Hammer, 1996; 2001; Hammer and Stanton, 1994). So an effort was made to investigate the extent to which communication was made in the reengineering process.



Survey respondents were asked to rate the implementation of various communication strategies during the implementation of BPR (Table 3). On external and internal communication, survey results indicate that the majority (51.4%) of the respondents consider external communication to have been well done. This sharply contrasts with internal communication where only 21.1% make the same assertion. The results were corroborated by focus group discussions which revealed that better external communication work was done for the public using media. Efforts were also made to inform the public on the activities of reengineering team at each phase of the project. However, they noted that sufficient continuous internal communication work was not properly done for the employees of the city administration who were directly affected by the project. Information was not flowing as the teams developed their designs and implementation schedules.

Focus group discussions furthermore highlighted that communication was not properly planned. The emphasis during the redesigning, was training on the change management, and government policies and strategies for the general awareness creation purposes on the change efforts of the city government. This may affect the sustainability of the BPR project as not much was done to communicate information about the project to internal employees because the critical success factor for reengineering project is effective and continuous communication, detailed planning and intensive training for both managers and employees.

**Table 3: Responses on communication strategies**

Questions	SA	A	ASE	D	SD
Internal communication was well done	66(13.8%)	35(7.3%)	56(11.7%)	103(21.5%)	220(45.8%)
External communication was well done	88(18.3%)	159(33.1%)	109(22.7%)	88(18.3%)	36(7.5%)
Employees' participation in the reengineering process was high	47(9.8%)	67(14%)	180(37.5%)	128(26.7%)	58(12.1%)
I have clear knowledge about BPR	95(19.8%)	85(17.7%)	177(36.9%)	71(14.8%)	52(10.8%)
There was planned communication strategy	45(9.4%)	40(8.3%)	104(21.7%)	164(34.2%)	127(26.5%)
Participation of employees was encouraged during reengineering efforts	36(7.5%)	67(14%)	112(23.3%)	147(30.6%)	118(24.6%)
Employees resistance to BPR was very low	121(25.2%)	107(22.3%)	76(15.8%)	69(14.4%)	107(22.3%)

**Source: own survey**

SA= strongly agree, A= agree, ASE= agree to some extent, D=disagree, SD= strongly disagree

### **The Managerial Competence**

Change initiatives such as reengineering start at the very top and succeed only when driven from the topmost levels of the organization (Hammer and Stanton, 1994; and Schuler, 1998). Since leaders have authority over the entire end to end processes that are to be reengineered, they need to compel the compliance of all parties involved in reengineering. So organizational managers should be committed and engage themselves in the process. They should play appropriate leadership roles during the redesigning and implementation of the project. The existence of such conditions was also focused in this study. Survey respondents were asked about the

management's role in the reengineering process and its implementation.

Table 4 summarizes the responses.

**Table 4: Responses on management's role in the reengineering process and implementation**

Questions	SA	A	ASE	D	SD
There is good relationship between myself and my immediate supervisor	75(15.6%)	160(33.3%)	148(30.8%)	60(12.5%)	37(7.7%)
Management encourages and motivates employees for better performance	70(14.6%)	78(16.3%)	141(29.4%)	111(23.1%)	80(16.7%)
Better performance is recognized by managers	65(13.5%)	71(14.8%)	153(31.9%)	126(26.3%)	65(13.5%)
The management rewards better performance	55(11.5%)	83(17.3%)	131(27.3%)	141(29.4%)	70(14.6%)
Employees are empowered to manage their personal and work information	52(10.8%)	32(6.7%)	73(15.2%)	164(34.2%)	159(33.1%)
Management disseminates information on time	67(14%)	76(15.8%)	103(21.5%)	144(30%)	90(18.8%)
Performance evaluation is properly done	28(5.8%)	44(9.2%)	81(16.9%)	168(35%)	154(31.3%)
Manager focuses on the design and improvement of the designed process	31(6.5%)	19(4%)	42(8.8%)	195(40.6%)	193(40.2%)
Manager focuses on coaching and supporting of the process teams	46(9.6%)	64(13.3%)	24(5%)	136(28.3%)	181(37.7%)
Manager focuses on the advocacy activity of the designed process	33(6.9%)	73(15.2%)	56(11.7%)	155(32.3%)	163(34%)
Accountability and responsibility of management has improved after BPR	50(10.4%)	73(15.2%)	206(42.9%)	94(19.7%)	57(11.9%)

**Source: own survey**

Table 4 above shows that among others, almost 67.3% of the respondents were of the opinion that employees are not empowered. Also, the majority of the respondents (71.7%, 66.3%, 66% and 66.3% of them) did not hold a good opinion on their managers on whether better performance was recognized by the managers, disagreement about proper performance evaluation, managers' involvement in design and process improvement, coaching and supporting teams, and their proper advocacy role respectively. Some respondents (42.9%) also agreed to some extent about the improvement of the accountability and responsibility of the management after the implementation of the BPR. Focus group discussions and key informant interviews also indicated that transparency is becoming relatively improved in the city administration after the implementation of the BPR project as compared to the situation before reengineering. They further revealed that managers' ability in creating good relationships with the employees and motivating them varies from organization to organization.

Hammer (1996) explains that managers should focus on process improvement in order to meet customer requirements. They must balance customer needs with organizational needs and create a design that meets both. Process owners (managers) should also support and solve the problems the performers may encounter by coaching. In addition, they should represent their processes and play advocacy roles. They should move from the command and control style to empowering, visioning, cooperating, and supporting. As shown from the information obtained from the respondents, however, majority of the process owners in the city administration seem not to be strategic and visionary.

Focus group discussions revealed that managers prefer to focus on operational and routine issues, and waste their time writing and signing letters instead of concentrating on strategic issues. “They are bosses, not leaders,” was a remark from one key informant. “They are professional manipulators,” was another remark from another informant.

The employees do not have power because they are not empowered. The front line employees do not get sufficient information. A system is thus created where only managers know and decide everything and this is against the principle of business process reengineering.

### **The placement of employees to the newly designed job positions**

When organizations change their structures from specialization based departments to process based, the newly created jobs positions will require different skills from the previous ones. After the processes are organized in a new way, new placement and deployment of employees is usually undertaken in order to realign the human resource capabilities with new organizational conditions. In this study, survey respondents were asked to rate aspects related to the deployment and placement of employees after redesigning and organizing of processes. Their ratings are summarized in Table 5.

The majority of the respondents were not impressed by the placement of employees on the newly designed jobs. Similarly they rated lowly the objectivity of the criteria of employee placement. Focus group discussions revealed that the placement criteria were highly subjective and the fate of the employees highly depended on the will of their bosses. More than 50% of them also rated the complaint handling procedure as weak and unfair. With regard to the transparency of the placement procedures 25% of them

rated as good and a total of 35.6% of them rated as very good and excellent. The others (6.4%) said weak and unfair. Even though it varies from institution to institution, there was discussion with the employees after the points (scores) out of 100 were given for them and was more transparent in some organizations than in others. In general, most of the respondents rated the whole procedure of employee placement as weak system and unfair.

**Table 5: Responses on the deployment and placement of employees**

Questions	5	4	3	2	1
Placement of employees on the newly designed jobs.	30(6.3%)	23(4.8%)	70(14.6%)	186(38.8%)	171(35.6%)
How do you rate the objectivity of the criteria of employee placement	0	0	101(21%)	204(42.5%)	175(36.5%)
Complaint handling procedures	60(12.5%)	53(11%)	83(17.3%)	170(35.4%)	114(23.8%)
Transparency of the placement procedure	86(17.9%)	85(17.7%)	120(25%)	77(16%)	50(10.4%)

**Source: own survey**

5=Excellent 4=Very good 3=Good 2=Weak 1=Unfair

A key informant from the civil service agency of the city administration gave the criteria used for job selection and the related weights as: education level, 20%; work experience, 10%; being customer focused, 10%; ethics (conduct), 30%; commitment (initiation) for change, 30%. Based on the above criteria those employees who got 50% and above were assigned and those who got less than 50% were laid off. A closer look at the criteria shows that 70% of the placement criteria is subjective and depends on the will and interest of the immediate bosses of the employees. No wonder why

focus group discussions repeatedly raised the fact that job assignment depended on the relationship between the employees and their bosses.

A total of 426 employees lost their jobs due to the reengineering efforts undertaken by the city administration. The key informant further revealed that complaints handling committees were established at different levels in the city to handle appeals from those who lost their jobs through the reengineering process. The committee, however, could not provide a solution and there was an impasse for about two years until the cabinet of the city had to step in. It resolved that out of the 426 redundant employees, 50 individuals who were 50 years old and above, and who served for 25 years and above be given forced retirement; another 190 of redundant employees be given compensation and will be separated from their respective organizations, and the rest, 186 employees be returned back to their jobs.

We can infer from this that the returning of 186 employees back to their jobs after wasting this much of their time shows that the placement procedure had serious problems. The manner in which the placement and deployment process was handled not only affects the laid off employees but also those who remained in the organizations after reengineering. This placement procedure, which was very subjective, may create frustration among employees at different levels of the city administration and may adversely affect their motivation to work.

### **Compensation and benefits administration and employee satisfaction**

Performers retained by the reengineering process will find that the jobs are not the same as the jobs before reengineering. The jobs are expected to be voluminous because the formerly distinct activities will be organized end to

end in such a way that they can create value for the end users. These new jobs will typically require new skills and knowledge, and increased responsibilities. This also calls for increased pay that compensates performing the new challenging and complex tasks (Hammer, 1993). Survey respondents were asked questions about benefits and incentive schemes, and employees' satisfaction. Their rating of the issues asked is summarized in Table 6.

**Table 6: Responses on benefits and incentive schemes, and employees' satisfaction**

Questions	5	4	3	2	1
Availability of benefits as compared to the volume of the reengineered jobs	0	28(5.8%)	72(15%)	183(38%)	197(41%)
Rating of employee satisfaction	26(5.4%)	79(16.5%)	75(15.6%)	151(31.5%)	149(31%)
Employees' efforts to achieve the set standards (stretch goals)	101(21%)	135(28%)	160(33.3%)	54(11.3%)	30(6.3%)
Employees' efforts to improve service delivery to customers	85(17.7%)	151(31.5%)	128(26.7%)	61(12.7%)	55(11.5%)
Employees' initiation for change	82(17.1%)	163(34%)	139(29%)	46(9.6%)	50(10.4%)

**Source: own survey**

5=Excellent 4=Very good 3=Good 2=Weak 1=Not available

As shown in Table 6 above, benefits are not available and employee satisfaction is low as they are rated as 79% and 62% weak and not available respectively for the two items. On the other hand, employees' efforts to achieve the set standards and improve service delivery and their initiation



for change are reported as good and very good. This indicates that customer focus and change oriented employees and organizations can be created if proper incentive schemes are established in public institutions.

Reports of the BPR documents, key informant interviews, focus group discussions and surveys conducted in general all point to the fact that the business process reengineering exercise focuses only on processes. It does not say anything about the human element of the organizations. It seems in redesigning of the business processes of the city administration, nothing has been said about benefits and incentives issues in the reengineering process. Works are organized in processes and teams assigned on the newly created vacant positions based on the criteria of placement. Employees who were at the lower level before reengineering and who improved their educational level competed for the new positions and were assigned on the new positions after the reengineering, having their previous salaries. So this created a situation where city employees performed similar jobs but had different salaries.

According to the information from survey respondents, more than 900 employees in the city administration do not get appropriate salaries due to the problems created in relation with the implementation of business process reengineering. This also goes against the principle of 'equal pay for equal jobs'.

Focus group discussions also revealed that some employees lost their previous benefits due to change of structure after the implementation of business process reengineering. At the moment, the career structures of employees and promotion have been suspended. The salary currently paid to employees is not based on the market rate. Jobs created after business

process reengineering do not have grades. Offices of all institutions are laid out uniformly for frontline employees who have direct contact with customers and other technical staff who work in the back offices. So the office layout is not suitable for many employees. In general, the assessment system has got a critical problem. Many jobs are mixed up and disorganized. Thus, lack of benefits and incentive schemes critically affect the implementation and sustainability of the reengineering effort.

### **Human resource development**

Human resource development contributes towards better productivity and economic growth, accelerates technological changes, promotes socio-cultural changes, contributes towards democracy, equality and good governance, and improves the relationship between human beings and the environment Human resource development fills the performance gaps through training (Habtamu, 2001; Nigussie and Mberengwa, 2009. Hammer and Champy (1993) also assert that in the process based organizations, the focus shifts from training to education. In this study, survey respondents were asked to rate some human resources development programs after organizations had been reengineered. The responses are outlined in Table 7.

**Table 7: Responses about HRD**

<b>Questions</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Opportunities for short term training	29(6%)	51(10.6%)	95(19.8%)	155(32.3%)	150(31.3%)
Opportunities for education	17(3.5%)	42(8.8%)	75(15.6%)	183(38.1%)	163(34%)

**Source: own survey**

5=very high 4=high 3=medium 2= low 1=very low

To rate the availability of opportunities for short term training and education, survey respondents were asked whether human resource development policy and human resource development plans were formulated and implemented after BPR. The majority of the respondents said that there are no such policy and plans. Few of them responded that they do not know whether they are available or not.

With regard to opportunities of short term-and long term-trainings, 63.6% and 72.1% of them disagreed with the issue respectively. According to key informants and focus group discussions, public institutions in the city administration do not have human resource development policy and plans. Trainings are delivered without assessing needs in haphazard ways. Most of the trainings delivered are political which help the employees to be aware of the government policies. However, skill-based trainings which help the incumbents to accomplish their tasks effectively and efficiently are minimal in the city administration.

Another aspect highlighted in the focus group discussions was that the criteria for selecting employees for training and education are highly subjective. It was noted that currently training opportunities are being offered to 'best performers' which are known as "*ginbar kedemoch*" in Amharic. Although 'best performers' are supposed to be those who are top leaders in performance, many of the focus group discussants and key informants revealed that the "*ginbar kedemoch*" are all members of the ruling party. They expressed concern that the idea of the "*ginbar kedemoch*" is weakening process teams. In addition, the criteria of selecting them are not uniform across the sectors.

One of the institutions which is responsible for human resource development of the city administration is the urban management institute (UMI). According to the Institute's reports, the lack of facilities such as library, standardized training rooms and other training facilities, shortage of qualified staff as a result of high staff turn-over, absence of incentive schemes, are some of the major challenges affecting its operations hence its clients do not realize optimal benefits from it. Other institutional activities such as undertaking research and providing consultancy services have not yet brought significant and tangible change in the area. Certainly these aspects negatively affect the smooth implementation of BPR. This calls for strengthening the institute and developing appropriate human resource development policy and human resource development plan.

On technology, theory has it that organizations that have reengineered their business processes, modern data base technology allows information previously available only to management to be made widely accessible. The application of information technology helps frontline performers to have sophisticated decision making capabilities. Furthermore, decisions can be made more quickly and problems resolved as soon as they crop up (Hammer and Champy, 1993). Respondents were also asked to explain the level of application of information technology after redesigning of the processes. Both survey respondents and focus group discussions revealed that the system as a whole is not automated or supported by information technology. There is no appropriate information exchange between employees and other concerned bodies. This also results in delay of the decision making process in organizations because most of the performers waste their time in doing non-value adding activities, which in turn affects customer satisfaction.

### **Monitoring and evaluation**

Results based monitoring and evaluation is a powerful public management tool that can be used to help policymakers and decision makers track progress and demonstrate the impact of a given project, program or policy (Kusek and Rist; 2004). For the business process reengineering to be implemented and sustained, building results based monitoring and evaluation is of paramount importance. This in turn requires continuous commitment, time, effort, and resources and champions. Respondents were also asked to evaluate the monitoring and evaluation practices in implementing the BPR.

Bureau of capacity building is guiding and technically advising the sectors of the city administration on the reform programs specifically business process reengineering. As observed and also highlighted by key informants, the results seem not yet achieved. During the focus group discussions, it was revealed that the monitoring and evaluation that is currently being undertaken is not outcome based. It does not focus on innovation and creativity but rather focuses on the inputs. It does not integrate and measure the inputs, outputs and outcome and does not have appropriate feedback system.

### **Challenges faced in both the study and implementation of BPR.**

Survey respondents were asked an open ended question on the problems encountered in the study and implementation of BPR. Their responses highlighted: high turnover of the civil servants; lack of logistics and skilled professionals; absence of system automation and skill gap in IT application; employees (specially frontline employees) are not properly empowered and equipped with information; absence of reward and incentive schemes;

duplication of some activities in some processes; lack of conducive working environment i.e. office layout is not suitable for most employees; processes are not properly revised and improved; and managers are not playing appropriate leadership roles.

The responses reveal that the main impediments affecting the city administration in its effort to change the public institutions from departmental to process-based organizations are numerous and intricate. These can be summarized as follows: processes are not properly reorganized, revised and continuously improved; poor internal communication and coordination between different processes (interfaces); still hierarchical structure after BPR; lack of logistics and skilled professionals; problems related with empowerment of employees; absence of reward systems and incentives; inconvenient working environment (office lay out) for back office who do not have direct contact with customers; the process owners (managers) are not playing coaching, advocacy and design roles; processes are not automated; high turnover of employees is also found to be a serious problem. Certainly, these issues need to be attended to by the responsible authorities if the reengineering process is to achieve what it is intended for.

### **Conclusion and recommendations**

It can be concluded that although processes' selection were properly done, their reorganization was problematic in that it resulted in the creation of many vacant positions. This, together with the decentralization of many work processes to the lower tiers of the city administration, resulted in increased number of employees in the city administration after business process reengineering. Thus, the business process reengineering in the city

administration has not brought downsizing of the employees. Process owners also do not play designing, advocacy and coaching roles properly.

Generalist performers are not created as expected due to the creation of many sub-processes, and case teams which resulted in hierarchy and multiple approvals of decisions. In addition, poor internal communication, high turnover of employees, absence of system automation and skill gap in the application of information technology, absence of reward and incentive system, problems of empowering of employees, weak human resource development activities, lack of sufficient material resources in the offices, inconvenient working conditions such as office lay out and weak monitoring and evaluation system were also found to be serious problems encountered. On the other hand, employees' initiation for change and their treatment of customers has improved. Customers and change oriented employees and organizations can be created if the human resources are properly managed.

Based on the discussions and findings of the study, the following recommendations are forwarded:

The starting point for organizational success is well-designed processes. Therefore, evaluation, revision and continuous improvement of the redesigned processes, refining the operational manuals and guidelines are necessary for the effectiveness of the processes. This also helps to identify the non-value adding activities from the value adding ones and sub processes and case teams can be minimized and organizational structures change from hierarchical to flat.

Continuous need based human resource development activities should be undertaken. Due attention should be given for long-term training programs

since in organizations that have reengineered job preparation changes from training to education, hence, education increases their insight and understanding of the 'why' of the job. Due attention should also be given for the Urban Management Institute so that it can actively engage in the process of human resource development of the city administration. The Institute should be capacitated with the necessary material, human and financial resources to properly discharge its responsibility.

One of the major problems identified is absence of incentives and reward system in the institutions. Reengineering usually eliminates position duplication but increases the amount of work and responsibility. So the city government should practice incentives in the civil service so that the employees will be initiated to perform the newly designed processes at higher levels and be successful in their duties and responsibilities.

In order to create conducive work environment, the office lay out should be reconsidered. The office lay out for frontline performers who continuously serve customers should be arranged in different ways from the technical staff who are engaged in research, program evaluation, guidelines and directives preparation.

Poor coordination between processes (interfaces) and internal communication is also the problem identified in the city administration offices. So communicating the importance of the shift from functional departmental ways to process based customer focused organizations to employees via multiple channel of communication is of paramount importance.

Empowering employees to properly discharge their duties and responsibilities by fulfilling the necessary resources is also important.



Providing the employee more freedom and authority to perform the job as necessary, increasing employees' accountability for work by reducing external control, expanding assignments so that the employees can learn to do new tasks and develop new areas of expertise and be multi-skilled, and directing feedback reports to the employee rather than only to process owners are very important. Process owners should also properly support the employees by coaching, play the advocacy role by representing their processes, designing and process improvement. In order to make changes sustainable, leaders must change and get others to change.

The redesigned business processes should be automated so that information exchange between employees and managers can be easy and efficient and effective decision making can be made. This can also contribute to the improved customer satisfaction. For the sustainability of the reform programs in general, and that of business process reengineering in particular, results-based monitoring and evaluation system that focuses on creativity, innovation and outcome, that also focuses on solving problem should be in place. The current disorganized and input focused way of follow up should be changed to the results-based and sustainable way of monitoring and evaluation that can empower public institutions.

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