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Research Article

PRELUDE OF INFORMATION TECHNOLOGY-MEDIATED BUSINESS PROCESS REENGINEERING IN ENTREPRENEURIAL INSTITUTIONS

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ABSTRACT

Globalization and emergent information technology tools have made financial institutions re-think and review the essence of doing business. The purpose of this paper is to discuss the prelude of emerging information technology transformations in the business process. The paper talks about the challenges and impact of these changes in business institutions. Further, the correlation between the IT and Business sector with the main focus on Financial Institutions. The methodology opted for this research is descriptive in nature. Collection of data has been done through using secondary sources. Since the study is based on the secondary data source, therefore, no hypothesis have been generated to test. However, some presumptions have been made in order to justify the outcome. The findings are surprising as compared to presumptions. The detailed findings have been discussed in the research paper. The study further can be taken to cover different firms and organizations working in different areas.

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INTRODUCTION

In today's ever changing world, the only thing that does not change is the 'change' itself. In a world driven by three C's i.e. customer, competition and change, companies are on the lookout for new solutions for their business problems. Recently, some of the most successful business corporations in the world seem to have hit upon an incredible solution. Business process reengineering is a management approach aiming at improvements by means of elevating efficiency and effectiveness of the processes that exist within and across organizations. The key to BPR is for organizations to look at their business processes from a clean slate perspective to determine how they can best construct these processes to improve how they conduct business.

Automation, global unification and emerging tools of information technology are pushing financial institutions to review the essence of doing business. These change agents are forcing financial institutions to improve in order to become more competitive. Sustainable improvement of business process has been a focal point of interest within the financial institutions and academia for several decades. Advancement in information technology is enabling financial institutions to deliver quality services and making them more competitive.

Global competition, economic pressures and the potential offered by the emerging technologies are pushing firms to fundamentally change their way of operating and to rethink their business processes. Many companies have agreed that effective business process reengineering (BPR) is one effective way of gaining competitive advantage (Dale, 1994). The gurus of change whether industry leaders or academicians have suggested different approaches for realizing the dream of competitive advantage through business process reengineering (Hammer and Champy; 1993).

Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service and speed. Reengineering is about innovation. It is about exploiting the latest capabilities of technology to achieve entirely new objectives (Hammer and Champy (1993).

Process is a structured, measured set of activities designed to produce a specified output for a particular customer or market. It implies a strong emphasis on how work is done within an organization."(Davenport 1993).

Business Process Reengineering involves changes in structures and in processes within the business environment. The entire

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technological, human, and organizational dimensions may be changed in BPR. Information Technology plays a major role in Business Process Reengineering as it provides office automation, it allows the business to be conducted in different locations, provides flexibility in manufacturing, permits quicker delivery to customers and supports rapid and paperless transactions.

Objectives of the Study

1. To study and understand the concept of Information Technology and Business Process Reengineering.
2. To study the role of information technology in easing and promoting business activities.

RESEARCH METHODOLOGY

The present study talks about the role of emerging information technology transformations in the business process. The research is a qualitative research which uses a descriptive and judgmental approach. The conceptual research method has also been adopted to get a detailed literature review and deeper understanding of the subject. The foundation of theories and concepts of information technology and business process reengineering has been reviewed from secondary data which have been sourced from different kinds of literature such as various national and global agencies, journals, articles, books, websites, e-books and other reports. Further, the researcher has gone through different websites to understand the concept and past efforts that have been done in the concerned field and also to assess the various theories, philosophies, and principles available to the related subject and literature made available by past researchers.

REVIEW OF LITERATURE

The first principles and elements of business process reengineering can be found in Taylorism (task optimization) and the scientific management theory much before. Hammer and Champy (1993) formally defined it as the 'fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed'.

The term business process reengineering as a subject matter has been around since the late 1980s receiving marvelous consideration in both the educational and popular management literature and is now a well-liked alter advance throughout the world. Numerous definitions of BPR are found in the literature and it is argued by some researchers (Hammer, 1990; Hammer and Champy, 1993; Van Mil *et al.*, 1994; Macintosh and Francis, 1997; Peltu *et al.*, 1996) that there is no commonly decided definition of BPR. One of the difficulties in dealing with the BPR literature, however, lies in the fact that BPR is not always called BPR, and equally, some things that are called BPR are not —really" BPR.

BPR theorists such as Hammer (1993) and Davenport (1993) argue that the concept has strong linkages with previous theories, organizational transformation or change management, the new element is that these concepts are combined in a new synthesis.

Prahalad (1990) explains that the nature of competition has been shifting towards the competitor's ability to create new product and new businesses or adding value propositions by

reengineering their corporate and business strategies. Business process reengineering (BPR) has been receiving attention from industries as well as the academic community because it is likely to change management practice and working processes in organizations in the future.

Davenport and Short (1990) have argued that rather than maximizing the performance of particular individuals or business functions, organizations should concentrate on the maximization of interdependent activities within and across the entire organization. Crowston and Malone (1987) suggested that IT is the most powerful tool for reducing the cost of this coordination.

Morris and Brandon (1993) identify various ways in which IT can support business processes as shown in Table 2.1. One example is that IT can have a sequential impact in the sense of changing the order in which processes are carried out, and in particular, can allow activities to be carried out in parallel.

Table 1 IT Support for Business Processes, Morris and Brandon, 1993

Increasing speed	Controlling business tasks and improving quality
Communicating	Storage and retrieval
Monitoring	Manufacturing and delivering services
Supporting decision-making	Supporting process work functions

Role of IT in BPR

BPR is a methodology that promotes change and introduces new processes and new styles of working. IT promotes changes in organizations, mainly changes in the nature of the work, the integration of business functions, and the transformation of competitive forces. IT can help make the changes promoted by reengineering, and it can be considered as an enabler of BPR. The companies have to think how a technology can help them to do things that they are not doing in the current process. IT has a power to break the rules and make people think inductively and give the company a competitive advantage. The company that used the disruptive power of IT to break all rules and gains a competitive advantage. The role of IT in business process reengineering can be viewed from two perspectives i.e. the role of the IT function (e.g. Internet, E-Commerce, Multimedia, EDI, CAD/CAM, and ISDN) and the role of the technologies themselves (e.g. CD-ROM, ATM).

Financial Institution and BPR Implementation

Financial institutions are experiencing strong pressure for change arising from technology, increased competition and demands for improved customer service. Reengineering of key business processes is becoming a central element of corporate and business strategies. In view of the mixed successes, banks and financial institutions need to optimize results from this model in real business situations. Changing dynamics of banking and financial institutions market in India forced players at all levels to re-engineer their operations and functions to meet the emerging challenges of slashing operating cost, outsourcing, portfolio investment, payments and settlement systems, consolidation and cooperation. Banks and other financial institutions in developing countries have embarked on the implementation of a new management strategy that will ensure quality customer service, speedy

delivery of services, cost containment that will make them achieve competitive advantage and enhance profitability.

Emerging Technological Trends and Indian Financial Institutions

The financial institutions are in the midst of the Information Technology Revolution. The Financial reforms that were initiated in the early 90s and the globalization and liberalization measures coupled with IT tools brought in a new operating environment to the financial and banking services which involves services such as: anywhere banking, Tele Banking, E-Banking, Internet Banking, Web- Banking, virtual Banking, Mobile Banking, Credit Cards, Debit Cards, Automatic Teller Machines Facility, Electronic Clearing Services, Electronic Fund Transfer, SWIFT, Core Banking, Real-time Gross Settlements, Electronic Payment Services etc. To attain the satisfaction and comfort of the customers, the banks and FI's are trying hard to meet the upcoming demands of the customer by offering the innovative and attractive packaged technology-based services to their customers.

The Banks in India are undergoing adoption of core banking system. The banks in India are also upgrading their capability to handle business, which is made possible by implementing technology-driven transaction banking systems. The banks try to prioritize the technological investments to meet the challenges. The upcoming points below highlight the emerging technological trends as solution providers in the future and most of them are already visible in rendering the services to the customers in banks:

- Internet Banking/ e-banking.
- Mobile Banking
- Core Banking
- Electronic Payment of the Bills
- Delivery of Financial Products Online
- Automatic Teller Machines Facility (ATM Facility)
- Brokerages Online
- Electronic Fund Transfer (ETF)

FINDINGS AND CONCLUSION

An increasing number of firms are applying business process reengineering (BPR) to alter many age-old procedures, to reduce costs, and to improve competitiveness. Business process reengineering aspires to enshrine improvement in competitiveness and delivery. But the question arises as to why BPR? Because BPR revamps the system and makes it efficient, thereby minimizing delays, eliminating errors, promoting understanding and reducing excesses.

These processes must be adaptable to the changing needs and provide the organization with a competitive advantage. In this context, Information Technology (IT) plays an important facilitating role. It is clear that IT has evolved from its traditional orientation of administrative support role toward a more strategic role within an organization.

In conclusion, It can be said that IT-driven BPR is the panacea of business transformation and process refinement. There has to be a prime focus on information technology since it plays a very important role in the business process reengineering in financial institutions. Information Technology has a great role to play in the BPR process, hence proper training is to be given to the implementing staff etc.

Top management must first make the organization shockproof to the role Organizational culture in case of BPR for the better results. There is a huge difference in the opinion of coordinating team and implementing staff in the context of various activities of BPR this difference must be overcome for the better results. Financial institutions must take care of the macro and micro environment before initiating the process of business process reengineering.

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