

Organizational Change Management through BPR Interventions: A Case Study of State Bank of India

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Abstract—*The globalization of the economy and the liberalization of the trade markets have formulated new conditions in the market place which are characterized by instability and intensive competition in the business environment. To overcome the intense competition from private and foreign banks, SBI planned a major organizational restructuring exercise. Business Process Reengineering involves changes in structures and in processes within the business environment. The entire technological, human, and organizational dimensions may be changed in BPR. The key aspect involved redesigning of branches providing alternate channels, focus on a lean structure and technological up gradation. Information Technology plays a major role in Business Process Reengineering. The present study was focussed on the changes brought out by the organizational structure and Business Process Reengineering interventions in State Bank of India. It has enhanced the quality and quick decision making process. It also meets the competition and has increased the productivity of the banks. The main object was to maintain parity and an edge on the other banking institutions, customer interest and attractive services. The care was also taken to look into its employees' convenience, interest and bank services and transactions. The study concludes that business process reengineering has become useful weapon in State bank of India as to improve in its current organizational performance.*

Keywords: *Business Process Reengineering, BPR initiatives, efficiency, quality, productivity*

1. INTRODUCTION

State Bank of India, a public sector bank, came into existence in the year 1955. Since then it is maintaining its unique position among other public sector banks by extending banking facilities on a large scale. While State Bank of India continues to dominate the Indian Banking Industry and its profits continues to grow, it was coming under increasing competitive pressure. It was forced to brace itself for the arrival of a new wave of competitors that were eager to enter the fast growing Indian economy's commercial banking sector. The introduction of Core Banking Solution (CBS) and the implementation of initiatives under the umbrella of Business Process Reengineering (BPR) drastically changed the function of State bank of India and its branches. Hammer

and Champy (1993) define business process reengineering (BPR) as: the fundamental rethinking and radical redesign of the business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed".

SBI was forced to re design its strategy to be successful and survive in the competitive environment. The major concern for State Bank of India was to retain its existing customers and customer satisfaction.

2. BUSINESS PROCESS REENGINEERING

Business Process Reengineering uncovered new ways to organize work; creating breakthrough improvements in the organizations. A process approach to organizational performance produced number of innovations. In the new vision of enterprise performance, banks redesigned underlying business process to create simultaneous improvements in quality, cycle times, service and productivity. The aim was to improve quality by "doing it right the first time". State Bank of India has assigned clear accountability for process performance and realigning functional objectives and performance measures to support process performance goals. Information systems are not only adjunct to business process but are embedded in process redesigns. Dispersed networks has enabled process improvements, enhanced the performance and replaced the old, rigid, centralized architecture.

3. BUSINESS PROCESS REENGINEERING AS MANAGEMENT OF CHANGE

Since the banking processes became ineffective, overly complicated, burdened with bureaucracy and time consuming, the business processes were developed so as to accomplish a specific business task. The focus on BPR helped the banks in preventing errors from occurring instead of rectifying them at a later stage i.e., providing less re work. It also enabled the banks to focus on their customers. Coupled with the initiatives under the Business process redesigning program, the

technology initiatives undertaken led to change Management in State bank of India. The business environment has become so complex that the banks have to be alert to respond to the new challenges and opportunities. This involves continuous process of managing change. Thus, Business Process Reengineering (BPR) has emerged as a conspicuous tool for restructuring the banks fostering a favourable working environment and improvement in bank's profitability of success.

Sustained organizational change requires the creation of specific infrastructure to help people cope with change and its effects. The crucial factor was to make changes in the organisational structure ensuring that the routine work gets done consistently with minimum disruptions to occur. The organization structure of State Bank of India showed the flows of authority, responsibility and communication among various departments, located at different hierarchal levels before implementation of BPR were converted into much flatter organizational structure. The speed and adequacy of decision making, flexibility and efficiency was enhanced through decentralization of many operations.

4. INTERVENTIONS

State Bank of India has taken some major business reengineering initiatives such as Grahak Mitra /ATM dost, ATM migration, Drop Boxes, Retail Assets Central Processing Cell (RACPC), Small Enterprise Credit Cell (SECC), Currency Administration Cell (CAC), Relationship manager and micro Credit planning. ¹Departing from its traditional approach of initiating mere structural changes within the organization, the State bank of India has streamlined its management structures. This business process reengineering exercise, based on the recommendations of McKinsey & Co. Ltd, is aimed at gearing the bank for a smooth makeover to the core banking solution.

GrahakMitra was introduced to project the positive image of the bank. It helps the walk-in customers to get personnel attention, ensure response for their basic enquiries, and facilitate migration to alternate channels.

ATM (Automated Teller Machine) Migration initiative reduces the transaction cost as well increases the customer convenience.

Migration to Drop Box is treated as an alternate channel for processing in clearing and collecting of cheques

Relationship Manager's main objective is to demonstrate the capability of the bank to extend personalize service and thereby, enhance its image. It also provides value added services to the customers viz, cheque pick up, delivery of draft etc. on a selective basis within the given infrastructure.

Retail Assets Central Processing Centre (RACPC) covers products like housing loan, car loan and educational loan. It

covers appraisal of loans, obtaining search report and valuation report centrally, generation of documents etc.

Small Enterprise Credit Cell (SECC) has been set up by creating a pool of skilled staff who focuses exclusively on the SME sector.

Currency Administration Cell (CAC) acts as "Centres for Excellence" that monitor and optimize cash balances across the branches within their area of operation. It organizes transportation of currency; act as a single point interface with RBI and centrally organize currency chest maintenance.

5. PERFORMANCE EVALUATION OF PROCESS REENGINEERING INTERVENTIONS AND IN ORGANIZATIONAL CHANGE

State Bank of India has visualized a great impact on improvement in Work environment, employee satisfaction, customer satisfaction, business of SBI.

Improvement in Work Environment

As a result of BPR initiatives, positive improvements in the working conditions of the employees were visualized. It has saved time, wastage of materials and man-hours, thus improves efficiency. The banks are also taking care of their surroundings' and maintenance of proper hygiene.

- Improved lighting system, a well-lit and proper uniform illumination with no or little fluctuation helps in preventing eyestrain and fatigue. This boosts the working efficiency of the employees.
- State Bank of India has taken care to remove all ill effects of heat and temperature, maintains and provides pleasant and comfortable working conditions. The branches are fully air conditioned/ air cooled with proper circulation of fresh air. This avoids the economic loss to the bank due to adverse climatic condition.
- It has been observed, that the reduction in level of noise increases the efficiency of employees, reduce errors and add to the comfort of the customers as well. With the implementation of ATM and Drop boxes, the number of customers visiting the branches has been reduced comfortably. The customers applying for the various loans and small scale business are directed to RACPC and SECC. Further with the facility of computerization quick customer service reduced the crowding, thus considerable reduction in noise.
- With the help of computerization the time required to provide service is reduced and facilities like ATM and Drop boxes have curtailed rush in the bank and hence reduced work time for the employees.
- Fatigue is the cause of reduced ability to work of the employees. Any physical work even that of sitting, difficult conditions in different works leads to loss of

energy and also mental fatigue is far more deceptive and decreases the efficiency of the worker. With the implementation of Currency Administration cell (CAC), the big worry of the manager and other employees to maintain and handle the large amount of the cash is negligible. Also by creating an entirely separate cell for sanctioning of loans and to cater small scale entrepreneurs in RACPC and SECC the workloads of the employees at the branches is much reduced. This helps in reducing both physical and mental strain to the employees resulting in lesser chances of errors.

- State Bank of India has made improvements in the inner décor of the various branches, providing all the amenities to the customers such as proper sitting arrangements, enough lighting, restrooms, cooling, drinking water etc., in order to attract and retain customers. The routine and other professional information by the way of posters and notices placed on the walls, gives impressive look to the bank.
- All the above mentioned changes are made in an attempt to increase bank's business in the true professional style.

Impact on Employee Satisfaction

- The change in the organizational structure has greatly improved the quality of the working environment in State Bank of India. The cleanliness in the surroundings, the beautiful infrastructure with all the necessary amenities, proper illumination, less noise and other such factors has created the branches a comfortable and congenial workplace. Every employee is provided with an individual cubicle sitting arrangement.
- Computerized link from seat to seat has also increased the efficiency and the task much easier provided the individuals get themselves properly trained well acquainted with the system. With the appropriate networking of the system the task of the employees has become easier and less prone to errors. The maintenance of the files and recording the same type of data again and again though in different formats, retrieving the data from those huge files stacks etc have been greatly reduced by the intervention of networking. The employees can perform all these and similar type of job from one place. Transaction of one file from one table to another, flipping of files, maintenance of records and allied job profile was done by number of employees; absence of even single employee would hinder the whole working. But now with the reengineering the process and computerizing the whole system, everything is just a click away. It has optimized the manpower, time and cost resulting in far much better environment for the employees.
- With the introduction of ATM and Drop boxes facilities only selective customers approach the employees. The clearing and collection of cheques is centralized in

processing centre. All these have provided lesser burden to the employees and thus giving less strain and burden to the employees and thus giving them less strain and burden & utilize their skill in other managerial jobs and increase their creativity approach.

- With the implementation of the currency Administration cell the employees are most satisfied. The quantitative advantage of it is the optimization of cash at hand, manpower, transportation and all the activities of it are being carried out centrally. This has greatly reduced the mental fatigue of the employees of the State Bank of India because the branches will be freed from majority of chest related operations allowing them to focus on services provided by their branches.
- A friendly attitude, feelings for the fellowmen, parity among the employees, the good working environment leads to an increased satisfaction in them.

Impact on Customer satisfaction

To retain its number one position State Bank of India provides their customers all the facilities they could think of giving them delight to be associated with their banking. With the recommendations of Mc Kinsey Consultations SBI incorporated the BPR initiatives. With the implementations of these initiatives, banks are not only successfully retaining their loyal customers but greatly increased their customer size. The customers are satisfied and overwhelmed with the performance of the bank.

- The new changeover of the bank's branches, the customers feel elated and proud to be associated with State Bank of India. The infrastructure of the bank has been renovated in such a manner that they feel comfortable doing banking. The proper waiting place, air conditioned / air cooled environment, neat and clean serene atmosphere, availability of necessary information on hoardings or posters, clean rest rooms and cool drinking water adds fervour to the delight of the customer's mindset.
- ATM Migration and Drop Box interventions have provided convenience to the customers. These interventions save the time and provide hassle free service to its customers and above all acts as an efficient delivery platform.
- The employees of State bank of India have become more cooperative and professional in their attitude; thus building the image of the bank. The concepts of ATM Dost / Grahak Mitra greatly help the customers with all kind of problems no matter how insignificant they are.
- Relationship manager has increased the level of customer satisfaction by demonstrating the capability of the bank to extend services to the customers and providing value added services to the customer as well.

6. CONCLUSION

The State Bank of India has incorporated some important organizational changes to make streamline its staffing pattern at administrative offices giving support to various new areas consequent to business process reengineering (BPR) initiatives. This has greatly strengthened the bank's ability to acquire new customers, retain old customers and increase customers as well as employees' satisfaction. Business Process reengineering is a never ending phenomenon and there would be a continued necessity to review the existing initiatives and take up new ones for sustainable growth of State Bank of India. Let State Bank of India not shatters the aspirations and expectations of its valued customers.

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