GAINING STRATEGIC AND ECONOMIC ALIGNMENT THROUGH INTERNAL BUSINESS PROCESS MANAGEMENT – A COMPARATIVE STUDY IN FINANCIAL SECTOR

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ABSTRACT:

The present study is limited to measuring employees" performance in banking sector. Therefore, research relates to employees' perception towards their performance for internal business processes with respect to dimensions of market orientation and steps followed for functioning of internal processes. The study was undertaken with the purpose of finding out the employees' perception regarding their performance for internal business processes by using "Market orientation: MARKOR scale". The research includes 15 officers from SBI and ICICI bank each. The dimensions for measuring employees' performance were "Intelligence generation", "Intelligence dissemination", "Responsiveness", "Delivering services" and "Post sale services". The mean perception of ICICI bank's employees towards their performance for all the dimensions i.e. "Intelligence generation", "Intelligence dissemination", "Responsiveness", "Delivering services" and "Post sale services" is more than SBI. The analysis shows that employees' performance for internal business processes in ICICI bank is better than SBI.

Keywords:

"Intelligence generation", "Intelligence dissemination", "Responsiveness", "Delivering services" and "Post sale services". MARKOR Scale, Market orientation.

INRODUCTION

The information provided by the performance measurement system allows the banks to underpin the strategies and practices. The transparency in the system helps the banks to frame and revise the strategies and programs as per the requirements. The five dimensions are used to measure employees' performance for internal business process parameter in banking sector: Intelligence generation refers to the collection and assessment of both customers' needs/preference and the forces (tasks and business environment) that influence the development and refinement of customers' needs. Intelligence dissemination refers to the process of market information exchange with an organization. It involves both horizontal (i.e. interdepartmental) and vertical transmission of market information. Responsiveness is the action taken in response to intelligence that is generated and disseminated in earlier steps. The concern focuses on the degree to which marketplace needs to play a dominant role in assessment of market and development of market programs. Delivering services is the process which involves delivery of products and services to existing customers and concerned to provide efficient services to new customers/target market segment as identified during the stages of intelligence generation, dissemination and responsiveness. Post sale services are the services, which are confined to offering services after the sale that add to the value, which customer receives from an organization and create dealing for future too.

REVIEW OF LITERATURE

Harris C. Lloyd provided a measure and an approach of measuring market orientation encompassing both design and implementation. For the purpose, correlation analysis between market orientation and performance measure was done. Further, overall performance of Intra-firm executives' gauge of inter-functional coordination, competitors' views of competitor orientation, customers" measure of customer orientation, market-oriented measure of overall market orientation were computed by calculating the summated mean of all four performance items. It was concluded that the developed method for measuring market orientation was more complex but was designed to provide more information regarding market orientation.

Jaworski and Kohli tested empirically several hypotheses regarding antecedents and consequences of a market orientation i.e. the greater the top management gives importance to market orientation, the greater the (a) market intelligence generation, (b) intelligence dissemination and (c) responsiveness of the organization. Further the consequences of Market Orientation were observed as - greater the market orientation, higher is the business performance of the organization. Sample consisted of 487 respondents selected randomly from the American Marketing Association membership roster. Market Orientation was measured by items pertaining to market intelligence generation, intelligence dissemination and responsiveness at 113.95.

Kohli, Jaworski and Kumar developed a measure of market orientation and assessed its psychometric properties. Data was collected from 230 respondents, who were executives. Validity analysis was done. The market orientation measure (MARKOR) assessed the degree to which units engaged in market intelligence generation activities, disseminates this intelligence through formal and informal channels and develops/ implements marketing programs on the basis of the intelligence generated.

Wood, Bhuian and Kiecker explored market orientation in not - for - profit hospitals. The research study examined the relationship between market orientation and hospital's performance. The author hypothesized that organizational performance was positively related to market orientation. MARKOR questionnaire was used. Reliability was estimated. Factor analysis was done. Results indicated that market orientation was significantly related to organization performance and explained 10% of variance. The results indicated that special attention must be committed to the overall professional education opportunities of organizational members, including workshops, conferences and other development programmes.

RATIONALE OF THE STUDY

To generate deep and valuable insights into the strengths and weaknesses relating to technology and processes, it is essential to have a measurement parameter, which indicates the performance for internal business processes. After all, customer is the ultimate beneficiary of such processes and employee is the ultimate user. Therefore, employees' performance must be measured through "Internal business process perspective".

SCOPE OF THE STUDY

Internal business process is a parameter used to measure Employees' (Officers') performance. Questionnaire relating to business process perspective was based on different dimensions of processes involved to carry out the transactions in the respective banks. The research includes 15 officers from SBI and ICICI bank each. Through primary survey and interviews, an attempt was made to measure employees' performance in both the banks under study.

RESEARCH DESIGN

Keeping in view the process of internal business processes i.e. identifying the market, operation/delivery of products and services and post-sale services, and the theoretical construct, the employees' performance is measured in SBI and the ICICI bank, by using Market Orientation: MARKOR Scale (Kohli, Jaworski and Kumar, 1993). Pretesting of research instrument prepared for the present study was done on a sample of 10 respondents to identify and eliminate potential problems. All items in all the dimensions of the instrument were tested. Prior to analysis of the results, instrument was tested for its reliability. For reliability analysis, internal consistency method was adopted. The Cronbach''s alpha values 0.81 for all the five dimensions namely "Intelligence generation", "Intelligence dissemination", "Responsiveness", "Delivering services" and "Post sale services". The facts show that value exceeds the minimum requirement (alpha= 0.50), thereby stating that all the five dimensions are internally consistent having acceptable reliability values.

DATA ANALYSIS AND INTETPRETATION

Section I: Respondents' (employees') profile of SBI vs. ICICI bank

This section describes the demographic profile of respondents and satisfaction level of customers towards their performance in SBI and ICICI bank. Respondents' profile include age, experience in the job, intention to leave the organization and satisfaction of employees towards their performance in the banks under study.

Table 1: Age profile of employees in SBI vs. ICICI bank

Age (Years)	SBI N (%)	ICICI N(%)	Total N(%)
Less than 25 years	0(0.0)	4(13.3)	4(13.3)
26-35 years	0(0.0)	11(36.7)	11(36.7)
36-45 years	2(6.7)	0(0.0)	2(6.7)
46-55 years	9(30.0)	0(0.0)	9(30.0)
More than 55 years	4(13.3)	0(0.0)	4(13.3)
Total	15(50.0)	15(50.0)	30(100.0)

Table 1 shows that in SBI, 6.7% respondents are between the age 36-45 years, 30.0% between 46-55 years and 13.3% having age more than 55 years. For ICICI bank, 13.3% respondents are having age less than 25 years and 36.7% between 26-35 years. Figure 16 shows the age profile of respondents of SBI and ICICI bank.

Table 2: Experience wise profile of employees in SBI vs. ICICI bank

Experience	SBI N (%)	ICICI N (%)	Total N(%)
Less than 5 years	0(0.0)	9(30.0)	9(30.0)
6-10 years	0(0.0)	6(20.0)	6(20.0)
16-20 years	4(13.3)	0(0.0)	4(13.3)
More than 20 years	11(36.7)	0(0.0)	11(36.7)
Total	15(50.0)	15(50.0)	30(100.0)

From Table 2, it is observed that 13.3% respondents have experience between 16-20 years and 36.7% having experience more than 20 years at SBI. Also, for ICICI bank, 30.0% respondents have experience of less than 5 years and 20.0% between 6 to 10 years.

Table 3: Employees' intention to leave SBI vs. ICICI bank

Intention to leave	SBI N(%)	ICICI N (%)	Total N (%)
Yes	0(0.0)	13(43.3)	13 (43.3)
No	15(50.0)	2(6.7)	17(56.7)
Total	15(50.0)	15(50.0)	30(100.0)

Table 3 gives the details that employees of SBI do not want to leave the organization; where as in ICICI bank, 43.3% want to leave and only 6.7% respondents do not intend.

Table 4: Satisfaction of employees towards their performance in SBI vs. ICICI bank

Level	SBI N (%)	ICICI N (%)	Total N (%)
3	7(23.3)	0(0.00)	7(23.3)
4	7(23.3)	14(46.7)	21(70.0)
5	1(3.3)	1(3.3)	2(6.7)
Total	15(50.0)	15(50.0)	30(100.0)

Table 4 shows the details of satisfaction of employees towards their performance. It is observed that in SBI, 23.3% respondents opt for level 3, 23.3% agree their performance level 4 and 3.3% agree at level 5, where as in ICICI bank; 46.7% respondents choose level „4‟ and 3.3% opt for level 5.

Section II: Statistics of employees' perception towards their performance in SBI and ICICI bank : The mean scores and standard deviation of various items in all the dimensions measuring employees‟ performance are shown in Table 5.

Table 5: Statistics of employees' perception towards their performance in SBI and ICICI ban

S.No.	No. Dimensions measuring employees' performance	Mean	SD
Intelligence generation:			
1.	In our bank, regular meetings with customers are held at least once a year to find out what products or services they will need in the future.	3.47	0.78
2.	We do a lot of in-house market research to identify the needs of customers	3.50	0.73
3.	We periodically review the likely effects of changes in our business environment (e.g. regulation) on customers	3.43	0.57
Intelligence dissemination:			
4.	We are encouraged to give feedback about our products and services to superiors for competing in the market	3.23	1.01
5.	Market personnel in our bank spends time in discussing customer future needs with other functional departments	3.27	1.41
Responsiveness:			
6.	We periodically review our product development efforts to ensure that they are in a line with what customers want, to response immediately	3.37	0.96
7.	If a major competitor were to launch an intensive campaign	3.4	0.77

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	targeted at our customers, we would implement a response immediately		
8.	Customer complaints are welcomed in our bank	3.7	0.79
Delivering services:			
9.	Our bank focuses timely delivery of products/services to existing customers	4.00	0.64
10.	Our bank focuses efficient services to new/targeted customers	3.73	0.87
11.	Operational processes have been monitored and controlled by financial measures such as standard cost, budgets and variances	3.97	0.81
12.	All employees make efforts to create value for customers	3.9	0.8
Post sale services:			
13.	Our bank focuses short waiting time for post sale services	4.30	0.92
14.	Our bank provides accurate information relating to services rendered	4.20	0.96
15.	Our bank facilitates easy and prompt accessibility after providing the services	4.03	0.85
16.	Our bank serves efficient transactions for post sale services	4.10	0.92
17.	Employees have effective communication with the parties concerned relating to post sale services	4.30	0.95

From Table 5, results of the dimension 'Intelligence generation' show that in house market research is prioritized to identify the needs of the customers (highest mean score). Employees agree that regular meetings are held to examine the necessity of products and services. For the dimension 'Intelligence dissemination', it is observed that marketing personnel in the bank spends time in discussing customer future needs with other functional departments. Dimension 'Responsiveness' indicates that employees are performing well as customer complaints are welcomed in the bank. Employees agree that if intensive campaigning is targeted at customers by the competitors, they would response immediately. Dimension 'Delivering services' makes employees" performance significant on the ground that the bank focuses timely delivery of products/services to existing customers. Employees believe that operational processes have been monitored and controlled by financial measures. While providing 'Post sale services', employees perceive that bank focuses on short waiting time and make every effort to have an effective communication with the parties concerned.

Section III: Independent t-test comparing the employees' perception towards their performance in SBI vs. ICICI bank

H01: There is no significant difference between perception of employee performance in SBI and ICICI bank with respect to "Intelligence generation".

H02: There is no significant difference between perception of employee performance in SBI and ICICI bank with respect to "Intelligence dissemination".

H03: There is no significant difference between perception of employee performance in SBI and ICICI bank with respect to "Responsiveness".

H04: There is no significant difference between perception of employee performance in SBI and ICICI bank with respect to "Delivering services".

H05: There is no significant difference between perception of employee performance in SBI and ICICI bank with respect to "Post sale services".

Table 6: Independent t-test comparing the employees' perception towards their performance in SBI vs. ICICI bank

Dimension	SBI Mean	SD	ICICI Mean	SD	t value	df	P value
Intelligence generation	3.28	0.35	3.75	0.47	-3.16	28	0.00**
Intelligence dissemination	3.00	0.89	3.63	1.13	-1.69	28	0.10
Responsiveness	3.35	0.49	3.70	0.33	-2.11	28	0.04*
Delivering services	3.83	0.53	4.00	0.41	-0.92	28	0.30
Post sale services	3.99	0.31	4.48	0.20	-4.87	28	0.00**

** Significant at 0.01 level, *Significant at 0.05 level

From Table 6, it is observed that there is no significant difference between perception of employee performance for dimensions "Intelligence dissemination" and "Delivering services". Thus hypothesis H02 and H04 are accepted. However, there is a significant difference between perception of employee performance for dimensions "Intelligence generation", "Responsiveness" and "Post sale services" i.e. the hypothesis H01, H03 and H05 are not accepted. The mean perception of ICICI bank's employees towards their performance for all the dimensions i.e. "Intelligence generation", "Intelligence dissemination", "Responsiveness", "Delivering services" and "Post sale services" is more than SBI. The analysis shows that employees" performance for internal business processes in ICICI bank is better than SBI.

SECTION III: Comparative analysis of impact of employees' performance on employees' satisfaction towards their performance in SBI vs. ICICI bank

Table 7: Correlation between employees' performance and employees' satisfaction in SBI vs. ICICI bank

Bank	Employee satisfaction	Intelligence generation	Intelligence dissemination	Responsiveness	Delivering services	Post sale services
SBI	1	0.67**	0.65**	0.43	0.84**	0.55*
ICICI		0.61*	0.55*	0.62*	0.65**	0.72**

**Significant at 0.01 level

Table 7 examines that preliminary analysis of correlation follows the assumptions of linearity and homoscedasticity, and all correlation are found to be significant at 0.01 level of

significance expect "Responsiveness" for SBI. Further in SBI, significant correlation is found for dimensions "Intelligence generation" (r=0.67 and p<0.01), "Intelligence dissemination" (r=0.65 and p<.01), "Delivering services" (r=0.84 and p<0.01) and "Post sale services" (r=0.55 and p<0.01), and non-significant correlation is found for the dimension "Responsiveness" (r=0.43 and p>0.05). Also, for ICICI bank, significant correlation is found for dimensions „Intelligence generation" (r=0.61 and p<0.01), „Intelligence dissemination" (r=0.55 and p<.01), „Delivering services" (r=0.65 and p<0.01) and "Post sale services" (r=0.72 and p<0.01). However, for SBI, strongest relation is found for the dimension "Delivering services", followed by "Intelligence generation", "Intelligence dissemination" and "Post sale services". Also, for ICICI bank, strongest relation is found for the dimension "Post sale services", followed by "Delivering services", "Responsiveness", "Intelligence generation" and "Intelligence dissemination".

CONCLUSION AND SUGGESTIONS

There is no significant difference between perception of employee performance for dimensions "Intelligence dissemination" and "Delivering services". However, there is a significant difference between perception of employee performance for dimensions "Intelligence generation", "Responsiveness" and "Post sale services". To conclude, banking sector is a knowledge intensive industry. Therefore, knowledge regarding finance, intellectual resources and intangible assets are very important. If the banks do not correctly analyze the external environment and reflect the process of performance management, they cannot give an accurate analysis of their own strengths and weaknesses. Banks cannot understand the opportunities and threats and it is difficult to win in the fierce competition.

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