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Process Flexibility and the Productivity of Selected Deposit Money Banks in Nigeria

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Abstract
Changes emerging from the environment offer both challenges and opportunities to business organisations and also keep organizations embedded in less predictable environments. Acknowledging the increasing need for flexibility in organizational processes, this study examined the influence of process flexibility on the productivity of selected deposit money banks in Nigeria. To achieve this objective, variables were operationalized and models were specified. The study adopted descriptive research design. Data were gathered from primary source using structured questionnaire, and analyzed using Principal Components Analysis and Multiple Regression Technique. Results of the analysis showed all the indicators of process flexibility adopted except adaptability to be statistically significant and that process flexibility has positive significant influence on organizational performance. Based on the findings, the study recommended that managers should create organizational forms that will help organizations to exploit their current capabilities and explore future possibilities by adopting processes that can be improved easily and at minimal cost to the organization, and adopt systems that will allow for easy change in business methods.
Keywords: Business process, Environment, Flexibility, and Productivity

Introduction
To gain competitive advantage in today's business environment, organisations must respond to the challenges and opportunities brought about by the uncertainty in business environments. The ability to change operations to quickly respond and satisfy these changes in the business environment, known as organisational flexibility becomes very necessary (Wiggins & Ruefli, 2005). Flexibility is very critical in addressing customer needs in highly competitive market scenarios that we see around us today. It helps to find ways to do more with less, and provides a better product or service in a minimum amount of time, speed, quality, and cost. Organizational flexibility is responsible for stability, sustainability and success of organizations especially in a fast changing environment (Johnson, Scholes &Whittington, 2006). An organisation operating in a flexible way is characterised by its ability to be up-to-date with changes in the environment and to develop faster than the competition, by an efficient system of getting feedback from customers and by quick reactions to their expectations, as well as by short decision-making processes, taking place in a flat organisation structure in conditions of high empowerment of accustomed to changes personnel (Brilman, 2002).

Researchers are recently paying attention to business process flexibility as a way of coping with unpredictability of today's change. Flexibility is not only desired, but is a requirement for the survival of the Nigerian Banking Industry characterised by intense technological innovation, powerful customers with diverse requirements, and continuous regulatory policies among other factors. For banks to survive therefore, there is need to adapt to the environment to achieve better customer service delivery using flexibility capabilities encompassing redesigning organizational structure and processes.

Statement of the Problem
The level of environmental turbulence has made the banking industry not only dynamic but also complex and unpredictable. The deployment of necessary assets and capabilities to formulate and implement strategies capable of arresting and absorbing the effect of these changes to gain competitive advantage is necessary for banks to excel. Given the condition of rapid change in the industry, flexibility is a competitive advantage as it provides the capabilities that enable banks react effectively to threats and opportunities in an insecure future and an unstable environment. As the competitive terrain becomes more challenging and the struggle to enhance performance intensifies, IT adoption although useful is no longer sufficient for understanding fully the variability present in today's complex environment. Process flexibility thus becomes a prerequisite for banks as it reflects the capability to survive and prosper by reacting quickly and efficiently in a continuously and unpredictably changing business environment. This study hypothesizes that Process flexibility has significant influence on Organisational Productivity.

Objective of the Study
The objective of this study is to examine the influence of process flexibility on organisational productivity of the selected deposit money banks in Nigeria.

LITERATURE REVIEW

Wang (2004) defines flexibility as organisational capability that allows for rapid adaptation to change at a lower cost and shorter time, when facing the challenge of environmental uncertainty. The research of Lee, Pak and Lee (2013) suggests the conceptual definition of flexible capability as the capability of a firm that adapts to market demands, creates a lower cost with fast delivery in response to customer demands without compromising product quality, while ensuring profitability. Flexibility is commonly defined as the ability to respond effectively and efficiently to changing circumstances (Schmenner & Tatikonda, 2005).

Flexibility in Business Process

The whole business of an organisation is carried out through business processes. Ross and Moore (2006) state that Business Process is a set of logically related tasks performed to achieve a defined business outcome. Davenport (1993) defines business process as specific ordering of work activities across time and place, with a beginning and an end, and clearly identified inputs and outputs: a structure for action. Business Processes are designed to add value to customers and therefore should not include unnecessary activities. It has a goal, specific inputs and outputs, uses the resources, has a number of activities that are performed in some order, may affect more than one organizational unit and creates value for the customer (Mlay, Zlotnikova, & Watundu 2013).

Several factors recently have accelerated the need for rapid improvement of business processes, the most obvious being technology. New technologies are rapidly bringing new capabilities to the business, thereby raising the competitive bar and the need to improve business processes dramatically. Another apparent trend is the opening of the world market and increased free trade. Such changes bring more firms into the market place, and competing becomes tougher. To this end, customers are becoming more and more sophisticated, as increasing number of firms are flooding into the market which gave customers a chance to know and experience different goods and services. This puts pressure on firms to deliver flawless goods and services to customers with lower costs and in least possible time span. Because the rate of change has increased for everyone, few businesses can afford a slow change process (Heizer & Render, 2011; Laudon & Laudon, 2006).

In order to gain competitive advantage in today's dynamic marketplace, it is increasingly necessary for enterprises to streamline their processes so as to reduce costs, lead time, and improve performance. If business processes are left unattended and not consciously adapted to the changing environment, they become impediments to innovation (Prahalad and Krishnan, 2008). Since the organisations' products and services released to the market are generated by business processes, having them flexible is important for coping with market changes in an effective manner and improving organisations' competitiveness, by increasing customer responsiveness, employee productivity and the company's return on investment (Susan, 2010).

Hence, there is a continuous need geared at improving a business process and it is the responsibility of managers to ensure that processes are devoid of waste, unnecessary steps, multiple handovers and other wasteful characteristics (Davis 2009).

Hammer (2010) proposes that the advantages for enterprises to increase process performance through process improvement activities are made obvious through operating at lower costs, greater speed, greater accuracy, and enhanced organisational flexibility. In the banking industry, business process flexibility means transforming core processes and procedures with a view to empower the bank with contemporary technologies, business solutions and innovations that enhance the competitive advantage. Business process flexibility benefits bank customers through significantly reduced transaction time, flexibility in servicing and improved value. Banks benefit from business process flexibility through increased volume of businesses and higher productivity, reduced operational cost leading to higher profits, and improved employee loyalty and sense of belongingness. The six factors identified in the literature as constituting process management approach include strategic alignment, governance, IT, people and culture (Rosemann and Brocke 2010). Hammer (2010) also suggests the key factors for process improvement which are also considered as the enablers of a process and the organizational capabilities for a process. The process enablers, which are critical for high performance processes described process analysis, process metrics, process performers, process infrastructure, and process owners as key enablers of process management.

Organisational Productivity

Productivity is a measure of how well resources are brought together in an organization and utilized for accomplishing a set of intended results. It is often seen as the relationship between input and output (Okoye and Ezejiofor, 2013). It describes the effectiveness of the organization in maximizing available resources towards the provision of required quality and quantity of products. Productivity represents the efficiency of the processes towards developing and providing services and how effectively resources can be transformed into added value for the customer and profitability for the organisation.

Process Flexibility and Organisational Productivity

An increase in consumer sophistication and demand for both efficient product and service delivery and effectiveness has resulted in the need for organisations to adopt a flexibility strategy in their business processes (Al-Mashir,Zahir, & Mohammed, 2001).The globalization of markets, new customer requirements for product and service quality, and the rapid development of information technology (IT), require new strategies for successful enterprising. Majority of leading organizations have therefore launched large-scale efforts to deliver greater customer value by 'redesigning' their businesses, 'customizing' their business processes and using IT as an enabler for gaining competitive advantage (Eke and Achilike, 2014). Hesson (2007) suggests that organizations must quickly find new ways for operating by developing new competences as the old advantage and competences gained is eroded as a result of constant environments changes.

Changes in processes allow organizations to do away with obsolete processes through the adoption of value-added processes which are strategically relevant. Where the culture of an organization encourages flexibility in processes, such an organization looks into its processes from time to time to determine whether or not an existing process is still relevant, and then seeks to find a better way to do things (Siha & Saad, 2008). In organizations where changes are going on at alarming speed, it is needed to switch over from a rigid, heretical business style to a quick, responding and flexible process (Eke and Achilike, 2014). Process improvements facilitate reduced wastage, improved efficiency and it ultimately reduces costs (Lotfollah et al., 2012). Improvements in operation methods brings about cost and time reduction and overall organizational performance evident in productivity and market advantages (Ozcelik, 2009). In order to ensure that all business processes will cause an increase in business activities, productivity and flexibility of work processes, a continuous improvement of processes is necessary (Milan et al., 2014). Ringim, Razalli and Hasnan (2011) observed that that the trend of improving operational processes beyond local competition to enhance global competitiveness has led many banks to improve customer service quality and speed, reduce operating cost and enhance profitability performance. In striving for competitive advantage, reduced costs and increased profitability, more and more companies are embracing this trend (Eke and Achilike, 2014).

Theoretical Framework

This study is hinged on the Dynamic Capability Theory which was initially introduced by David Teece and Gary Pisano. The theory proposes that competitive advantage would be attributed to those firms that were able to react rapidly and flexibly to innovation while simultaneously possessing and properly managing firm specific capabilities in such a way as to effectively coordinate and redeploy internal and external competences (Teece et al., 1997). The ability to achieve new forms of competitive advantage by being flexible and fast in dealing with changing market environments is referred to as Dynamic Capabilities (Gizawi, 2014). Dynamic Capability theory is relevant to this study as it emphasizes that the ability of an organization to extend, alter, modify, or constantly renew its capabilities to match changing environments will allow it to achieve long-term competitive advantage and superior performance.

METHODOLOGY

This study employed descriptive survey design which has the purpose of collecting detailed and factual information that describes an existing phenomenon. The population of the study comprised the staff of six regional offices of Zenith bank, Diamond bank, and Guarantee Trust Bank selected from the six geopolitical zones in Nigeria. These three commercial banks were selected for this study as they were rated top three Nigerian banks by Customer Satisfaction Index Rating in terms of (i) customer care, (ii) convenience, and (iii) Transactions, methods and systems (KPMG, 2014). Since bank branches do not adopt major strategies on their own but adopt centralized strategy, the branches used for this study will be a reflection of activities in the selected banks as a whole. The population of this study is 411 staff of the selected banks.

Table 1: SELECTED COMMERCIAL BANKS

BANKS	STAFF
Zenith	142
Diamond	131
GTBank	138

Source: Survey, 2015

Model Specification

The following model was specified to determine the influence of process flexibility on organizational productivity: PROD= $\beta o + \beta 1ITINF + \beta HR + \beta 3PINF + \beta 4ADP + \mu$.

Where Productivity (PROD) is a function of Process Flexibility operationalized by IT infrastructure (ITINF), Human resources (HR), Process infrastructure (PINF), and Adaptation (ADP); βo is intercept, and μ is error term.

This study adopted Cronbach's Alpha coefficient to test for reliability of the instrument. Results showed values of .707, .763, .736, .773, and .626 for Productivity, IT Infrastructure, Process infrastructure, Adaptation, and Human Resources respectively.

To measure the relationship between Process flexibility and organizational productivity we tried to cover a number of the dimensions identified, measured by items V1-V19.

Variable	Item
	Productivity
V1	I meet up with deadlines by completing tasks within the required time frame.
V2	My organization provides required quality and quantity of products at optimal costs.
V3	My organization is able to achieve short-term operational goals with respect to the scope of services.
V4	My organization is able to achieve short-term operational goals in terms of service quality
	IT Infrastructure
V5	The use of relevant IT has helped to improve service delivery to our customers
V6	IT applications have facilitated operational activities in my organization
V7	Adoption of new IT improves co-operation and information sharing between employees in my organization
	Process infrastructure
V8	My organization has a business process orientation aimed at removing obsolete, non- essential procedures
V9	My organization is able to streamline their processes so as to reduce operating costs
V10	Our business methods are designed to add value to our customers
V11	My organisation is able to change operations quickly in response to our customers' varying needs
	Adaptation
V12	My organisation identifies potential threats and opportunities and comes up with ways of dealing with them
V13	My organization is able to react quickly to changing conditions in our environment
V14	We are able to adjust our strategy to match the dynamic environment
V15	My organisation has been able to minimize the effect of external threat on our general performance
	Human Resources
V16	I respond quickly and easily to changes in our business processes
V17	I make effort towards identifying better ways to perform tasks assigned to me
V18	I have a proactive attitude towards helping my organization achieve its objectives
V19	I have adequate knowledge to enable me cope with new methods adopted by my organization

Method of Data Collection

Data were collected through the use of questionnaire which was structured to place the participants on objective response for each statement on a five point Likert scale. The response scoring weights were 5 for Strongly agree (SA), 4 for Agree (A), 3 for Neutral (N), 2 for Disagree (D), and 1 for Strongly disagree (SD). 411 copies of questionnaire were administered and 262 copies were returned.

Method of Data Analysis

The analysis of data obtained was done using Principal Components Analysis for data dimensionality where original set of items were reduced and represented by a concise number of latent variables; and Multiple Regression Analysis used to find out the level of significance between the identified independent variables and the dependent variables.

Result of Data Analysis

Dependent Variable: Organisational Productivity
Method: Ordinary Least Square

Table 2: Result of Productivity Equation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.005E-013	.055	.000	1.000
Adaptation	-.002	.059	-.031	.975
Process Infrastructure	.404	.055	7.354	.000
IT Infrastructure	.192	.059	3.249	.001
Human Resource	-.217	.056	-3.849	.000

Sources: Extract from SPSS Ver. 21
Durbin-Watson = 1.876
Adjusted R^2 = 0.675
F-Statistic = 18.895, Prob (F-Statistic) = 0.000

Explanation of Result
The result of the regression analysis reveals positive relationships between the independent variables and the dependent variable. While, Process infrastructure, IT infrastructure, and Human resources were found to be statistical significant, Adaptation was found not to be statistically significant. The Adjusted R-squared (R^2) value of 0.675 shows that 68% change in the dependent variable is explained by the independent variables. The F-statistic was found to be statistically significant, with a result of 18.895, and p-value of 0.000.

This implies that the independent variables (process flexibility factors) put together have a statistically significant relationship with the dependent variable (organizational productivity). Therefore, we accept the alternate hypothesis that Process Flexibility has a positive significant influence on the Productivity of the selected Banks.

Discussion of findings
The finding that process flexibility significantly affects productivity in the selected banks is in line with the views of Davis (2009), Hammer (2010), Prahalad and Krishnan (2008) that propose that if business processes are not consciously adapted to the changing environment, they become impediments. The coefficient of process infrastructure has a positive sign and its p-value shows that it is statistically significant. This implies that the business methods used by the banks allow them to change operations to provide required quality and quantity of products at optimal costs. The findings of this study which shows that process infrastructure is positively significant to productivity strengthens the observations of Lotfollah et al. (2012), Ozcelik (2009), and Milan et al. (2014) that improved business processes bring about improved efficiency, reduced wastage, cost and time reduction, and increased business activities. The coefficient of IT infrastructure shows a positive relationship with process flexibility. Results show that it is statistically significant. This implies that the application of IT facilitates operational activities and completion of tasks within required time frame.

The result gives support to the views of Breshnan et al (2002), Banker and Kauffman (2004), Bharadwaj et al (2007), and Alabar and Agema (2014) that IT supports business processes and that the only way of achieving the improvement of methods to ensure speedy service delivery and efficiency is through well-built technological system. Human resources is found to be statistically significant to process improvement. The coefficient of Human resources however shows a negative relationship existing between human resources and process flexibility.

This finding is contrary to aprori expectation as human resource was expected to have a positive relationship with productivity. This is inconsistent with the view of Appelbaum et al. (2000) that employees in a flexible organization are aware of the necessity to innovate and supply their specific knowledge on demand. This finding of this study may imply that a good number of employees in these organisations may not have proactive attitude towards helping their organisations achieve objectives, and that some of these employees may not have adequate knowledge to enable them cope with new methods adopted by their organisations.

Recommendations
1 Managers should create ambidextrous organisational forms that will allow the organisation to efficiently manage current and future strategies by exploiting the resources that generate their present value and exploring new opportunities to adapt itself to changing markets.
2 Organisations should adopt organizational systems that will allow them to adequately alter their methods of performing tasks in a cost and time effective manner.

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