

# The Effect of Business Process Re-Engineering Study on the Performance of Services in Tourism

(Case Study: Hotels Hormozgan Province)

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**Abstract:** The research studies organization and management of re-engineering process projects in organizations and hotels of Hormozgan. Organizations that tend to use this approach are always faced with the problem of how to implement it. Firstly, the necessity and importance of business process re-engineering program in the form of a scientific approach to implementation are described. Then, the implementation of re-engineering program on the objectives, scope, organization and methodology of the project are detailed. Prestigious and international methodologies will be discussed in the next step. In this study, several case studies or interviews and questionnaires completed by employees, executives and their colleagues and library method was used. It was revealed during the investigation that the re-engineering of business processes affect the performance of services. Secondly, the recommendations on the subject in the tourism industry in the province are more appropriate.

**Keywords:** Re-Engineering, Re-Engineering Business Processes, Performance Services, Tourism.

## Introduction

Re-engineering is a process in which the core processes of the business is replaced by the current functions and from the deontologists turn to the process-centric that accelerates business and reduces costs. Today, methods of Champ, Hammer, and Davenport are used more than others (Bostanchi, 2004).

Today, companies are operating in a dynamic and competitive environment that are forced to change internally and externally, and as a result of nonconforming processes and operations with market needs, resources are wasted. However, many of these changes must be continually considered, there are many disruptive changes which could significantly exceed the company's ability to survive.

To cope with these changes, one of the most effective strategies is application of re-engineering and implementation processes (Amiri et al., 2010).

Re-engineering is very difficult to plan and control projects because there are many factors affecting the intensity of the impact on the organization. Programs may also project executives with time and increasing knowledge about the organization, changed and amended. Therefore it is necessary; a program designed to re-engineering of appropriate flexibility so that if necessary new activities added, Ineffective or unenforceable activities

be eliminated and changed the priority activities. Schedule to run is the important necessities such projects (Tarokh & Sharifi, 2006).

Today, business in new markets, organizations and other companies not based on cost and quality, but also based on flexibility and responsiveness of competing with each other. Thus, it has more emphasis on value management process. Re-engineering business processes is a new approach to claims management processes which could be a source dramatic improvement in performance and creates sustainable competitive advantage for business (Radakerishnan & Balasoberamanian, 2008).

Tourism as one of the fastest economic sectors are growing. After leading countries in the economic activities, the annual share of revenues from tourists is spent. In fact, not only tourists but also the world's largest industry also is growing steadily; so that the World Tourism Organization predicts that the number of tourists is 5.1 billion in 2020. Considering the first ten countries in the world in terms of attractions and tourism is among the first five countries in the world in terms of diversity. Therefore, it is important to develop tourism. The effective tools and parameters of business are effective factors in the tourism industry (Amin Bidokhti & Nazari, 2009).

A distinctive feature of the modern world business is to increase levels of competition. Many changes in business practices are emerging. One of them is business process reengineering which is redesigned by Michael Hammer to achieve dramatic improvement. Since the re-engineering theory is the theory that is relatively new for business improvement. Methods and approaches are currently being developed, since the application of reengineering can take different forms that are differentiated because the emphasis on some factor in a re-engineering project to other projects will be different.

Here, it has been tried to be re-engineered to investigate a variety of implementation methods to the cultural atmosphere and attitude in Iranian organizations; implementation experiences in tourism are also introduced as the best way (Bostanchi, 2004).

### **Background and significance of study**

Business re-engineering process is a management tool in which the functions of the organization have been concerned by the fast growth of technology and marketing in competitive market.

Competition in the financial services industry of the past decade is increasing substantially. On the one hand margins get smaller (due to global competition in some sectors), on the other hand, customers demand better service and faster in the age of internet and business, customers expect their demands to be performed much faster than in the past. In addition, the number of policies and laws that regulate international and national estimates by the parties is growing which is expected to provide faster customer-centric conflicts; In this situation, the implementation process of financial institutions is a key element in this position and to enhance the competitiveness of organizational and technical options (Ramesh, 2010).

### **Review of literature**

Re-engineering

- Starting again,
- an opportunity for reconstruction processes,
- Re-making procedures (Rahnama, 2009),

"Re-engineered includes: the fundamental rethinking, new and radical design, processes, to achieve amazing improvement on today's criteria such as price, quality, service, and speed." There are four keyword in these definitions.

### **Definition of re-engineering business processes**

Carr (1995) believed that process re-engineering business processes is a technique based on process that its purpose is to facilitate transformational change in the fundamental improvement in the performance of core business processes that are critical for competitive advantage. This definition expresses the basic idea of re-engineering business processes: re-creation of the organization to improve performance (Radakerishnan & Balasoberamanian, 2008).

Re-engineering is a process in which the core processes of the business is replaced by the current functions and from the deontologists turn to the process-centric that accelerates business and reduces costs. Today, methods of

Chomp, Hammer, and Davenport are used more than others. Approaches and different methods for re-engineering are provided by researchers (Bostanchi, 2004).

### **Business process management**

Business process management in the academic world in the 1970s and 1980s was identified as the implementation of improvements in the quality management approach. In 2000s, the authors like Hammer and Chomp paid attention to process management, process reengineering and workflow management. Process-oriented knowledge management is the management of business processes that aims to fulfill the needs of customers. Business process management requirements of organizations having multiple patterns, integrated and systematic approach for the design, implementation and management of business processes, providing organizations. In each of the processes, people and systems are involved. Business process management system provides an opportunity to do it by organizational procedures and workflow organization based on systematic and automated processes.

### **Different levels of re-engineering business processes**

There are several ways to re-engineer business processes. Some support incremental changes and others support radical changes. The best approach would be a combination of both incremental and radical change, the decision is the root of the strategic nature of the processes involved. All methods generally take the following steps: Developing a strategic vision: Reengineering of Business Process business begins with a vision to ensure that certain objectives such as reducing costs and time, improve the quality of the output and quality of work life / learning / empowerment.

Identification and selection of opportunities for re-engineering business processes: Most of the research methodologies, intense use that focus on the most important processes or processes that have the greatest conflict with business prospects.

Few companies employ a comprehensive approach in which all the organization's processes are identified, then these are grouped based on the need to redesign for them.

Analyzing and documenting current processes at this stage to identify and avoid repeating old mistakes and create the basis for future improvement. At this stage the full understanding of core business processes can be great stress.

Survey template: Survey template includes a complete analysis of the best practices that have been implemented by successful competitors, and it provides the ability to understand the dynamics of the market.

Identifying IT capabilities and cost performance index: awareness of IT capabilities can impact the design process.

Design of the new process: the actual design of process re-engineering cannot be seen until the end. It is better that the process be seen as an example with successive iterations.

Prototyping, business process re-engineering approach to provide rapid results and is consistent engagement and customer satisfaction.

Creating an instance of the business in order to select and implement alternatives: This stage involves evaluating existing processes, alternatives and complete analysis of the costs and benefits associated with the implementation of the proposed solution, regardless of assumptions and risks.

Plan implementation and / or pilot program: The purpose of this step is to convince management about the actual implementation strategy intended in a limited timeframe and generally have elements of implementation, timelines, major control points and its dependencies.

Reviewed, approved and executed: obtaining approval of the board for the project is essential (Radakerishnan & Balasoberamanian, 2008).

Implementation of business process reengineering as an effective approach to bringing about fundamental change in organizations is concerned and increased levels of competition within the organization. The organizations that want to increase their market share and survive in such an environment must adapt to changes of conditions in the environment. So many changes is being formed in business methods. One of them is the re-engineering of business processes that Michael Hammer and James Chomp define it as redesign of business processes.

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## **Research hypotheses**

### ***The main hypothesis***

There is a significant correlation between business process reengineering and performance of service.

### ***Sub-hypotheses***

1. There is a significant correlation between motivation and performance of service.
2. There is a significant correlation between people's participation and performance of service.
3. There is a significant correlation between business process reengineering and performance of service.
4. There is a significant correlation between the strengthening and use of diverse value systems and the performance of services.
5. There is a significant correlation between perception and performance of service.
6. There is a significant correlation between empowerment and performance of service.

## **Methodology**

The present research is applied in terms of objective, and it is descriptive-correlation in terms of nature because it describes what it is in the present time.

### **Data collection method**

The data were obtained through interview, questionnaire, library studies, and field studies.

### ***Sample***

The population of this research includes 50 people of managers, assistants, and experts of hotels in Hormozgan.

### ***Data analysis method***

In order to analyze the data collected, after evaluating options from number one to five scale from strongly disagree to strongly agree respectively collected by software Spss. The data has been analyzed in two parts: 1) descriptive methods, 2) analytical methods.

### **Field of studies**

#### ***Location***

Tourism centers and Hormozgan hotels.

#### ***Time-line***

The research was conducted on March 2015 to September 2016 by cross-sectional method.

#### ***Subject***

Performance management on business area.

### **Technical features of instruments**

#### ***Validity***

Validity refers to the objective of test and the subject has the validity that should be appropriate for something that should be measured. Validity indicates how much the aspects and elements are involved. In other word, the subject has the validity that is appropriate for something that should be measured.

Therefore, in order to examine the validity, we should answer this question: Has the instrument measured something that should be measured? The views of experts and professors were used to answer this question that it shows the content validity of test.

**Reliability**

Reliability is one of the technical features of instrument that deals with this issue whether the same results are obtained in the same conditions. This instrument refers to the accuracy and confidence of research. In other word, the reliability coefficient indicates how much the instrument measures the stability of subject. The reliability of data that were obtained by SPSS was measured that the results are presented as follow:

Output of SPSS in order to calculate Cronbach's alpha of questionnaire.

**Table 1.** Reliability Statistics.

Cronbach's Alpha	N of Items
0.852	8

**Data analysis and results of hypotheses****Testing of the first sub-hypothesis**

There is a significant correlation between reengineering of business processes and the performance of services. As the significant level is less than 0.05, H0 is rejected and there is a correlation between these two variables and the correlation coefficient for 74 data equals 0.441. It is worth noting that the correlation coefficient and significance level of output are given in the table of simple linear regression and correlation analysis.

**Testing of the second sub-hypothesis**

There is a significant correlation between motivation and performance of services. As the significant level is less than 0.05, H0 is rejected and there is a correlation between these two variables and the correlation coefficient for 74 data equals 0.501. It is worth noting that the correlation coefficient and significance level of output are given in the table of simple linear regression and correlation analysis.

**Testing of the third sub-hypothesis**

There is a significant correlation between participation and performance of services. As the significant level is less than 0.05, H0 is rejected and there is a correlation between these two variables and the correlation coefficient for 74 data equals 0.594. It is worth noting that the correlation coefficient and significance level of output are given in the table of simple linear regression and correlation analysis.

**Testing of the fourth sub-hypothesis**

There is a significant correlation between the strengthening and use of diverse value systems and the performance of services. As the significant level is less than 0.05, H0 is rejected and there is a correlation between these two variables and the correlation coefficient for 148 data equals 0.436. It is worth noting that the correlation coefficient and significance level of output are given in the table of simple linear regression and correlation analysis.

**Testing of the fifth sub-hypothesis**

There is a significant correlation between perception and performance of services. As the significant level is less than 0.05, H0 is rejected and there is a correlation between these two variables and the correlation coefficient for 74 data equals 0.561. It is worth noting that the correlation coefficient and significance level of output are given in the table of simple linear regression and correlation analysis.

**Testing of the sixth sub-hypothesis**

There is a significant correlation between empowerment and performance of services. As the significant level is less than 0.05, H0 is rejected and there is a correlation between these two variables and the correlation coefficient for 74 data equals 0.603. It is worth noting that the correlation coefficient and significance level of output are given in the table of simple linear regression and correlation analysis.

### Discussion and Conclusion

**Table 2.** The results of hypotheses.

No.	Hypotheses	Results
The first main hypothesis	There is a significant correlation between business process reengineering and performance of service.	According to Spearman correlation coefficient and Cronbach's alpha, there is a significant correlation between business process reengineering and performance of service.
The first sub-hypothesis	There is a significant correlation between motivation and performance of service.	According to Spearman correlation coefficient and Cronbach's alpha, there is a significant correlation between motivation and performance of service.
The second sub-hypothesis	There is a significant correlation between people's participation and performance of service.	According to Spearman correlation coefficient and Cronbach's alpha, there is a significant correlation between people's participation and performance of service.
The third sub-hypothesis	There is a significant correlation between the strengthening and use of diverse value systems and the performance of services.	According to Spearman correlation coefficient and Cronbach's alpha, there is a significant correlation between the strengthening and use of diverse value systems and the performance of services.
The fourth sub-hypothesis	There is a significant correlation between perception and performance of service.	According to Spearman correlation coefficient and Cronbach's alpha, there is a significant correlation between perception and performance of service.
The fifth sub-hypothesis	There is a significant correlation between empowerment and performance of service.	According to Spearman correlation coefficient and Cronbach's alpha, there is a significant correlation between empowerment and performance of service.

Today, successful organizations innovate in order to provide the conditions to be survived in today's competitive environment through re-engineering. In addition, it was said that one of the consequences of this action is to present service and product with high quality, reducing costs, accelerating and improving performance of the organization. Despite these benefits, it must be stated that reengineering is not a simple process and leads to anxiety and problems in the organization in the early stages of deployment. Hence, selecting an appropriate formulation according to the organization can be one of the factors for the successful reengineering projects (Bostanchi, 2004).

In turbulent and competitive world, organizations that have the ability to survive can increase their productivity and the performance. One important resource is manpower which can be properly guided, the employees should be taught in order to study and achieve organizational goals that may lead to fulfillment of expectations. To achieve this goal, the traditional systems of performance management that support superior competence and personal integrity have a negative view of the past and emphasize on punishment, these systems have lack of efficacy and efficiency. On the other hand, performance management approach that focuses on developing the skills, abilities, and the collective responsibilities are supported, they have a positive outlook on the future; the terms such as dialogue, understanding and mutual commitment are the key words to achieve the objectives of modern and progressive organizations. Therefore, organizations need to transform from the traditional systems to new systems of performance. In addition, organizations shouldn't seek a quick solution that immediately improves their productivity and performance. The performance management is continuous process that shows the result in long-term and helps the management in finding the solution for better performance.

## Recommendations

According to the first hypothesis, the study found a significant positive correlation between motivation and services performance. With regard to this issue, the following recommendations can be considered in promoting the organization:

- motivation, knowledge, and experience should be shared through meetings and seminars in the company.
- Interdisciplinary teams to share knowledge within the organization.

According to the second sub-hypothesis, the study found a significant positive correlation between empowerment and service performance. With regard to this issue, the following recommendations can be considered in promoting the organization:

- Information on the skills, capabilities and expertise of employees, data are stored and maintained in company databases.
- The databases are regularly updated in the organization.

According to the third hypothesis, the study found a significant positive correlation between perception and service performance. With regard to this issue, the following recommendations can be considered in promoting the organization:

- Available information sources in the company (such as databases, automation, education, etc.) are designed in such a way that users can easily access them.

- Procedures and work processes in the company should be updated according to new knowledge.

According to the fourth hypothesis, the study found a significant positive correlation between the reinforcement and the use of diverse value systems. With regard to this issue, the following recommendations can be considered in promoting the organization:

- The company should be ensured on the employee' skills, expertise and capabilities.
- In the company, the local journal reflects the experiences and knowledge of employees.

## Conflict of Interest

The authors declare no conflict of interest.

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