

Optimizing Customer Satisfaction Through Business Process Reengineering: A Strategic Approach for Deposit-Taking SACCO Organizations

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Abstract

Deposit-taking Savings and Credit Cooperative Organizations (SACCOs) operate within an increasingly competitive financial environment characterized by technological advancement, changing customer expectations, and heightened demand for service efficiency. Traditional operational procedures often create delays, increase costs, and reduce customer satisfaction, thereby affecting organizational competitiveness. Business Process Reengineering (BPR) has emerged as a strategic management approach capable of fundamentally redesigning organizational processes to achieve significant improvements in performance, quality, speed, and customer value. This study reviews the relationship between business process reengineering and customer satisfaction within deposit-taking SACCO organizations. Drawing upon existing literature relating to process redesign, service quality, information technology adoption, organizational performance, and customer satisfaction, the paper develops a conceptual framework illustrating how BPR influences customer experience through operational efficiency, technological integration, service quality enhancement, and organizational responsiveness. The study adopts a qualitative review methodology based on existing scholarly literature. Findings indicate that successful implementation of BPR significantly improves customer satisfaction through reduced transaction time, improved service accessibility, enhanced reliability, and increased organizational flexibility. The study further highlights the critical role of leadership commitment, technological infrastructure, employee participation, and customer-centered process design in achieving successful reengineering outcomes. The paper contributes to strategic management and cooperative finance literature by providing an integrated perspective on how SACCOs can leverage process transformation to improve customer experiences and sustain competitive advantage.

Keywords: Business Process Reengineering, Customer Satisfaction, Deposit-Taking SACCOs, Service Quality, Organizational Performance, Information Technology, Strategic Management, Process Optimization, Customer Experience, Financial Services.

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1. Introduction

Background

The financial services sector has undergone substantial transformation due to technological innovation, globalization, and increasing customer expectations. Financial institutions are continuously seeking strategic approaches that enhance operational efficiency while simultaneously improving customer satisfaction. Among these approaches, Business Process Reengineering (BPR) has emerged as a significant management strategy aimed at fundamentally redesigning organizational processes to achieve dramatic improvements in performance indicators such as cost, quality, service, and speed (Hammer, 2009).

Deposit-taking SACCO organizations play a critical role in promoting financial inclusion by providing affordable financial services to members. Unlike conventional commercial banks, SACCOs operate on cooperative principles and emphasize member welfare. However, increasing competition from commercial banks, mobile banking platforms, and digital financial service providers has compelled SACCOs to improve operational effectiveness and customer service quality.

Customer satisfaction has become a crucial determinant of organizational success in the financial services industry. Research indicates that customer perceptions regarding service quality, accessibility, responsiveness, reliability, and convenience significantly influence satisfaction levels and long-term loyalty (Anand & Selvaraj, 2013; Arbore & Busacca, 2009). Consequently, organizations that fail to adapt their processes to evolving customer expectations risk losing market share and experiencing reduced organizational performance.

Business Process Reengineering provides a structured mechanism for redesigning organizational activities to eliminate inefficiencies and create customer-centered service delivery systems. According to Hammer (2009), organizations must move beyond automating inefficient processes and instead rethink how work is performed to maximize value creation. This perspective is particularly relevant for deposit-taking SACCOs seeking to modernize operations and improve member satisfaction.

Problem Statement

Many deposit-taking SACCOs continue to operate with traditional administrative structures characterized by

bureaucratic procedures, lengthy approval systems, fragmented information flows, and manual service delivery mechanisms. Such operational inefficiencies contribute to delays in service provision, reduced responsiveness, and lower customer satisfaction.

Although technological innovations have transformed banking services globally, the adoption and integration of process redesign strategies remain inconsistent among SACCO organizations. The challenge lies in understanding how BPR can strategically contribute to customer satisfaction improvement while maintaining operational sustainability and cooperative principles.

Research Objectives

This study seeks to:

1. Examine the theoretical foundations of business process reengineering in financial service organizations.
2. Analyze the relationship between BPR implementation and customer satisfaction.
3. Evaluate the role of information technology in supporting process reengineering initiatives.
4. Identify critical success factors influencing BPR implementation within deposit-taking SACCOs.
5. Develop strategic recommendations for enhancing customer satisfaction through process optimization.

Significance of the Study

The study contributes to organizational management literature by integrating process reengineering concepts with customer satisfaction theories. It further provides practical insights for SACCO managers seeking to improve service delivery and strengthen customer relationships through strategic process transformation.

2. Literature Review

Concept of Business Process Reengineering

Business Process Reengineering emerged as a revolutionary management philosophy focused on radical redesign rather than incremental improvement. Davenport and Short (2009) describe BPR as the fundamental rethinking and redesign of business processes to achieve dramatic improvements in critical performance measures. Unlike traditional quality improvement programs that focus on gradual change,

BPR emphasizes transformational change aimed at achieving breakthrough performance.

Hammer (2009) argues that organizations often automate inefficient processes without addressing underlying structural deficiencies. Effective reengineering requires organizations to challenge existing assumptions and redesign workflows around customer needs and organizational objectives.

Balasubramanian (2010) similarly emphasizes that successful reengineering implementation requires comprehensive strategic planning, organizational commitment, and continuous performance evaluation.

Theoretical Foundation of Customer Satisfaction

Customer satisfaction represents the degree to which organizational performance meets or exceeds customer expectations. In financial institutions, satisfaction is influenced by service quality, reliability, responsiveness, accessibility, and perceived value (Anand & Selvaraj, 2013).

Arbore and Busacca (2009) demonstrate that customer satisfaction and dissatisfaction are not merely opposite outcomes but are influenced differently by various service attributes. Positive experiences contribute to satisfaction, while service failures disproportionately generate dissatisfaction. This asymmetrical relationship underscores the importance of process reliability within financial institutions.

Grönroos (2008) further argues that service quality is fundamentally linked to customer perceptions of service delivery processes rather than merely service outcomes. Consequently, organizations must focus on process effectiveness to improve customer experiences.

Information Technology and Process Transformation

Information technology constitutes a central component of successful business process reengineering. Davenport and Short (2009) identify technology as an enabler that allows organizations to redesign processes, integrate operations, and improve communication flows.

Anyasi and Otubu (2009) highlight the transformative impact of mobile technology within banking systems, demonstrating its capacity to improve service accessibility and operational efficiency. Similarly, Jack and Suri (2010) show how mobile financial platforms enhance customer convenience and transaction efficiency.

Kalimang'asi, Bundala, and Mlowosa (2014) found that information technology significantly improves service offerings within financial institutions through enhanced accessibility, reduced transaction time, and improved service reliability.

These findings suggest that technology-enabled process redesign can substantially enhance customer satisfaction within SACCO organizations.

Organizational Performance and Reengineering

The relationship between BPR and organizational performance has received considerable scholarly attention. Khuzaimah (2011) argues that business process reengineering significantly influences organizational performance through improved efficiency, resource utilization, and service effectiveness. The study emphasizes that process redesign initiatives create sustainable competitive advantages when aligned with organizational objectives.

Similarly, Hagos (2012) observed that reengineering initiatives within public sector organizations improved operational effectiveness and service delivery outcomes. Doyle (2014) further demonstrated that reengineering bank credit operations resulted in improved efficiency and customer responsiveness.

The findings of Khuzaimah (2011) indicate that organizations achieving successful process transformation often experience measurable improvements in customer satisfaction, productivity, and overall organizational effectiveness.

Service Quality and Customer Satisfaction

Service quality remains one of the strongest predictors of customer satisfaction in financial institutions. Anand and Selvaraj (2013) employed the SERVPERF model to demonstrate that dimensions such as reliability, responsiveness, assurance, empathy, and tangibility significantly influence customer perceptions.

Asiyanbi and Ishola (2018) similarly found that electronic banking services positively affect customer satisfaction by enhancing convenience, accessibility, and transaction speed.

Narteh and Kuada (2014) further concluded that customer satisfaction within retail banking environments depends heavily on organizational responsiveness and service consistency. These findings suggest that reengineering efforts focused on improving service

quality dimensions are likely to generate positive customer outcomes.

Research Gap

Existing studies have extensively examined business process reengineering, information technology adoption, and customer satisfaction independently. However, limited research has integrated these concepts specifically within deposit-taking SACCO organizations. Moreover, most studies focus on commercial banks rather than cooperative financial institutions. This study addresses this gap by synthesizing available literature to develop a strategic framework linking BPR implementation and customer satisfaction in SACCO environments.

3. Methodology

Research Design

This study adopts a qualitative research and review methodology based exclusively on the literature provided. The review approach is appropriate because it facilitates the integration of theoretical and empirical findings relating to business process reengineering, customer satisfaction, service quality, organizational performance, and information technology within financial service institutions. The objective is not to test statistical relationships but to synthesize existing knowledge and develop a strategic understanding of how BPR can enhance customer satisfaction in deposit-taking SACCO organizations.

The study utilizes a descriptive and analytical review framework. Descriptive analysis is employed to examine the concepts, principles, and implementation mechanisms of business process reengineering. Analytical review techniques are used to identify relationships among organizational processes, technological capabilities, service quality dimensions, and customer satisfaction outcomes.

The methodological foundation is supported by established research principles emphasizing systematic literature evaluation and theoretical synthesis (Bryman & Bell, 2015; Fraenkel & Wallen, 2011).

Conceptual Framework

The conceptual framework developed in this study proposes that Business Process Reengineering functions as the primary independent variable influencing

customer satisfaction through several mediating mechanisms.

The framework consists of four major BPR dimensions:

Process Simplification

Process simplification involves eliminating unnecessary procedures, reducing bureaucratic delays, and streamlining workflow structures. Traditional SACCO operations often involve multiple approval stages and redundant documentation requirements. Through process redesign, organizations can reduce service delivery time and improve operational responsiveness.

Information Technology Integration

Technology serves as a critical enabler of reengineering initiatives. Mobile banking systems, digital record management, electronic communication platforms, and automated transaction processing improve efficiency while reducing operational complexity (Anyasi & Otubu, 2009; Davenport & Short, 2009).

Service Quality Enhancement

Improved processes directly affect service quality dimensions including reliability, responsiveness, assurance, empathy, and convenience. Service quality improvement creates positive customer perceptions and contributes to satisfaction (Anand & Selvaraj, 2013).

Organizational Flexibility

Reengineered organizations possess greater adaptability in responding to customer needs and environmental changes. Flexible organizational structures support continuous improvement and customer-focused innovation.

These dimensions collectively contribute to customer satisfaction through:

- Faster service delivery
- Improved accessibility
- Enhanced reliability
- Reduced operational errors
- Increased convenience
- Better customer experiences

Business Process Reengineering Implementation Model for SACCOs

Based on the reviewed literature, a strategic implementation model can be developed consisting of six sequential stages.

Stage 1: Process Identification

Organizations identify critical processes directly affecting customer experiences. These include account opening, loan processing, customer complaint management, savings transactions, and mobile banking services.

Stage 2: Process Analysis

Current procedures are examined to identify inefficiencies, bottlenecks, redundancies, and non-value-adding activities.

Stage 3: Process Redesign

Organizations redesign workflows around customer requirements rather than traditional departmental structures. This stage involves radical process reconsideration consistent with the principles proposed by Hammer (2009).

Stage 4: Technology Integration

Appropriate technological systems are introduced to support redesigned processes. Digital platforms facilitate information sharing, service automation, and communication efficiency.

Stage 5: Employee Alignment

Employees receive training and support to adapt to redesigned operational systems. Organizational commitment and employee involvement are essential determinants of successful implementation.

Stage 6: Continuous Monitoring

Performance indicators such as customer satisfaction levels, service delivery times, operational costs, and error rates are continuously monitored to evaluate implementation success.

Critical Success Factors in BPR Implementation

The literature identifies several determinants of successful business process reengineering.

Leadership Commitment

Leadership support significantly influences implementation outcomes. Senior management must

provide strategic direction, allocate resources, and communicate organizational goals effectively.

Employee Participation

Employee resistance frequently undermines reengineering initiatives. Active employee involvement increases acceptance and promotes organizational learning.

Technology Readiness

Technological infrastructure determines the effectiveness of process automation and digital service delivery. Organizations lacking adequate technological capabilities experience implementation challenges.

Customer-Centered Orientation

Successful BPR initiatives focus on customer value creation rather than merely cost reduction. Organizations that prioritize customer needs achieve stronger satisfaction outcomes.

Organizational Culture

Supportive organizational cultures encourage innovation, learning, adaptability, and continuous improvement, thereby facilitating successful process transformation.

Research by Khuzaimah (2011) demonstrates that organizations achieving alignment among leadership, technology, employees, and strategic objectives experience significantly higher performance gains from reengineering initiatives.

4. Results

The literature review reveals a strong relationship between business process reengineering and customer satisfaction within financial service institutions.

First, process simplification consistently improves service delivery efficiency. Studies indicate that organizations reducing procedural complexity experience shorter transaction times, faster customer response rates, and improved operational effectiveness (Hammer, 2009; Doyle, 2014).

Second, information technology significantly enhances process performance. Mobile banking technologies, electronic transaction systems, and integrated information platforms improve accessibility and convenience, thereby increasing customer satisfaction (Anyasi & Otubu, 2009; Jack & Suri, 2010).

Third, service quality improvements emerge as a major outcome of successful reengineering initiatives. Enhanced reliability, responsiveness, and convenience positively influence customer perceptions and satisfaction levels (Anand & Selvaraj, 2013; Arbore & Busacca, 2009).

Fourth, organizational performance improvements frequently accompany successful BPR implementation. Research demonstrates that process redesign reduces operational inefficiencies, improves resource utilization, and enhances organizational effectiveness (Khuzaimah, 2011).

The literature also identifies several implementation challenges. Employee resistance, inadequate technological infrastructure, insufficient management support, and limited financial resources may reduce the effectiveness of reengineering efforts (Hagos, 2012; Disii, 2011).

Overall, findings indicate that customer satisfaction is not merely influenced by service outcomes but also by the efficiency, reliability, and convenience of underlying organizational processes. SACCOs implementing comprehensive BPR strategies are therefore more likely to achieve superior customer experiences and sustainable competitive advantages.

5. Discussion

The findings support the argument that business process reengineering constitutes a strategic mechanism for enhancing customer satisfaction within deposit-taking SACCO organizations. The relationship between process redesign and customer satisfaction can be explained through several interconnected pathways.

First, reengineering improves operational efficiency by eliminating redundant activities and simplifying workflows. This efficiency translates into reduced waiting times, faster transaction processing, and improved customer experiences. The findings are consistent with Hammer's (2009) proposition that organizations achieve substantial performance improvements when they fundamentally rethink rather than merely automate existing processes.

Second, technology-enabled process transformation plays a central role in modern financial services. Studies reviewed in this paper indicate that customers increasingly value convenience, accessibility, and responsiveness. Mobile banking platforms and digital

service channels provide customers with greater control over financial transactions while reducing dependency on physical service locations (Jack & Suri, 2010).

Third, the results reinforce the importance of service quality as a mediating factor between process redesign and customer satisfaction. Service quality dimensions identified by Anand and Selvaraj (2013) are directly affected by organizational processes. Reliable and efficient processes enhance customer confidence, while ineffective processes generate dissatisfaction.

The findings also support the conclusions of Khuzaimah (2011), who argues that business process reengineering contributes significantly to organizational performance improvement. Within SACCO environments, improved performance creates opportunities for better resource allocation, enhanced service innovation, and stronger customer relationships. The recurring evidence from Khuzaimah (2011) suggests that organizational success depends not only on technological investment but also on strategic alignment between processes and customer expectations.

Despite these benefits, implementation challenges remain significant. Organizational resistance frequently emerges when employees perceive reengineering as a threat to established roles and responsibilities. Successful implementation therefore requires strong leadership, transparent communication, and employee engagement.

Another important consideration involves balancing operational efficiency with personalized member services. SACCOs differ from commercial banks because they operate according to cooperative principles emphasizing member participation and welfare. Excessive standardization may improve efficiency but potentially weaken personalized customer relationships. Therefore, managers must pursue balanced reengineering strategies that preserve cooperative values while enhancing operational performance.

Furthermore, technological investments alone cannot guarantee customer satisfaction. Organizations must ensure that technology solutions address genuine customer needs and integrate effectively with redesigned processes. The literature demonstrates that technology functions as an enabler rather than a substitute for sound process management.

The discussion ultimately highlights that customer satisfaction improvement requires a holistic approach integrating process redesign, technological innovation,

employee participation, leadership commitment, and customer-centered service strategies.

6. Conclusion

Business Process Reengineering represents a powerful strategic approach for improving customer satisfaction within deposit-taking SACCO organizations. The literature reviewed in this study demonstrates that reengineering initiatives significantly enhance operational efficiency, service quality, technological integration, and organizational responsiveness.

The study finds that customer satisfaction is strongly influenced by the effectiveness of organizational processes. SACCOs that successfully redesign workflows around customer needs experience improvements in service accessibility, transaction speed, reliability, and convenience. Information technology further strengthens these outcomes by enabling automation, digital service delivery, and enhanced communication capabilities.

The findings consistently support the view that BPR contributes to organizational performance improvement, particularly when supported by strong leadership, employee participation, technological readiness, and customer-focused strategic planning. Evidence from Khuzaimah (2011) repeatedly confirms that successful reengineering initiatives create substantial organizational value through improved performance and customer outcomes.

From a practical perspective, SACCO managers should prioritize process simplification, customer-centered service design, technological modernization, and continuous performance monitoring. These initiatives can enhance member satisfaction while strengthening organizational competitiveness in increasingly dynamic financial markets.

Future research may examine empirical relationships between specific BPR practices and customer satisfaction indicators within different SACCO environments. Comparative studies involving multiple financial institutions may also provide deeper insights into contextual factors influencing implementation success.

The study concludes that Business Process Reengineering is not merely an operational improvement technique but a comprehensive strategic framework capable of transforming SACCO organizations into more

efficient, customer-oriented, and sustainable financial institutions.

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