

Process Innovation And Institutional Strengthening In A Financial Institution

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Abstract:

Process innovation and institutional strengthening are two variables valued by today's organizations due to their importance as a source to generate competitive advantages. The purpose of the study was to analyze the relationship between process innovation and institutional strengthening in a financial institution. The research was of a cross-sectional correlational descriptive type, the study population was 47 employees, the survey technique was used and the questionnaire as an instrument. The findings of the study show important contributions for financial organizations. It is concluded that there is a significant relationship between process innovation and institutional strengthening, and the Spearman's Rho connection found takes a value of 0.415, which indicates that there is a moderate correlation between process innovation and development. institutional. It is established that the employees of the financial institution must value the great benefits that this topic of study brings to the organization, in addition it is appreciated that there is a marked interest in the study of innovation in the services sector, an aspect that will determine the success factors. for the organization to improve its competitiveness and its institutional image.

KEY WORDS: Innovation, Processes, Process Innovation, Culture of Innovation, Institutional Strengthening.

I. INTRODUCTION

The objective of the study was to analyze process innovation and institutional strengthening in a financial institution. The importance of innovation as a tool for generating competitive advantages has aroused interest in identifying its components. Among them is the organizational culture, which can

encourage the development of innovation or, on the contrary, hinder it, considering the principles and values and the behaviors that it manages to promote. But there is a problem in the existing literature on the subject, which is very scarce and treats the variables of culture in isolation and not from a multidisciplinary point of view by studying the effect of different archetypes of innovation culture (Naranjo, 2012).

Innovation is currently considered an important element for achieving sustainable competitive advantages over time, because innovative companies have greater flexibility, adaptability, and the ability to respond quickly to constant and unpredictable changes, in addition to providing the possibility of taking advantage of the opportunities that arise in the business environment (Damanpour and Gopalakrishnan, 2001). The technological innovation process is characterized by being continuous, affected by historical conditions, irreversible, and marked by uncertainty (Antolin, 2003). The recent results of ABC Universo, which is a bank that has taken the step to the digital revolution in Peru,

establish the need to know that the way of working and the approach based on the search for improvements in their processes, have generated spaces for innovation at different levels of the organization. In addition, a partial relationship was verified between the application of Lean Services, reflected in the improvements implemented and innovation, especially in the level of attention to the needs of customers with new banking products (Linares, 2020).

The problem in the financial institution has its origin in the granting of mortgage loans, the amount of applications that exist at this time, present problems to be approved by the delays in the internal processes of the institution, especially in the areas of risk and credit approvals. The financial institution's policies are very rigid, and do not provide the possibility of obtaining a quick solution or exceptions to facilitate obtaining a mortgage loan. In addition, clients are not given the possibility of being able to amortize their mortgage loan over a shorter period of time, with the intention of being able to reduce their installments and the established terms or, failing that, the cancellation of their mortgage loan, considering the high interest rates that affect

their ability to pay. The financial institution should devise some process improvements in order to be able to authorize the cancellation of mortgage balances for many of its clients, promoting process innovation and institutional strengthening.

II Theoretical framework

Process innovation.

Innovation is defined as a process by which an organization uses its skills, competencies, and resources to develop new and improved products and/or services or new production and operating systems in order to respond to the needs of its customers (Burgelman & Maidique, 1988). It is important to distinguish between innovation as a process and innovation as a value and also as a principle rooted in the organizational culture and to generate a new cultural environment and a new organizational climate to encourage innovative behavior among its members. "In innovation as a process, the company proposes to offer the market new solutions to its needs, or to satisfy new needs or even latent and non-manifest needs". And innovation as a value is based on the development of new business models, offering new services, and improving processes to make people's lives easier. This position assumed by the company requires an agent of change that incorporates the necessary values, new forms of organization that give the possibility of birth, development and expansion of values, new management techniques to direct and coordinate the new values and promote organizational change (Guzmán, 2015).

Personnel management

Personnel management is perceived as an open system with subsystems that are interdependent, which can develop in different ways and be modified considering the current situation in relation to the various environmental, organizational, human, and technological conditions. These

subsystems are part of a larger process by which people are recruited, selected, retained, developed, and controlled by the company. The possibility of being able to vary the scope of the subsystems in relation to the need is the most important contribution of this model; flexibility is applied considering the need to establish for the subsystems, policies that condition the scope of the objectives and the performance of the employees (Chiavenato, 1998). Harper and Lynch's model (1992) is based on the personnel requirement, quantity and quality, and it is the personnel management that allows satisfying this demand, through a set of activities.

Innovation culture.

Company culture is an aspect that integrates innovation, because a modern, flexible, and renewing culture is needed to be able to apply it. "Organizational culture continues to be a central topic for researchers and practitioners alike, although academics and managers have found the concept of culture elusive, difficult to define, and even more difficult to put into practical use. In an attempt to define it, it is stated that organizational culture is oriented to "the shared values, beliefs and norms held by the members of the organization". The culture of innovation is the actions that promote creativity within the company, encouraging employees in different areas to have ideas that move away from the traditional to create a new way of working (Wiener, 1988).

Continuous improvement

According to (Bessant et al., 2001, pp. 68), continuous improvement is defined as a set of practices that help an organization to improve what it is developing. For the implementation of this concept, it is necessary to develop teams of people known as Kaizen teams or continuous process improvement teams. It is known that there are two important factors, the first

has to do with the involvement of officers and managers, and employees in continuous improvement, establishing that with teamwork problems can be solved and difficulties overcome, giving the possibility of achieving the established objectives. The second aspect is based on the use of techniques, practices, and/or tools that are part of the administrative and operating system in the companies, maintaining and improving the standards established as a result of progressive efforts (Sawada, 1995).

Institutional strengthening

According to (Angoitia & Márquez, 2012), institutional strengthening should be studied through two aspects, a technical one that refers to internal efficiency and effectiveness, and the second aspect through the policy that refers to the mission and values of a company where relations with the environment are important. Institutional strengthening is defined as: "the social actions (agreements, behaviors and learning) that give the organization a certain internal strength, allowing it to be efficient in its social, political, economic and cultural context" (p.18).

In addition, (Bedoya, 2011) considers that institutional strengthening is aimed at developing the capacities of democratic institutions and structures, especially those closest to citizens, in order to contribute to sustained economic growth based on their own capacities.

IV. RESEARCH METHODOLOGY

The methodological design used in the research was as follows: the type of study was descriptive-correlational cross-sectional, the design was non-experimental. The study population was 47 employees, 25 are men and 22 are women, they are the operations personnel of this financial institution, the technique used was the survey, the instrument was the questionnaire that was structured with 3

dimensions of the process innovation variable. Descriptive and inferential

statistics were applied to perform the analysis.

V. DATA ANALYSIS AND DISCUSSION

I. Presentation of results

Table N 1. Personnel management

		Frequency	Percentage	Valid percentage	Accumulated Percentage
Valid	Yes	39	83,0	83,0	83,0
	Sometimes	8	17,0	17,0	100,0
	Total	47	100,0	100,0	

Table 1 shows that 83.0% of respondents said that they agree with the management of personnel, while 13.0% said that they sometimes agree.

Personnel management is the management carried out by the company or institution on its employees; "using a new organizational approach, which is aimed at detecting, acquiring, enhancing and developing the competencies of its employees so that they can add value to the organization, thus being able to

differentiate itself in the market and therefore gaining a competitive advantage" (Alles, 2009, p. 148). "Competencies include the knowledge, skills, practices, and behaviors that are causally associated with better job performance" (Fazel, Soltani, & Rafiee, 2016, p. 191).

Table N 2. Innovation culture

		Frequency	Percentage	Valid percentage	Accumulated Percentage
Valid	Yes	23	48,9	48,9	48,9
	Sometimes	18	38,3	38,3	87,2
	Never	6	12,8	12,8	100,0
	Total	47	100,0	100,0	

Table 2 shows that 48.9% of the respondents stated that they agree with the culture of innovation, 38.3% said that they sometimes agree, and 12.8% stated that they have never agreed with this culture of innovation.

Considering that the innovative culture is based on a series of values and principles that are oriented to the promotion of innovation in companies, an aspect that

creates a culture focused on ingenuity, receptivity of ideas, and capabilities that allows responding to decision making (Mohamad et al, 2020).

The innovation culture arises through the use of innovative ideas, creativity, and the development of challenging work environments (Rehman et al, 2019), it also develops in an environment of

autonomy generating spaces to be able to take risks, generate commitments and also to be able to generate innovations (Pedraja-Rejas et al, 2018).

Table N 3. Continuous improvement

		Frequency	Percentage	Valid percentage	Accumulated Percentage
Valid	Yes	6	12,8	12,8	12,8
	Sometimes	37	78,7	78,7	91,5
	Never	4	8,5	8,5	100,0
	Total	47	100,0	100,0	

Table 3 shows that 78.7% of the respondents stated that continuous improvement is sometimes applied in the company, 12.8% said that they agree, and 8.5% said that continuous improvement has never been applied in the company.

According to (García, Quispe, & Ráez, 2003). They consider that it is necessary to

objectives, with an orientation towards customer satisfaction. In addition, the process-based approach of the NTP-ISO

Table N 4. Institutional development

		Frequency	Percentage	Valid percentage	Accumulated Percentage
Valid	Yes	17	36,2	36,2	36,2
	Sometimes	30	63,8	63,8	100,0
	Total	47	100,0	100,0	

establish a quality management system focused on internal processes and continuous improvement. Companies will achieve leadership when they develop the ability to maintain excellence in their processes and are committed to achieving their

9000:2001 standards will serve to reorient the actions that are being developed, which will demonstrate the benefits of the system and will be reflected in the financial statements (García et al. 2003).

Table 4 shows that 63.8% of those surveyed said that they sometimes agree with the institutional development achieved by the company, while 36.2% said that they do agree.

Institutional development is defined as a process by which individuals, firms and institutions increase their skills and performance in relation to

their objectives, resources and business environment (Kruse et al., 1998).

2. Analysis of the results

a. Normality test

In this normality test, the Shapiro-Wilk scale was chosen, since the number of the population was less than 50, and the result

obtained was 0.000, being less than 0.05; because it is affirmed that the data do not have a normal sequence and belong to a non-parametric test. Then the statistical test of Rho Spearman was applied and proceeded to correlate the study variables and the dimensions and variable two.

Table 5. Normality tests

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistical	gl	Sig.	Statistical	gl	Sig.
Technological innovation	,344	47	,000	,637	47	,000
Institutional development	,410	47	,000	,609	47	,000

a. Lilliefors significance correction.

b. Relación entre la innovación de procesos y el fortalecimiento institucional en una entidad financiera.

The analysis is made based on the results obtained in the survey, which were used to analyze the relationship between the variables of the study. It can be seen that

Spearman's Rho correlation takes a value of 0.415, which indicates that there is a moderate correlation between process innovation and institutional development. This relationship suggests that if process innovation is improved, the benefits will be reflected in institutional strengthening.

Table N 6. Correlation between Process Innovation and Institutional Development

		Technological innovation	Institutional development
Spearman's Rho	Technological innovation	Correlation coefficient	1,000
		Sig. (bilateral)	.
		N	47
	Institutional development	Correlation coefficient	,415**
		Sig. (bilateral)	,004
		N	47

According to (Figueroa, 2015). The process of technological innovation management of processes contributes to the technological development of a company because it gives the possibility of accelerating the stages of the innovation cycle, also through the implementation and use of a good innovation management system is achieved the reduction of the level of

uncertainty and the optimization of the stages of technological development of products, services and processes. In order to have a more specific knowledge of the relationship between the dimensions of process innovation and institutional development, correlation analyses are presented with respect to:

c. Relationship between Personnel Management and Institutional Development

Spearman's Rho correlation gives us a value of 0.441, and it can be seen that there is a moderate correlation between personnel

management and institutional development. This relationship indicates that if work is done to improve personnel management, through training and the development of competencies and skills, institutional development will be improved.

Table 7. Correlation between Personnel Management and Organizational Development

			Personnel management	Institutional development
Spearman's Rho	Personnel management	Correlation coefficient	1,000	,441*
		Sig. (bilateral)	.	,019
		N	47	47
	Institutional development	Correlation coefficient	,341*	1,000
		Sig. (bilateral)	,019	.
		N	47	47

Institutional development has to be integrated with the other forms of development, evidencing a coherent strategic intervention of cooperation that calls for changes in the organizational culture of companies that require implementation processes with the support of political support and the participation of the stakeholders involved (Hernández, 2013). In addition, this concept is related to organizational development as an educational process oriented to the

modification of structures, beliefs and values of the people who make up the organizations, due to the fact that groups are exposed to rapid and continuous changes. Organizational change arises as a necessity due to the interest of wanting to modify an organizational strategy based on processes or goals, improve the organizational climate, change the culture, mitigate the impact of division or business merger processes, and achieve the participation of its members in the objectives of the organization (Enciso & Villamizar, 2014).

d. Relationship between the Innovation Culture Dimension and Institutional Development

Spearman's Rho correlation yields a value of 0.438, and it can be seen that there is a moderate correlation between innovation culture and institutional development. This

relationship indicates that by working on the development of the culture of innovation, through improved communication, innovation workshops and innovation awards, institutional development will be achieved.

Table N 8. Correlation between Innovation Culture and Institutional Development

			Innovative culture	Institutional development
Spearman's Rho	Innovative culture	Correlation coefficient	1,000	,438**
		Sig. (bilateral)	.	,002
		N	47	47
	Institutional development	Correlation coefficient	,438**	1,000
		Sig. (bilateral)	,002	.
		N	47	47

In order to be innovative, favorable conditions must be generated to promote innovation and, subsequently, to implement a model of innovation culture. It requires an economic and technological effort, in addition to managing some political, cultural, and organizational transformations

that promote the emergence of innovation processes (Cornejo & Muñoz, 2009). According to Saravia (2016) the innovation culture in service organizations has a positive influence on the intention to develop technological innovation processes in services.

e. Relationship between the Continuous Improvement Dimension and Institutional Development

Spearman's Rho correlation yields a value of 0.4002, and it can be seen that there is a moderate correlation between continuous

improvement and institutional development. This relationship indicates that the Deming cycle (Plan, Do, Check and Act) should be applied in order to achieve the desired continuous improvement and institutional development.

Table N°9. Correlation between Continuous Improvement and Institutional Development

			Continuous improvement	Institutional development
Spearman's Rho	Continuous improvement	Correlation coefficient	1,000	,119
		Sig. (bilateral)	.	,426
		N	47	47
	Institutional development	Correlation coefficient	,119	1,000

	Sig. (bilateral)	,426	.
	N	47	47

In the analysis of the steps of Deming's Continuous Improvement Cycle, a continuous improvement was observed in the area under study, achieving satisfactory compliance with the established purpose.

Conclusions

In the development of the study of process innovation and institutional strengthening in a financial institution, a moderate correlation between personnel management, innovation culture, continuous improvement and institutional development was identified. In addition, deficiencies were found in the dimensions of personnel management, innovation culture and continuous improvement in the financial institution under study.

The literature review revealed the existence of few studies related to process innovation and institutional development. Process innovation and the management of its dimensions are not being used to their full potential, and it is necessary to expand studies in this field and thus enhance the management of the financial institution.

Regarding personnel management, it can be seen that it is as expected (83.3%), but there is a percentage that although it is low, it is noteworthy because it is only sometimes adequate (16.7%). This management is important because it contributes to the achievement of a major objective: to generate, maintain and increase the level of employee satisfaction, and develop an orientation towards initiative and innovation.

We can observe a deficient culture of innovation, with striking percentages,

According to (Amaya, et. al., 2020) one of the most important principles of quality management is the continuous improvement of companies, hence the relevance of its study and application.

where 37.5% said that sometimes and 12.5% said that they have never agreed with the culture of innovation that is developed in the financial institution. It can be said that creativity is not being promoted; employees in different areas are not being encouraged to contribute ideas aimed at developing new ways of working and innovating products, services, and internal processes.

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