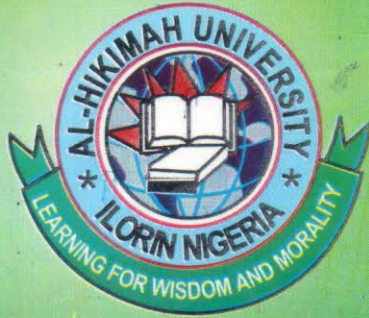


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CAPACITY PLANNING AND SYSTEM UTILIZATION IN THE MANAGEMENT OF QUEUES IN SELECTED BANKING HALL IN ILORIN METROPOLIS

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Abstract

Capacity planning and system utilization have become critical issues because most banks operate their facilities at a rate less than installed capacity. Experts have traced this development to deficiency in capacity planning and system utilization in the management of queues in the banking halls. The main objective of this study is to determine the relative adequacy of capacity planning and system utilization in the management of queues in the banking hall. The study utilized arrival and departure data of customers into the bank through direct observation. Inter-arrival period of 15 minutes was used. The cost function of the bank was also used to determine whether the present system can be improved upon or not. Findings revealed that there were more inflow of customers than expected at a given time interval resulting in pressure on the existing capacity. The paper recommends that management should make a contingency plan to respond to any unusual crowd that may arise during those periods when queues are noticed to be more.

Keywords: - Capacity Planning, System Utilization, Queuing Management.

Introduction

The recapitalization and consolidation that took place in the banking industry between 2001 and 2006 appeared to have led to an upsurge in the number of customers patronizing those banks that scaled through the Central Bank of Nigeria, (CBN) requirement. Long waiting period arising from this policy is fast becoming a permanent feature of most service delivery institutions in Nigeria. This is particularly noticeable in banks. Speaking in the same vein,

Olaniyi (2004) posits that the endless customers waiting for service delivery in Nigerian banking halls is a phenomenon that bothered both the managements of banking institutions and customers.

Good and efficient services demand a lot of quality planning and effective decision making. Effective decision making according to Koontz et al (1983), requires a rational selection of a course of action; of central importance to this is capacity planning, which is of relevance to service organization such as banks because the condition of physical facilities in most of the banks is far from being ideal, and has made things difficult for the customers.

In Banks therefore, we talk of capacity in terms of space, the service facilities such as the number of cashiers engaged, and the equipment installed to serve the customers. It has been observed that most organizations operate their facilities at a rate less than the installed capacity, and for some, at a rate more than the installed capacity. Scheduling gives a competitive advantage through dependable delivery. The correct scheduling technique depends on the volume of customers coming into the banks, the nature of operation and the overall complexity of the job as well as the importance placed on each of the four criteria; minimize completion time, maximize utilization, minimize the waiting line, and minimize customers waiting time.

The significance of capacity planning and system utilization has not been appreciated; hence, less attention has been paid to it. This study on capacity planning and system utilization as focused in this work was to assess the flow of customers, the staff scheduling, assessing the working environment and the waiting environment.

The general objective of the study which is in line with the identified problems is to determine the relative adequacy of capacity planning and system utilization in the management of queues in banking hall.

The study specifically aims to determine;

- (i) the effects of capacity planning on waiting line
- (ii) the effects of system utilization on reduction of waiting period by the customers
- (iii) which of the adopted approaches minimizes the cost of service delivery?.

The intermediation role of financial institutions is such that performance in this sector critically impacts on other sectors of the economy. When performance in this sector is good, there is a positive effect on the economy; but when the financial sector is distressed, there is a band-wagon (negative) effect on other sectors of the economy. Undertaking empirical study of capacity planning and system utilization in the financial service organization therefore is very critical for the efficiency of the banks.

Literature Review

The Concept of Capacity and Capacity Planning

According to Aquilanol and Chase (1991), the capacity of the production system defines the firm's competitive boundaries. It sets the firm's response rate to the market. Its cost requirements and its general inventory strategy. They

