Differences in Business Process Management Leadership and Deployment: Is There a Connection to Industry Affiliation?

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ABSTRACT

Business Process Management (BPM) can improve organizational effectiveness and efficiency by optimizing the performance of cross-functional processes. Despite its potential, BPM deployment success has been mixed, due in part to the substantial changes required within the organization. Three changes considered necessary for BPM deployment success include a properly defined business process organizational infrastructure (complete with formal positions and competencies), boundary-spanning process ownership, and boundary-spanning process governance. However, given that BPM has largely been driven by practitioners, deployment details often vary by company. The present research examined the extent that these deployment details were industry related, and found significant differences between the manufacturing and service sectors in terms of organizational infrastructure and process ownership. These findings provide further evidence that a 'one-size-fits-all' approach to BPM does not exist, and that differences in BPM deployment decisions can be related to industry sector.

Keywords: *Business Process Management (BPM), Industrial Sector, Industry Affiliation, Industry Differences, Management Principals*

INTRODUCTION

In order to compete in a fast-paced and often volatile economy, many organizations have concentrated their efforts at streamlining business operations by integrating end-to-end business processes (Fingar, 2005; McCormack, 2007). As a result, Business Process Management (BPM) practices continue to gain interest among managers who seek to improve their organization's efficiency, effectiveness, agility, and competitive position (Hill, Sinur, Flint, & Melenovsky, 2006; Palmberg, 2010; Towers & Schurter, 2005; Wolf & Harmon, 2010).

DOI: 10.4018/irmj.2013040103

While process management activities have been in existence for some time, the depth and breadth of these activities have evolved from early industrial management techniques to more continuous and complex optimization of end-to-end business processes involving the integration of business and information technology (Hill et al., 2006; Towers & Schurter, 2005; vom Brocke & Sinnl, 2011). Consequently, the definition of BPM has evolved, from having a relatively narrow system-technology orientation to its current form as a general discipline dedicated to a process-centric, customer-focused organization using cross-functional processes and integrating information technologies for both strategic and operational activities, such that customer satisfaction and overall effectiveness are improved (Hill et al., 2006; Hung, 2006; Melenovsky, 2005; Smart, Maddern, & Maull, 2009). Despite the promise that BPM holds for long term gains in process performance, many organizations have struggled with the actual implementation of broad cross-functional process management (Abdolvand, Albadvi, & Ferdowski, 2008; Spanyi, 2010a; Trkman, 2010).

One reason for the uneven progress being made with BPM stems from the fact that some of the changes considered central to BPM success can be very difficult to implement (Ranganathan & Dhaliwal, 2001; Spanyi, 2005, 2006; Trkman, 2010). Three of these changes include establishing the BPM organization, defining process owners, and creating process governance boards. Given that BPM has largely been driven by practitioners (Hung, 2006; Smart et al., 2009), the details regarding the deployment of these necessary facets depend on the organization (Hammer & Hershman, 2010). Moreover, there is disagreement regarding the efficacy of BPM to the service sector, with some taking the affirmative position (Smart et al., 2009, p. 494), while others are much less optimistic (Trkman, 2010, p. 126).

The present research examines the effect that industry affiliation has on the degree to which a formal BPM organization, cross-functional process ownership, and governance have been implemented. If industry related patterns are detected, then this knowledge may add valuable insight into how BPM can continue to move forward.

BACKGROUND AND PROPOSITION DEVELOPMENT

Business Process Management

Business Process Management (BPM) is a best practice management principal that helps organizations build and sustain competitive advantage by improving their business processes (Hung, 2006; Pritchard & Armistead, 1999; Smart et al., 2009). According to Hung (2006), aspects of BPM include a holistic view, strategic imperative, facilitated by information technology (IT), corporate-wide impact, and cross-functional process management. "Process" has been an important focal point of several prior management best practices, including scientific management (Taylor, 1911), TQM (Demming, 1986; Juran, 1951), and Six Sigma (Harry & Schroeder, 2000). BPM builds upon these earlier management practices by focusing on the definition, measurement, and improvement of business processes, especially cross-functional processes (Maddern, Maull, Smart, & Baker, 2007; Zairi, 1997). For this reason, BPM initiatives typically are strategic in nature, because they cross departmental boundaries that address process performance of the organization as a whole, rather than focusing on individual processes that fail to consider how other processes are impacted (Hammer & Hershman, 2010; Maddern et al., 2007; Zairi, 1997). For example, a bank looking to improve customer satisfaction may find that customers perceive that the process to open an account as too lengthy and cumbersome. If the account opening process involves multiple departments, then any one department's process improvement efforts may prove ineffectual if it impedes the performance of another. While there may be departmental processes that do not cross into other departmental boundaries, the results of these departmental processes are needed for other processes in the organizations.

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Raymond A. Hansen, Anthony H. Smith and Julie R. Mariga (2008). *Information Communication Technologies: Concepts, Methodologies, Tools, and Applications (pp. 1122-1129).*
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