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**KEY BUSINESS PROCESS MANAGEMENT FACTORS:
IDENTIFICATION AND ANALYSIS DIRECTIONS**

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***Abstract:** During last two centuries, process orientation has become standard for performing operations worldwide. It has outgrown into business process management, as a way for running everyday business. Business process management assumes identification and continual observation and measurement of business performances, and, based on the analytic tools, implementation of solutions for processes' improvement. In order to provide implementation of process orientation successful, it is necessary to identify and analyze the key or critical factors. The objective of this paper is to present the factors that are the most recently identified as critical and to propose the direction of their analysis and, consequently, to provide their guidance in a way that provides quality output and satisfied customers.*

***Keywords:** process orientation, business process management, factors, analysis.*

1. Introduction

The frequent changes that occur are the result of a high degree of adaptability of business systems, lead to the creation of new organizational structures of high flexibility driven by users' requirements (Adamides, Karacapilidis, 2006). Changes in the market indicate the need of enterprises to constantly analyze and improve business processes, but also to find ways for efficient coordination of integrated business processes, providing at the same time value for customers and rational consumption of resources.

The business paradigm of process and traditional enterprises is completely different. Traditionally, there was a poor customer orientation, a strict and formal organizational structure. However, in process oriented enterprises, the focus has been

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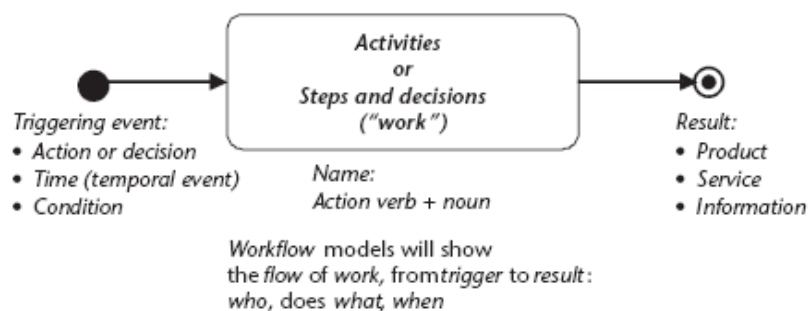
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changed from business functions to business process, with emphasized relation with customers and suppliers (Andersen, 1999). Also, the process approach provides the shorter time of task execution, the less possibility for conflicts (because each process is clearly defined and the *owner*, as responsible person for each job is known), less possibilities for mistakes and rational resource usage. The goal of process-oriented enterprises is to create value for customers, but for other stakeholders, too. However, it must be emphasized that process orientation is not synonymous with process organizational structure (Bosilj Vukšić et al., 2006). It represents an understanding of the flow of business and is only the first step towards a process-oriented organizational structure.

2. The role of process orientation in dynamic environment

The term process is derived from the Latin word *procesus*, which means going forward. Hence, it can also be defined as a set of activities that produce a new value output from one or more inputs, different non-material and material resources (Sikavica & Hernaus, 2011). The business process is a structured, analytical, inter-functional set of activities that requires continuous improvement. It is very important to emphasize that it represents a flow of activities with a clearly defined beginning and end, with final objective to provide requested quality of final output (Figure 1.).

Figure 1. Key process components



Source: Sharp, McDermott, 2009. p.45

Identifying activities that contribute to the creation of expected value for customers and other stakeholders, represents the basis of the process organized business. The process organized business means that the enterprise has process orientation, with focus on linking the activities and tasks that, through the supporting processes, contribute to the creation of value (profit and satisfaction of the needs of customers) and that represent a source of competitive advantage. The most common operational problem that relates to the business of a modern enterprises is precisely identifying the individual tasks of the process (and within their business activities), but also connecting them. Neglecting this problem leads to dysfunction and non-flexibility of business processes, but also to difficult and usually not successful adaptation to the needs of process output users (Madison, 2005).

In order to implement process orientation propriety, it is necessary to identify key processes and key success factors. This is the precondition for creating the matrix of

Key business process management factors: identification and analysis directions

processes and factors, which can help managers to identify the influence of factors and processes. For this reason, the identification of business process management factors deserves special attention of managers, and especially process owners.

Enterprises that have adopted process approach become aware of the power of their processes and the importance of providing the quality of their products, which together with continuous improvement, ultimately leads to increased satisfaction of all stakeholder groups, but also to the success of the organization (Chen, 2001).

3. Business process management conditionality: Factors' identification

Contemporary market competition and dynamic environment make intense pressure on enterprises to continuously improve their performances. Each enterprise wants to achieve optimal business performance, however, the question that arises is: How to provide that? The answer is not complicated to explain, but certainly is to accomplish. In line with changes in the environment, there are also changes in the management, and one of very important changes in the last few decades concerns business processes. The importance of their management was changing during the last few decades, but it is certainly that doing business in the 21st century will not be possible without process orientation. As part of these changes, it is possible to identify factors that influence the implementation of business process management. Dealing with this issue for some time, authors concluded that the most organizations identify around 7 key business processes and between 7 and 15 factors, critical for business process management.

Based on the study of others authors' work in the field of process management (Jarrar, Al-Mudimigh, & Zairi, 2000; Ravesteyn & Versendaal, 2007; Trkman, 2010; Vom Brocke & Rosemann, 2010; Jeston & Nelis, 2014), but also on the basis of the authors' experience, 16 factors of business process management have been identified, and they are:

- Strategic alignment,
- IT investment,
- Process performance measurement,
- Employees' specialization,
- Organizational changes,
- Appointment of process owners,
- Implementation of proposed changes,
- Continuous improvement,
- Standardization of processes,
- Informatization,
- Automation,
- Training and empowerment of employees,
- Focus on customers and their requirements,
- Business culture change,
- Managers commitment,
- Cooperation with suppliers.

Strategic alignment – Although business process management assumes focus on realization and improvement of everyday activities, it does not mean that it is separated

from the enterprise's strategy; On the contrary, business process management has to be balanced with the strategy, since otherwise the efficiency of business processes will not lead to the accomplishment of enterprise's objectives and it will be useless; Therefore, some authors consider the relationship between strategy and operations function crucial (Rhee & Mehra, 2006).

IT investment – Performing tasks in today, dynamic environment cannot be imagined without information technology; For this reason, investment in IT can be observed as a necessary condition for providing competitive advantage, in the same way as other non-material resources are; Certainly, IT technology is not enough by itself for gaining competitive advantage, but it can contribute certainly only in the internal environment where all resources necessary for process realization are connected and balanced.

Process performance measurement – According to process approach it is very important to define critical control points during the process realization, at least as important as to measure the characteristics of the process output, after the process has been finished; This claim comes from the fact that measurement during the process realization can help managers to identify the mistakes and errors while process still lasts and to correct them before additional resources are used for their further processing.

Employees' specialization – It is clear that employees' specialization is very important for increasing process efficiency, because they can perform their tasks more quickly and more accurately; However, narrow specialization may be an obstacle for flexibility, which is also important for providing sustainable competitiveness in modern conditions; For those reasons, it is necessary to provide optimal balance between employees that are specialist and those who are generalists, primary bearing in mind processes and activities critical for providing customers' satisfaction.

Organizational changes – Usually authors who research the field of process management agree that it is not necessary to make changes in the organizational structure; However, although the organizational units may still be separated formally, their employees have to make mutual communication more intensive in order to avoid the silo effects.

Appointment of process owners – Identification of process owner is one of the most important issues of the implementation of process approach; This is also the issue critical for assuring the link between the organizational units that perform activities included in the same process; The process owner is in charge for the taking care of the process from the beginning till its end and for accomplishing the defined objectives.

Implementation of proposed changes – Very important factor of business process management success is enterprise's capability to implement necessary changes; For the success of this process it is necessary to provide support from the employees, the ones that may be considered as change agents and who will act as promoters of the change and advocates of the process manager.

Continuous improvement – Striving to perfection has to be a light motive for all companies wishing to sustain achieved comparative advantage or trying to reach it; This factor is emphasized as very important in the most of process management models; It assumes process observation, measurement and analysis, and based on the facts,

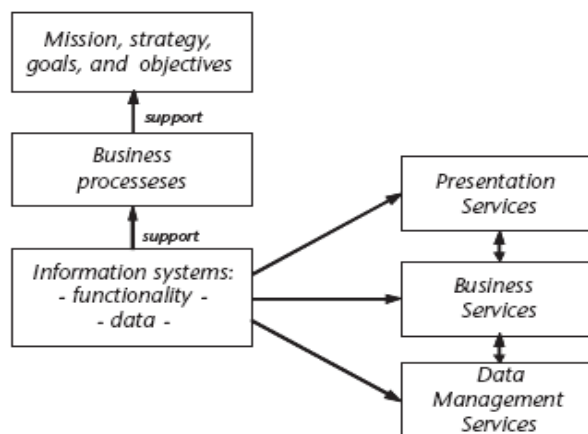
Key business process management factors: identification and analysis directions

improvement of process aspects that are main limitation for increasing process efficiency or effectiveness.

Standardization of processes – standardization is a key condition for providing the reliability of the process; It assumes identification of the activities and tasks and resources for their performing, providing at the same time, their optimal combination and consistency in their usage; If it is based on customers' demands, then standardization may be observed as a condition for providing quality of final outputs.

Informatization – Informatization is a process which facilitates the flow, storage and access to information; In that way it provides managers a base for decision-making; Informatization assumes continual balancing between technology and the process, meaning that the process has to adopt to new technology and, at the same time that the technology has to change according to the process needs.

Figure 2. The connection of strategic alignment, IT investment and Informatization as business process management success factors



Source: Source: Sharp, McDermott, 2009. p. 74.

Automation – Similar to the informatization, which helps managers to make decisions faster, automation helps employees to perform activities faster; It can be used for everyday routine activities, which do not need the involvement of people; It represents the higher level compared to mechanization, since it involves not only replacing the manual work by machine, but also intellectual work of employees; Finally, it may be said that it is based on integration of individual operations into the production system.

Training and empowerment of employees – Empowering of employees and appreciating their ideas and suggestions are significant motivational tool, which is often crucial for the successful implementation of business process management; The assumption is that all employees have to work *with their heads*, communicate (horizontally and vertically), respect ideas, advices and criticism, and share knowledge and information.

Focus on customers and their requirements – Connection with customers is reflected in need to identify the ones that represent the target group for the enterprise and

then to define and specify their needs; This kind of specification is base for process standardization and setting up the measurement system; Especially are important critical to quality customers; requirements, because the enterprise have to provide them if it does not want to disappoint its customers; Customers' satisfaction is precondition for their loyalty, so the enterprises task is to continuously question the level of their satisfaction and their suggestions for the improvement.

Business culture change – Business culture is a manifestation of attitudes, values and traditions in an enterprise; In line with the fact that in the modern business environment the only constant is change, continuous adjustment to changes, or initiating changes to improve business processes must become a everyday task of all employees.

Managers commitment - Although the implementation of business process management often requires the engagement of appropriate professionals, the support and commitment of managers is very important; Responsibility of engaged experts cannot be delegated, so managers have to be completely involved in the process management.

Cooperation with suppliers – Bearing in mind that quality of inputs determine the quality of processes realization and, consequently, the quality of outputs, the relationship with suppliers is equally important as relationship with customers; For that reason, it is necessary that enterprise demands from its suppliers to adopt the same business philosophy and to implement the same process approach; In this way, enterprise extends the process management philosophy into supply chain, extending, in that way, the base for sources of competitive advantage.

4. Instead of conclusion: Direction for further analysis of business process management factors

Identified business process management factors may be observed as the basis for investigating the presence of process orientation in the enterprises in the Republic of Serbia or any other country. In order to gain insight which aspect of process orientation is more or less developed in the observed enterprises, those factors may be grouped into few categories. The proposal is presented in Table 1.

Table 1. Categories of business process management success factors

The main focus of groups of factors	Factors
Strategic issues	Strategic alignment
	Organizational changes
	Implementation of proposed changes
	Business culture change
Process issues	Standardization of processes
	Process performance measurement
	Continuous improvement

Key business process management factors: identification and analysis directions

Employees issues	Managers commitment
	Appointment of process owners
	Training and empowerment of employees
	Employees' specialization
IT issues	IT investment
	Automation
	Informatization
Partners' issues	Focus on customers and their requirements
	Cooperation with suppliers

Depending on the research results, it should be identified which group of factors represents the leading one, and which group includes the lagging factors. Also, one of the directions for further research concerns the suggestion for identification of additional business process management factors, probably specific for the enterprises in the developed countries. The bases for this further analysis may be the Delphi study.

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KLJUČNI FAKTORI UPRAVLJANJA POSLOVNIM PROCESIMA: IDENTIFIKOVANJE I PRAVCI ANALIZE

Apstrakt: Tokom prethodna dva veka procesna orijentacija postala je standard za obavljanje poslova širom sveta. Ona je prerasla u upravljanje poslovnim procesima, kao način vođenja svakodnevnog poslovanja. Upravljanje poslovnim procesima pretpostavlja identifikaciju i kontinuirano praćenje i merenje tokom realizacije poslovnih procesa, te, na temelju analitičkih alata, implementaciju rešenja za unapređenje procesa. Kako bi se osigurala uspešna implementacija procesne orijentacije, potrebno je identifikovati i analizirati ključne ili kritične faktore. Cilj ovog rada je predstaviti faktore koji su najčešće identifikovani kao kritični i predložiti pravce njihove analize, a time i obezbediti njihovo usmeravanje na način koji osigurava kvalitetan rezultat i zadovoljne kupce.

Ključne reči: procesna orijentacija, upravljanje poslovnim procesima, faktori, analiza.