

Chapter 16

Process–Oriented Organizations: Integration of Soft Factors

Aleksander Janeš
University of Primorska, Slovenia

Rajko Novak
MRR LLC, Slovenia

ABSTRACT

The main purpose of the chapter is to represent practical approach on the empirically-evaluated business process orientation (BPO) based on the research of the Slovenian power supply business. Within the empirical investigation, the level of BPO maturity was measured in the 19 organizations. The survey was focused on the top, middle, and lower managers. As a measuring instrument, a questionnaire for the extended concept of process orientation was used. The results of the BPO measurement shows that, despite this long-standing engagement with processes, quality management system and the IT portfolio management (PoM) of operations, process orientation, and appurtenant IT PoM maturity is not very high. Results suggested the opportunities for improvement, particularly for better use and to take advantage of IT. One important reason for performing the research in the power supply business is the importance of its activities for the socio-economic and environmental impact of the whole society and therefore better understanding of the recognized “soft factors.”

INTRODUCTION

Owing to constantly changing business requirements and challenges, such as decreasing product life cycles, international competition and increasing cost pressure (e.g. due to the demand to apply latest state-of-the-art technology), companies are forced to improve their processes in order to keep pace with fast-changing market requirements. As a consequence, business process management (BPM) is among the most important managerial topics because it allows companies an agile adaptation to changing business requirements (Neubauer, 2009). Choong’s (2013) literature review indicate that BPM is a holistic

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management philosophy that uses a systematic approach and information technology (IT) to improve processes that focus on aligning all aspects of an organization with the wants and needs of customers. Ravesteyn and Batenburg (2010) claim, that BPM-systems are the typical result of developments in both the business and IT-domain.

The definition of the business process orientation (BPO) construct has a somewhat intangible nature, which represents a barrier to its conceptualization. Many studies into process management use proxy variables (e.g. ISO 9001 certification) as an indicator for BPO (Kohlbacher & Gruenwald, 2011; Peršič, Markič, & Peršič, 2016; Xiaofen, 2013). BPO is extremely important for the success of business process management (BPM) efforts within organizations. McCormack and Johnson (2001) research results indicate a surprisingly strong relationship between BPO and overall performance (Hammer & Champy 1993 as cited in Reijers, 2006; Sikdar & Payyazhi 2014; Škrinjar, Bosilj-Vukšić, & Indihar-Štemberger, 2008). Since both concepts are closely intertwined, surveys focusing on BPM and BPO are considered in the literature review (Roeser & Kern, 2015; Škrinjar & Trkman, 2013; Nadarajah & Kadir, 2016).

The Neubauer's (2009) survey showed that only a small number of the participating organizations can be determined as process focused organizations (PFOs) according to the criteria taken from the literature. The vast majority of organizations are still on their way towards a PFO that includes the design of end-to-end business processes and measuring and managing of process level results (Işık, Mertens, & Van den Bergh, 2013). Business processes are the core building blocks of an organization's operations and provide a plethora of information that can be tapped into. However, today business process analytics is often only the second step of consideration in BPM. Likewise, near real-time insight into processes is rare or almost non-existent in practice (Janiesch, Matzner, & Müller, 2012).

Among the reasons for struggling to evolve and expand BPM practices across the organization are the lack of positive organizational culture (Wilson, 2015), lack of support among senior management, the absence of clear roles and responsibilities (Sikdar & Payyazhi, 2014; Young, Young, & Zapata, 2014) in implementing the BPM methodology, and insufficient budget and available resources.

The majority of academic work on BPM, but also its practical implementation across several industries, is focused on tools, systems and techniques, and less on the managerial, organizational, strategic or cultural challenges of BPM (Adamides, 2015; Gębczyńska, 2016). Because the BPM community is doing this extremely well, to the extent that the ability to eliminate problems within an operational process has become a commodity, as a consequence, massively streamlined processes, rather than highly innovative processes have been encountered (Kohlborn, Mueller, Poepplbuss, & Roeglinger, 2014).

From the process maturity research perspective the Slovenian power supply business organizations are interesting because of their engagement with processes and process approach over many years. Most involved organizations have a certified Quality Management System according to ISO 9001. One feature of their activity is that it demands that a lot of resources and efforts are directed to the automation and digitalization of operations in the technical field, as clearly defined and documented processes are required in this business. The power supply business consists of all the installations and equipment for the generation, transmission and distribution of electricity, ensuring the maintenance of a balance between production and consumption, with appropriate regulation. The Slovenian electricity market is an integral part of the common energy market of the European Union (EU). Production of electricity to the public network in Slovenia amounted to 16.281 gigawatt hours (GWh) in 2014 and 14.984 GWh in 2017. Therefore the consumption coverage with domestic production resources amounted to 98% in 2014 and 82% in 2017 (Ministry of Infrastructure, 2015, 2017).

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