IMPACT OF BUSINESS PROCESS CAPABILITIES AND ORGANISATIONAL CONTEXT ON ORGANISATIONS’ MATURITY OF BUSINESS PROCESS ORIENTATION AND PERFORMANCE

Elien Dequidt and supervisor Geert Poels

Faculty of Economics and Business Administration,
Ghent University Belgium
{Elien.Dequidt, Geert.Poels}@Ugent.be

Research problem

Research concerning process-oriented organisations is emerging since these agile organisations are able to continuously keep their competitive advantage and optimally satisfy their customers [1-3]. Nevertheless, despite the extensive academic interest in Business Process Orientation (BPO), few organisations are fully process-oriented [4]. It seems that the extensive written and spoken interest in BPO has given the impression that it is well adopted and present in organisations [1, 5]. However, process orientation takes time and organisations are still reflecting on the concept before getting started or are putting a hold on their efforts [1, 4].

Therefore, the proposed project intends to contribute to revealing the reasons of low BPO adoption and to give guidelines on how to increase BPO adoption.

Relation of the work to the state of art in BPM

Business Process Maturity Models

All organisations have business processes for which they can determine how well they are performing. In order to help organisations determining how mature they are in managing their business processes, Business Process Maturity Models (BPMM’s) have been designed. Each BPMM consists of a number of stages from low to high maturity, describing the characteristics of each stage and guidelines to reach a next and better stage. In addition, Van Looy et al. [6] define that maturity depends on six basic business process capability areas namely: modelling, deployment, management, optimization, structure, and culture.

Business Process Orientation and organisational performance

It is generally assumed, but also confirmed by McCormack et al. [7] and Škrinjar et al. [8], that BPO has a positive influence on organisational performance. This significance is supported by Kohlbacher [9] who states that next to financial improvement, other most often reported organisational performance
effects are: speed improvements, increase of customer satisfaction, improvement of quality, and reduction of cost.

Current research limitations

While this related research describes what might be needed to implement BPO and how beneficial BPO is, it fails at explaining the low amount of (fully) process-oriented organisations. Two important knowledge gaps can be identified (see figure 1, p. 3), which are also supported by several suggestions made in literature.

First of all (1), the previous research does not show the impact of business process capabilities on organisational performance. Since the impact of business process capabilities is not known, it is possible that organisations are rather reluctant towards investing in these business process capabilities which might explain why organisations are still reflecting on adopting BPO before getting started or are putting a hold on their efforts. Nevertheless, research investigating the contribution of each business process capability area on organisational performance could for instance give insight into which business process capability areas are more effective in improving organisational performance. Furthermore, synergetic effects between business process capability areas might exist and influence the impact on organisational performance. For the culture capability area some research investigating this impact exists [10], but the link with process orientation is missing. For the other business process capability areas allegations can be made, but empirical evidence is scarce.

Secondly (2), the influence of organisational factors is left out of consideration. This knowledge gap might clarify why companies are on different levels of BPO maturity. Nevertheless, several authors mention the importance of these factors and some even give suggestions as to which factors could possibly be investigated (e.g. industry sector, company size, and fierceness of competition) [2, 9, 11].

Research model and methodology

In order to address the main research problem by trying to reveal the reasons of low process orientation adoption, the existing research is extended based on the previously mentioned knowledge gaps and the contingency theory [12] (see figure 1, p. 3). The latter supports the second knowledge gap by stating that high performance is affected by fitting the organisational characteristics (e.g. structure) to its contingencies (e.g. environment and organisational size).

The proposed project takes a Social Sciences approach and intends to combine quantitative and qualitative methods. To complete the research project we go through three broad consecutive phases. First of all a theoretical model, supporting the research model in figure 1, is developed and its elucidating value is tested via case studies. In this first phase, the goal is to develop hypotheses concerning the influence of
business process capabilities on organisational performance and the role of organisational context factors. Secondly, a research instrument for the theoretical model is developed and tested on its reliability and validity. Finally, via a large-scale investigation and its statistical analysis, the theoretical model and the hypotheses can be quantitatively tested using the research instrument. Ultimately, advices/guidelines on how to reach the optimal level of BPO adoption can be developed.

![Figure 1: Research model](image)

**Expected contribution of the work to BPM**

A first contribution of the proposed research consists of specifying the existing research on the influence of BPO on organisational performance by adding the capabilities-performance relation. Addressing the impact of business process capabilities on organisational performance might bring clarity to organisations regarding which business process capabilities are more effective in improving organisational performance and which synergetic effects exist between business process capabilities.

A second research contribution concerns extending the related research by introducing the organisational context factor, which is often left out of consideration in related research. By looking deeper into the organisational context factors, it might become clear why companies are on different levels of BPO maturity.

As an interesting practical application, advices and guidelines could be deducted with regard to the optimal level of BPO maturity taking into account the organisational context factors. Organisations can use these to decide which BPO level they should attain and by comparing it with their current BPO level, conclude whether they are over- or underinvesting in their BPO projects. Likewise, the advices and guidelines can be used to compare the as-is BPO maturity level with the to-be maturity level in case the organisational environment changes. In addition, the guidelines and advices can be used when entering a new market or making strategic decisions. The new organisational context can be examined by
identifying whether it has a mitigating or stimulating influence on the relationship between business process capabilities and performance.

Referenced literature