

ATTITUDES OF SLOVAK COMPANIES TOWARDS THE IMPLEMENTATION OF BUSINESS PROCESS MANAGEMENT

*Andrea Oborilová*³³

Abstract

The paper deals with the Implementation of Business Process Management (BPM) in Slovak companies and is focusing on the attitudes of Slovak managers towards the application of process management principles. The article summarizes the benefits of BPM implemented in companies; moreover the limitations and barriers are described in order to include all aspects of BPM Implementation. The benefits of Business Process Management Implementation are enormous in any economic environment. But achieving business agility in a turbulent, competitive global market is all the easier with carefully chosen BPM tools. Spread across industry sectors, not all of these companies are prepared and willing to undertake such a big change. In our research we tried to examine the awareness of BPM significance among Slovak companies regarding the importance of BPM and reasons for BPM application. The research was carried out on selected Slovak enterprises in the years 2011-2013 concerning all industry sectors and companies providing services. The emphasis was put on the comparison of companies with BPM implemented and companies without BPM implementation.

Introduction

Under influences of environment development, the previously established and successful methods and approaches in the management are losing their effectiveness. The most important characteristics of the contemporary world are significant changes in the environment. Sudden and dramatic changes are forcing management of organization to seek, adapt and develop new approaches. [5] Making changes in management approach is becoming a prerequisite for achieving the competitiveness

³³ Mgr. Andrea Oborilová, Department of Strategy and Entrepreneurship, Comenius University in Bratislava, Faculty of Management, Odbojárov 10, 820 05 Bratislava, e-mail: andrea.oborilova@fm.uniba.sk

and very often even a survival in a competitive environment. One of the approaches that greatly influenced the development of the theory and practice of management at the end of the twentieth century was the Business Process Management approach (BPM). Effective BPM improves the organization's ability to anticipate, manage and respond to changing market conditions and to maximize exploitation of market opportunities. Proper implementation of BPM can also reduce inefficiencies and errors arising from the redundancies. Maintaining business flexibility through effective process management is currently crucial to maintaining competitive advantage.

In this article we would like to discuss the approaches and steps to effective BPM Implementation. Moreover, the advantages and benefits of BPM will be outlined, as well as the results of the research on BPM implementation in Slovak enterprises. On the other hand, the attitudes on the importance of BPM will be reported and compared. The examination of reasons why should companies implement BPM and revealing barriers of successful BPM implementation are another part of the survey results.

1. Business Process Management Implementation

The steps and methodologies for successful BPM implementation are discussed by many authors and consultants. Závadský [10] describes seven main stages of the BPM application which are considered to be very general, but in accordance with the requirements of ISO norms:

1. *Assembling the team and project implementation.* The roles are: the recruitment of individual functional departments who are responsible for the analysis of processes and the formation of the system of indicators, the selection of the team leader to coordinate the work of other members and to negotiate with outside consultants (if invited), the establishment of terms of the individual phases and stages of the project and allocate the funds for this project.
2. *Analysis of the main processes.* The role lies in listing of main processes in a company with focus on the customers.
3. *Analysis of supporting processes entering the main processes.* Moreover enterprises must determine which processes are supportive and are helping to coordinate the key processes.
4. *Analysis of all processes.* At this stage it is important to accurately identify the activities that build the main and supporting processes. In terms of the identification activities it is important to determine the workflow, relationships between the particular processes, costs of these processes, their owners with adequate skills and knowledge and etc.
5. *Creating a system of indicators for measuring and improving processes.* The most important stage according to ISO norms is ensuring the link

between the strategy and customer requirements by measuring and improving processes.

6. *Process mapping.* After analyzing the different processes, activities and setting performance indicators there is a need to create a process map those graphically ongoing processes in the company, including the interactions between them.
7. *Implementation into companies.* In this demanding phase we distinguish three options of BPM implementation. The first is the purchase of a new information system that supports process management and individual databases from the results of previous analyzes. The second option is to use existing information system, which may not provide full support for process management. The last option (especially for small businesses with a small number of procedures) is to replace the information system with controlled documentation.

These all steps are considered as useful stages and methodology for implementing BPM. But what are its critical success factors?

BPM implementation success in particular can be very complex; it will have success factors that change over time as priorities and capabilities are moving, those in different contextual situations (country, organizational size or maturity, project purpose, etc.).

Based on the literature and articles [4],[9], success factors were classified into seven clusters:

1. **Strategy.** Strategy required two approaches. Firstly, there needs to be a clear link between the corporate strategy and the company's core processes. And secondly, whenever the corporate strategy is altered, the required process changes need to be reviewed. Strategy is characterized further by following sub factors such as: strategic alignment, top management support, governance.
2. **People.** The people in BPM context refers to the individuals and groups who continually enhance and apply their process related expertise and knowledge. Sub factors are management of people, roles, responsibilities and skills.
3. **Optimization and process management.** This factor includes the following sub factors: process management, BPM methods, Process Improvement Methodology.
4. **Process architecture.** The role of process architecture in structural design of general process systems and applies to fields such as computers (software, hardware, networks, etc.), business processes (enterprise architecture, policy and procedures, logistics, project management, etc.), and any other process system of varying degrees of complexity is very important. The sub factors are change management and process modeling.

5. **IT architecture.** The IT architecture is an organized set of consensus decisions on policies and principles, services and common solutions, standards and guidelines as well as specific vendor products used by IT providers. Sub factors are: information technology and BPM suites.
6. **Project management.** Lack of suitable project management is one of the important problems that organizations are faced during the BPM implementation. The following sub factors explain project management; project planning, project executing and project control.
7. **Standards and measurements.** Performance measure refers to measurements of the processes, project and people performance. The processes performance should be measure correctly to compare them with the goals and benchmarks and choose the suitable process for change in addition of assessment of the improvement. BPM projects need some metrics and standards to monitor the progress and ensure that the goals are achieved. It is explained by these sub factors: measurement techniques, process performance, measurement standards.

Each cluster needs to be characterized by some sub constructs. On the other hand, BPM implementation success can be evaluated through three success measures included: process efficiency, process quality and process agility.

2. Main features of BPM

The BPM allows the organization to get an overview of all its processes. This concept is based on the assumption that the cause of the unsatisfactory results of organization lie in bad functioning of business processes.[6] When deciding to implement Business Process Management it is important to understand what the main benefits of BPM are. Benefits can be found in all areas of organization: reducing in exposure time of orders, orders increase without any errors, shortening the total purchasing time, reducing the time to develop new products and the reaction time to customer requests, clearly defined competencies of employees, simplifying and clarifying workflows, streamlining the organizational structure, outsourcing of support processes, orientation on key processes, effective use of modern methods and process management tools. Of course there are much more benefits, but their importance, amount and character are influenced by the characteristics of each organization.

The transition from functional to process management is considered as the most laborious manager's step. In addition to technical and organizational changes, changing attitudes and skills of human resources should be particularly taken into account. The principle of Business Process Management system cannot be understood only in the arrangement of basic processes in the

organizational and management structure, but primarily as a change in behavior of the action's and activities' owners. [2] [3]

For the above mentioned reasons some barriers of the transition to process management are defined:

- unwillingness to adopt changes at all levels of management, disagreement to change,
- unpreparedness / unwillingness of employees to assume the competency and responsibilities,
- threat of degradation of employees' jobs, threat of losing power,
- too much operative problems, not too much time and willingness to support changes,
- lack of communication of reasons and the expected effects of transition to BPM,
- lack of commitment of senior management to process management,
- unclear, respectively incorrectly defined objectives of the process management transformation,
- lack of knowledge on methods and tools of process management.

From this point of view, BPM is considered as change management project. This phase of change management requires convincing participants about the main benefits of business process management related to their work conditions. An effective method is gaining support of senior management in order to conduct a detailed study to implement changes, if necessary, even with the presence of an external consultant.

ADKAR model [7] [8] has been created in order to avoid the resistance to change. ADKAR model by PROSCI represents change management methodology based on research by more than 900 enterprises. ADKAR model reflects the essential building blocks for managing individual change and change management at the enterprise level. Figure 1 describes the meaning of the abbreviation ADKAR, which stresses the importance of individual elements and the order of elements in the perception of change. By definition of the model it is necessary to recognize firstly the need for change and ensure awareness of the need for change. The desire to support and participate in the change follows the acquisition of knowledge about how to change. The next step to successful change management is the ability itself to make a change. The last model element finally concluded reinforcement to keep the change.

ADKAR model also combines individual performance, organizational change management to business results. Businesses are able to manage change by using following tools: communication, sponsorship, employee involvement, training and

education, management resistance to change, remuneration and motivation, coaching for managers and for executives.



Figure 1: ADKAR model

3. The attitudes of Slovak companies towards BPM implementation

Current status and attitudes of managers in Slovak companies were determined through research based on questions revealing the level of BPM implementation, motives and barriers of BPM, as well as reasons why to implement BPM in the organizations.

3.1 Nature of the survey

The survey was conducted in years 2011 - 2013 by questionnaire and by structured interviews in companies operating in Slovakia in various sectors. The number of surveyed companies in research was: **327**.

Companies were divided into several sectors:

- Industrial production - companies in the engineering, food processing, electronics and other industrial sectors: **39,14%**
- Companies providing services (Logistics and marketing: 25,9%, Information and communication technologies (ICT): 14,78%, Financial institutions and Consulting: 20,18%): **60,86%**

Concerning the size of companies, a significant percentage (approximately 34%) consisted of large enterprises, medium-sized (32%), small (30%); and micro (4%) companies built a small interviewed group.

3.2 The survey results

The survey results were recorded individually based on completed online questionnaires. Managers reported several opinions, ideas and multiple answers to each individual question. Questions were formed to reveal the prioritization of the answers (from low to high priority) covering the fields of the reasons for BPM implementation, the importance of BPM and the barriers for the BPM implementation.

3.2.1 BPM implementation

When surveying the level of BPM implementation, we compared both categories of companies: Industry and Services. The results are reflected in Table 1. The proportion of BPM implementation in Slovak enterprises is almost 1:2; more companies stated no application of business process principles yet. When we compare the industrial companies and companies providing services and merchandise, there is no significant correlation affecting the BPM implementation.

Table 1: The BPM Implementation in Slovak companies

	Category of companies	Industry	Services
BPM Implementation			
BPM implemented	101	40	61
BPM not implemented	226	88	138

3.2.2 Reasons for BPM implementation

The most common and predominant reason for the companies with process management implemented is the reduction of the delivery time and optimization of inefficient processes. Currently insufficient competitiveness of enterprises is forcing managers to focus on increasing business agility and focus on customer needs, rapid response to requests is therefore essential.

Enterprises with BPM implemented identified quality management systems as one of the main reasons for the implementation. From this point of view, all processes were described and process mapping was done in accordance with the principles of quality management systems, especially ISO norms.

As shown in the Figure 2, about 71% of companies without BPM implemented determined increasing competitiveness and work productivity as the most significant

reason for BPM implementation in the future. Customer satisfaction with 42% was on the third place of listing reasons. Another group of companies with already BPM implemented stated that the reason for business process application was in increasing customer satisfaction (54%), reducing costs and increasing work productivity (almost 39%).

On the other hand, companies with no BPM identified reducing costs as the least important when implementing BPM.

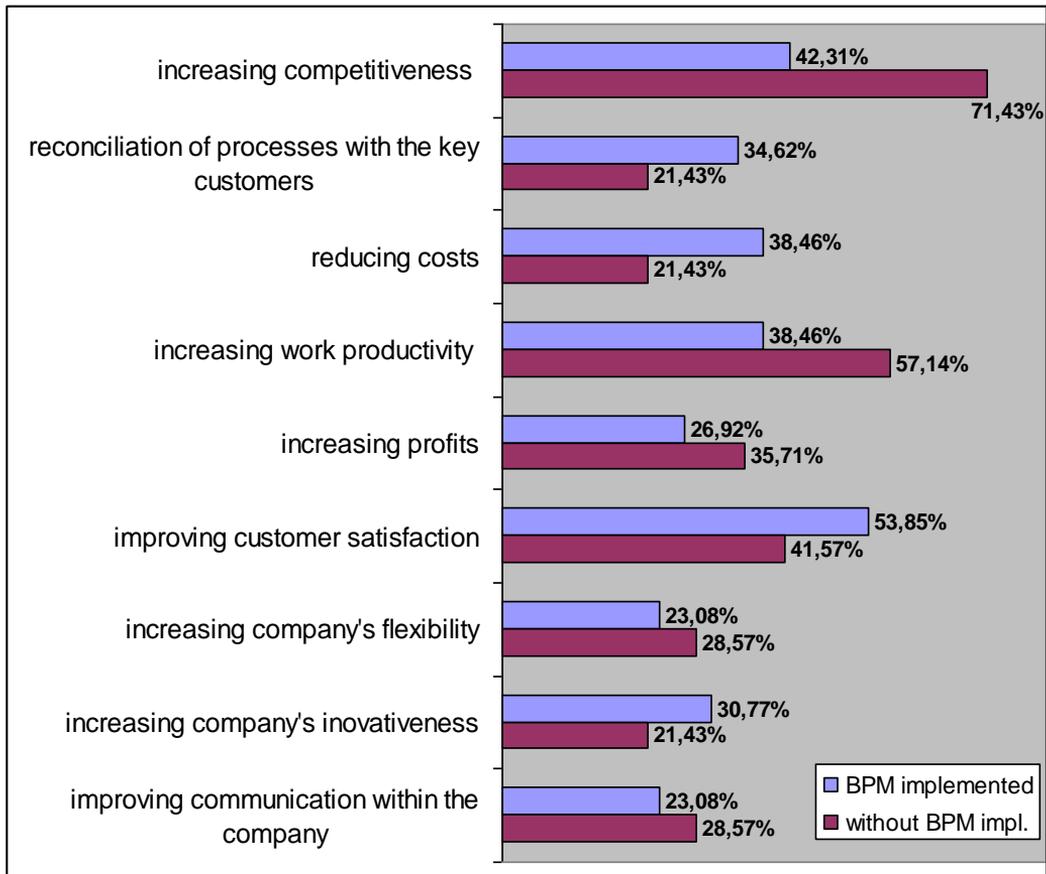


Figure 2: The reasons for BPM implementation

3.2.3 Importance of BPM implementation

The greatest importance in the implementation of business processes was seen in reducing of overall costs by process optimization. This reason is also influenced by the desire to reduce the cost of individual processes and their continuous improvement.

Surveying the importance of the BPM implementation showed a significant focus of enterprises on external customer (74%/54%). The dominant answer in both categories of companies was reducing costs on one hand, and meeting requirements of external customers on the other hand.

Less than half of surveyed companies with no BPM stated greater importance in continuous process improvement. Companies with BPM already implemented found the integration and compatibility of BPM processes with IT area very important (almost 55%).

When comparing the size of enterprises, large and medium sized companies expressed the importance in reducing overall costs by optimizing business processes. Regarding industry, the most common response was dominating in the sector of telecommunications, financial and consulting companies. In the industrial sector was the importance of reducing the total costs indicated mainly by automotive and engineering companies. Micro and small sized enterprises mentioned in particular the importance in improvement of satisfaction of external customers and in continuous process improvement.

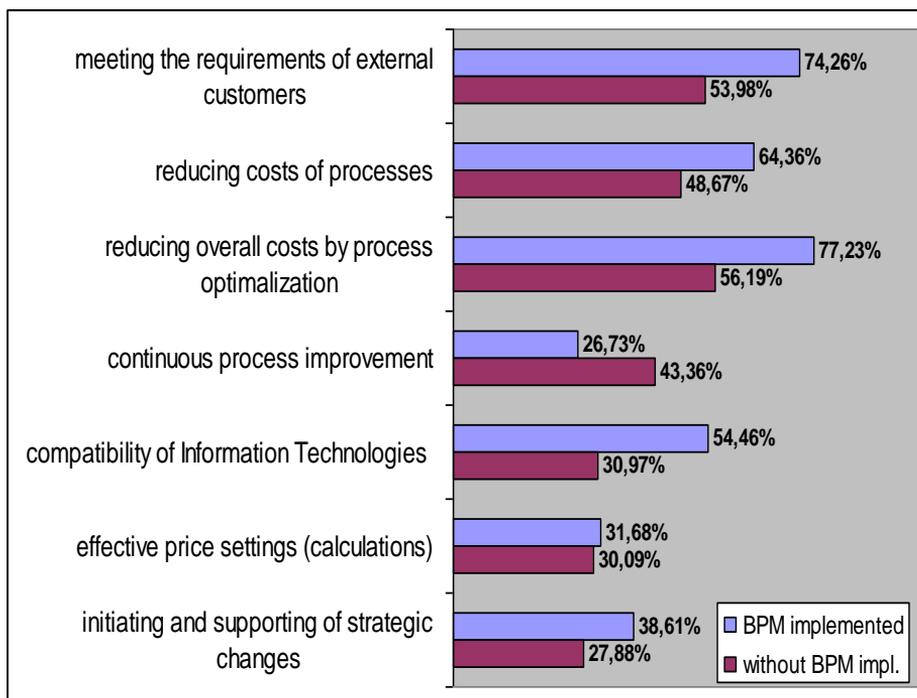


Figure 3: The importance of BPM implementation by Slovak companies

3.2.4 Barriers to BPM implementation

The most frequently reported barriers in companies with no BPM implemented were identified as following (Table 2): the lack of finances (46.15 %), lack of qualifications for BPM (lack of know-how for the application) and the lack of specialists for the successful application (38.46 % and 34.62 %). Other barriers were mentioned by managers at a significantly lesser extent (below 15 %).

Compared with the companies with BPM implemented barriers identifications are slightly different. Up to 50 % of managers reported that the biggest barrier to implementing of BPM is the negative attitude to change and the lack of specialists for BPM application, also lack of qualifications for BPM. Finances are increasingly proven to be a critical issue, whether the restriction. Nearly 43 % of enterprises experienced corporate culture (with its associated bureaucratic system) as a further significant barrier. The greatest barrier was identified by companies as negative attitude towards change (52.3%) and corporate culture (42.86%).

On the contrary, companies with no application of BPM stated as the most significant barrier lack of funding for this type of change. In addition, managers acknowledged inadequate qualifications for process management due to lack of skills and experience needed for effective change management. Both types of companies rated the lack of specialists with high priority.

External consultants are often invited to the change management project only into certain phases associated specifically with overcoming staff resistance and fear of change. It is questionable whether it is possible to successfully implement business process management entirely without the use of external consultants. A critical factor for the successful implementation is the support of senior management, clear objectives of the project implementation, as well as constant communication with stakeholders.

The fear of losing power is considered in literature as a dominant resistance to change as well as reluctance to hand over / take responsibility. Any organizational change also brings a change of power relations which may significantly affect the attitudes of managers on how to implement process management. These were determined with higher priority in companies with BPM already implemented.

Table 2: Barriers to successful BPM implementation

Barriers to successful BPM implementation	BPM implemented	BPM not implemented
Lack of qualification for process management	35,71%	38,46%
Lack of specialists to successful application	51,20%	34,62%
Not necessary (weak benefits)	7,14%	7,69%
Resistance of senior management	2,30%	11,54%
Lack of support from management	4,78%	7,69%
Finances	7,14%	46,15%
Unclear, incorrect implementation of defined objectives	14,29%	7,69%
Negative attitude towards change	52,30%	15,38%
Unwillingness to pass competencies (fear of losing power)	14,29%	3,85%
Corporate culture (bureaucratic system, etc.).	42,86%	11,54%

Conclusion

As more organizations undertake business process management, issues in implementing BPM projects become a major concern. Based on past theories and research related to the implementation of organizational change, a comprehensive list of importance and barriers of BPM implementation was identified. Analysis of the results clearly demonstrates the central importance of change management in BPM implementation success. Resolutions of problems in other areas such as unwillingness to pass competences, support of management and project planning were also determined to be necessary, but not sufficient, conditions for implementation success. To succeed, it is essential that change must be managed and that balanced attention has to be paid to all identified success factors, including strategy, people, project implementation, process and IT architecture and setting up the measures.

When surveying the importance in implementing BPM, managers identified as the most important cost reduction in form of process optimization. This factor was classified as one of seven success factors of BPM implementation. Reducing overall costs and proper IT architecture can help meeting requirements of external customers. Increasing competitiveness, work productivity and improving customer satisfaction were dominant answers by surveying the reasons why should companies implement BPM.

In Slovakia, questions relating corporate governance and management often encounter rejection of such a radical change as a result of a lack of awareness of the need for change, as well as the lack of courage to take risks in implementation of

similar methods. This was confirmed also in research where the greatest barrier rated by companies with BPM implemented was negative attitude towards change and corporate culture. In contrast, companies with no BPM application reported as the most significant barrier lack of funding for this type of change. In addition, managers admitted lack of skills and experience needed for effective change management and lack of specialists for BPM implementation.

According to the results of surveyed Slovak companies we can summarize three main areas which can lead to successful BPM implementation and effective change management:

- The transition to process approach is perceived negatively; therefore managers have to contend with finding support and overcoming resistance to change.
- Lack of specialists and skills in process management highlights the need for training and development of employees and managers in this area (potential and current) as well as the need to use the services of consulting companies.
- Corporate culture also plays an important role in the application of process management. Components of corporate culture are actively involved in attitudes to change, which figure as key factors in the effective change management.

References

- [1] AXELSEN, M.: Business Process Management and Change Management. [online]. 23.11.2011 [cit. 13.5.2013] Dostupné z <http://www.michealaxelsen.com/docs/20071130_bpm_cm_paper.pdf>
- [2] BOROVSKEÝ, J.: Manažment zmien – cesta k rastu konkurencieschopnosti. 1. vyd. Bratislava: Eurounion, 2005. 142 s. ISBN 80-88984-66-1
- [3] BURNES, B.: Managing Change: A strategic Approach to Organisational Dynamics, 3.vyd. Essex: Pearson Education Limited, 2000. s.145 ISBN 0-273-64166-2
- [4] DABAGHKASHANI, A. Z., B., HAJIHEYDARI, N., HAGHIGHINASB, C.M.: A Success Model for Business Process Management Implementation. International Journal of Information and Electronics Engineering, Vol. 2, No. 5, September 2012 Dostupné z <http://www.ijjee.org/papers/196-X335.pdf>
- [5] PAPULA, J. – PAPULOVÁ, Z.: Stratégia a strategický manažment ako nástroje, ktoré umožňujú súperenie I spolužitie Dávida s Goliášom. IURA Edition, Bratislava, 2012. 276 p. ISBN 978-80-8078-533-8.
- [6] PAPULOVÁ, Z.: Process Approach and its Application in Strategic Performance Management. In: Comenius Management Review – Scientific Journal, Comenius University in Bratislava. Faculty of Management. Bratislava: KARTPRINT, 2008, s. 59 – 67.

- [7] PROSCI: Best Practices in Change Management – Edition 2009. Prosci Benchmarking Report 2009. 112 s. ISBN 978-1-930885-57-8
- [8] PROSCI Research: Best Practices in Change Management Report 2012. [online]. 2012 [cit. 29.5.2013] Dostupné z <http://prosci.com/main/research_overview.html>
- [9] TRKMAN, P.: The critical success factors of business process management. International Journal of Information Management, article in press, pp.1-10, 2009
- [10] ZÁVADSKÝ, J.: Procesný manažment v praxi manažéra. SP Synergia: Trnava, 2004. 238 s. ISBN 80-968734-8-2