



# Investigating the effects of business process orientation on organizational innovation performance



Jing Tang<sup>a,\*</sup>, L.G. Pee<sup>b</sup>, Junichi Iijima<sup>a</sup>

<sup>a</sup> Department of Industrial Engineering and Management, Graduate School of Decision Science and Technology, Tokyo Institute of Technology, Japan

<sup>b</sup> Nanyang Technological University, Singapore

## ARTICLE INFO

### Article history:

Received 6 September 2012

Received in revised form 29 May 2013

Accepted 1 July 2013

Available online 19 July 2013

### Keywords:

Business process orientation  
Organizational innovation performance  
Cross-functional integration  
Customer integration  
Employee innovativeness

## ABSTRACT

Business process orientation (BPO) supports business process management by reorienting employees' focus from functional performance to customer value adding. While it is generally believed that BPO improves various aspects of organizational performance, there has been a lack of empirical evidence. The results of this study showed that BPO significantly influences organizational innovation performance and identified the underlying mechanism for the effect. Interestingly, it is found that a process view is not sufficient to enhance organizational innovation performance. Cross-functional integration may also need to be carefully managed for innovation. These findings improve the current understanding of BPO and offer managerial suggestions for enhancing innovation.

© 2013 Elsevier B.V. All rights reserved.

## 1. Introduction

Business process management has been widely recognized as a useful approach for supporting innovation, transformation, organizational development, change management, enterprise architecture, and audit compliance [1]. It advocates a shift from a “vertical” or functional focus to a “horizontal” or process orientation in managing activities in an organization. Critical to the success of business process management is changing employees' existing attitudes and assumptions based on hierarchies and functions to build a new frame of reference and perspective based on delivering value to customers [2,3]. Therefore, there has been an increasing focus on the concept of business process orientation (BPO). The concept is developed based on the Deming management method [4,5] and proposes that organizations can enhance their performance by adopting a process-oriented view. BPO is a way of thinking and working that emphasizes the integration of inputs into valuable outputs rather than focusing on hierarchical or functional effectiveness [6,7]. Without this mindset, employees cannot visualize the overall impact of their work, and they are likely to stay within their own functional silos [8].

BPO has the potential to enhance organizational innovation performance through better organizational connectedness and integration, less internal conflict, enhanced customer focus and interaction, and positive employee commitment and involvement [6,9]. However, there is still a lack of empirical evidence for the effect of BPO on organizational innovation performance. This study aims to fill this gap.

BPO has been conceptualized in terms of process view, process jobs, process management and measurement, process structure, and process values and beliefs [6]. *Process view* refers to the extent to which an organization documents and understands a business process from the beginning to the end. *Process jobs* focus on the extent to which employees' work is organized around the business processes that lead to final products or services. *Process management and measurement* looks at the extent to which the efficiency and effectiveness (e.g., output quality, cycle time, process cost, and variability) of business processes are assessed. *Process structure* refers to the extent to which different elements, activities, and workflows are organized effectively. *Process values and beliefs* focus on whether a culture that empowers employees to focus on customer value creation and continuous improvement exists. However, little positive empirical evidence has shown the critical role of process structure and process values and beliefs. Based on a multi-year study of McCormack and Johnson [10], 11 questions out of 200 questions from five BPO aspects are statistically identified as key measures for BPO and then intuitively confirmed by BPO experts. Process view, process jobs, and process management and

\* Corresponding author. Tel.: +81 8044693721.

E-mail addresses: [tang.j.aa@m.titech.ac.jp](mailto:tang.j.aa@m.titech.ac.jp), [yolanda.ttjing@gmail.com](mailto:yolanda.ttjing@gmail.com) (J. Tang), [peelg@ntu.edu.sg](mailto:peelg@ntu.edu.sg) (L.G. Pee), [iijima.j.aa@m.titech.ac.jp](mailto:iijima.j.aa@m.titech.ac.jp) (J. Iijima).

measurement, which are associated with these 11 questions, have been widely accepted as the key aspects of BPO [6,9–11]. Accordingly, this study conceptualizes BPO in terms of these three aspects.

More importantly, this study seeks to explain *how* BPO influences organizational innovation performance. As mentioned above, BPO is believed to be critical to the success of business process management. The essence of business process management lies in looking beyond functional boundaries to deliver value to customers. In other words, the two fundamental aspects of successful business process management are that: (1) effective business processes transcend organizational boundaries and are generally independent of formal organizational structure, and (2) business processes should create value for customers by addressing their needs, and customers are seen as valuable sources of first-hand information regarding their needs [4]. Accordingly, this study focuses on cross-functional integration and customer integration as two key effects of BPO. In addition, because BPO is a way of thinking and working, we expect it to influence the attitudes and behavior of employees [12]. Given that innovation is an important goal of business process management [13,14], we examine employee innovativeness as another important effect of BPO. Cross-functional integration, customer integration, and employee innovativeness have been shown to be significant antecedents of organizational innovation performance [15–17]. These factors suggest that they are likely to play an important role in converting the managerial approach of BPO to tangible organizational innovation performance. In sum, this study aims to address the research question of “how does BPO influence organizational innovation performance?”

Based on survey data that were collected from 127 organizations in Japan, we found that process jobs and process management and measurement influence organizational innovation performance through customer integration and employee innovativeness. Interestingly, process view did not have a significant effect. Cross-functional integration also did not have a significant effect on organizational innovation performance.

This study contributes to the research and practice in several ways. This is one of the first studies to identify the underlying mechanism through which BPO influences organizational innovation performance. Providing a conceptual exposition of the effects of BPO advances our understanding of its nature and can serve as a foundation for future theoretical developments. By studying Japanese organizations, this study provides the initial empirical evidence for the effects of BPO and sheds light on an understudied context in business process management research. For practice, the findings of this study provide suggestions for improving organizational innovation performance and strengthening managers' value propositions in garnering senior managerial support for developing BPO.

## 2. Conceptual background

The concept of BPO will first be described. This section is followed by a discussion of the three expected effects of BPO: cross-functional integration, customer integration, and employee innovativeness. Studies that have examined the effects of BPO will also be reviewed. The conceptualization of organizational innovation performance will then be discussed.

### 2.1. Business process orientation

As a process-oriented way of thinking and working, BPO places a special emphasis on “process, outcomes, and customers” rather than on hierarchical or functional effectiveness [6,8]. It fosters the shift from an input-focused, budget-driven managerial approach

to an output-focused, market-driven approach. In organizations with strong BPO, work is seen as a sequence of activities and tasks that are linked across functions and hierarchies to deliver a product or service that is of value to customers [6]. Employees are encouraged to “improve key business processes, even at the expense of their department's performance” [14]. In contrast, organizations that lack BPO are often organized in narrow-focused departments with disparate work procedures and approaches that are plagued by turf protection, competition, and poor communication [14].

BPO is initially conceptualized in terms of process view, process jobs, and process management and measurement, process structure, and process values and beliefs [6]. According to the McCormack and Johnson's empirical study of BPO measures [6,10,18], 11 questions that are related to process view, process jobs, and process management and measurement provide a valid and reliable BPO measurement. Many other prior studies on BPO also adopt a similar three-dimensional conceptualization of BPO (e.g., [9–11]). Therefore, this study focuses on these three aspects.

*Process view* refers to the extent to which an organization documents and understands a business process across the organization, from the beginning to the end [6]. It involves defining and modeling business processes in process terms (e.g., input, output, process and process owner) to facilitate communication among employees within an organization as well as in exchanges with customers. The goal is to improve the performance of the overall process rather than the performance of an individual [9], which can serve as a starting point of business process improvement and reengineering [12]. Having a clear process view has been shown to increase the success of innovation activities such as business process redesign [19].

*Process jobs* focus on the extent to which employees' work is organized around the business processes that lead to final products or services [6]. Employees who work in organizations with high BPO often work as process owners or in process teams [18]. They are expected to take full responsibility for a customer and the business processes that are related to delivering products or services to the customer. Process jobs often require employees to apply a variety of skills and talents to solve complex problems [18]. As customer needs change, employees also need to learn new skills and knowledge to meet these demands.

*Process management and measurement* looks at the extent to which the efficiency and effectiveness (e.g., output quality, cycle time, process cost, and variability) of business processes are assessed [6]. It involves the identification of process performance goals (e.g., reducing process cost, increasing value to customers), the definition of process measures (e.g., process cost, time-to-market speed), and the assessment of process performance and outcomes [18]. “Signaling what is important” and “fixing accountability for behaviors and results” are two vital benefits of process measurement for strategy execution [12]. The results of process assessment are used in decisions regarding the allocation of resources such as human capital and rewarding employees. Overall, the goal of process management and measurement is to encourage employees to focus on creating value for customers and continuously improving products and services as well as business processes.

It has been suggested that BPO can improve both non-financial and financial performance including better integration across organization and flexibility, improved customer focus and customer satisfaction, as well as cost savings, and reduced cycle times [9,20]. Interestingly, it has been found that BPO does not have a direct impact on financial performance. Rather, it influences financial performance through non-financial performance [9]. Similarly, other studies have found that BPO improves organizational dynamics, decreases interdepartmental conflicts, and promotes “esprit de corps” among employees [6]. Although

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات