



IEEM12-P-0410

The Joint Impact of Process Ownership and Continuous Process Improvement on Financial Performance and Customer Satisfaction

D. Weitlaner¹, M. Kohlbacher¹, A. Kamagaew²

INTRODUCTION

A central question in strategic management research is: How do firms achieve sustainable competitive advantage?

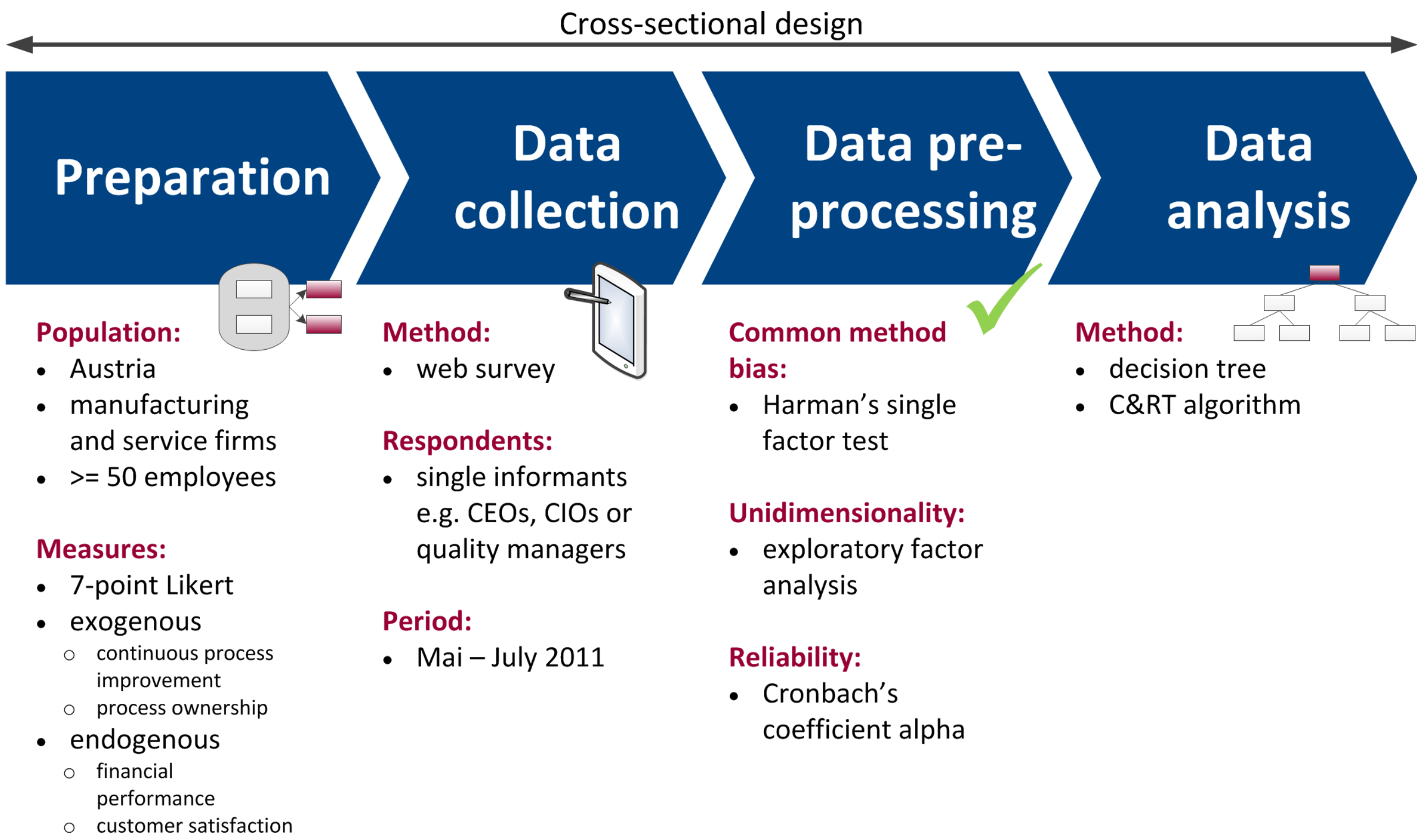
According to the resource-based view of the firm, organizations in the same industry perform differently because they possess different resources and capabilities. Organizational processes have emerged as critical building blocks in these difficult-to-imitate capabilities.

Process orientation

- can be interpreted as **the organizational effort required making business processes the platform for organizational structure and strategic planning.**
- exhibits a **multidimensional nature.**

Whereas the importance of process management has often been highlighted, much more remains to be understood about the (joint) impact of specific dimensions of process orientation on organizational performance.

RESEARCH DESIGN



DIMENSIONS OF PROCESS ORIENTATION

CONTINUOUS PROCESS IMPROVEMENT

Organizational effectiveness depends, inter alia, on business processes. Inevitably, business processes, once deployed, hardly ever remain unchanged over time due to changes in business conditions and customer requirements.

Continuous process improvement

- refers to sustained incremental improvements of existing processes.
- is defined as **“a systematic effort to seek out and apply new ways of doing work, i.e. actively and repeatedly making process improvements”**. [Anand et al. 2009, p. 444]

Such initiatives help to enhance the organization's ability to make cohesive and quick process changes to improve performance.

PROCESS OWNERSHIP

Although the concept of continuous process improvement potentially supports achieving higher performance, the improvement of the process design must be properly supported.

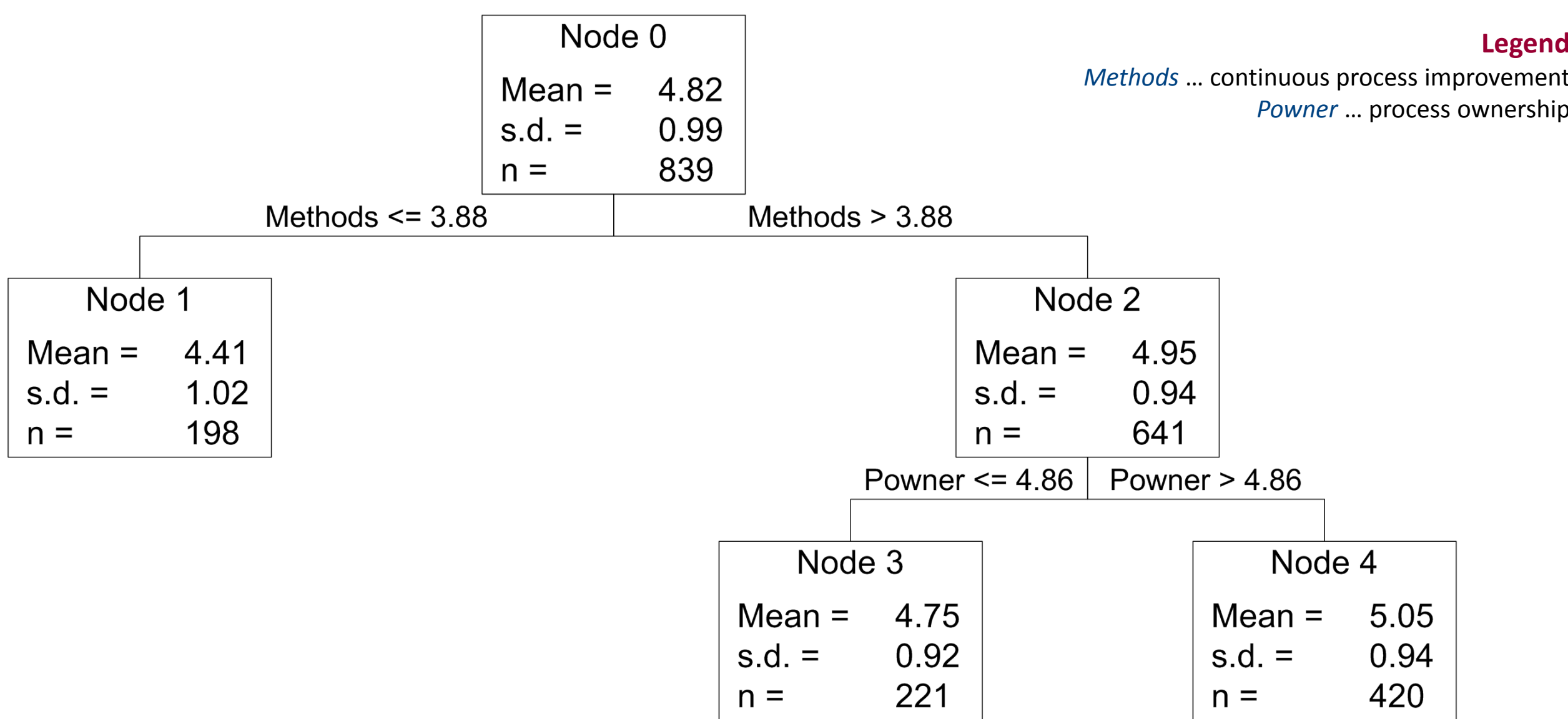
Thus, a process owner must be in place who tracks the status of the business process and guides the improvement efforts.

A process owner is an

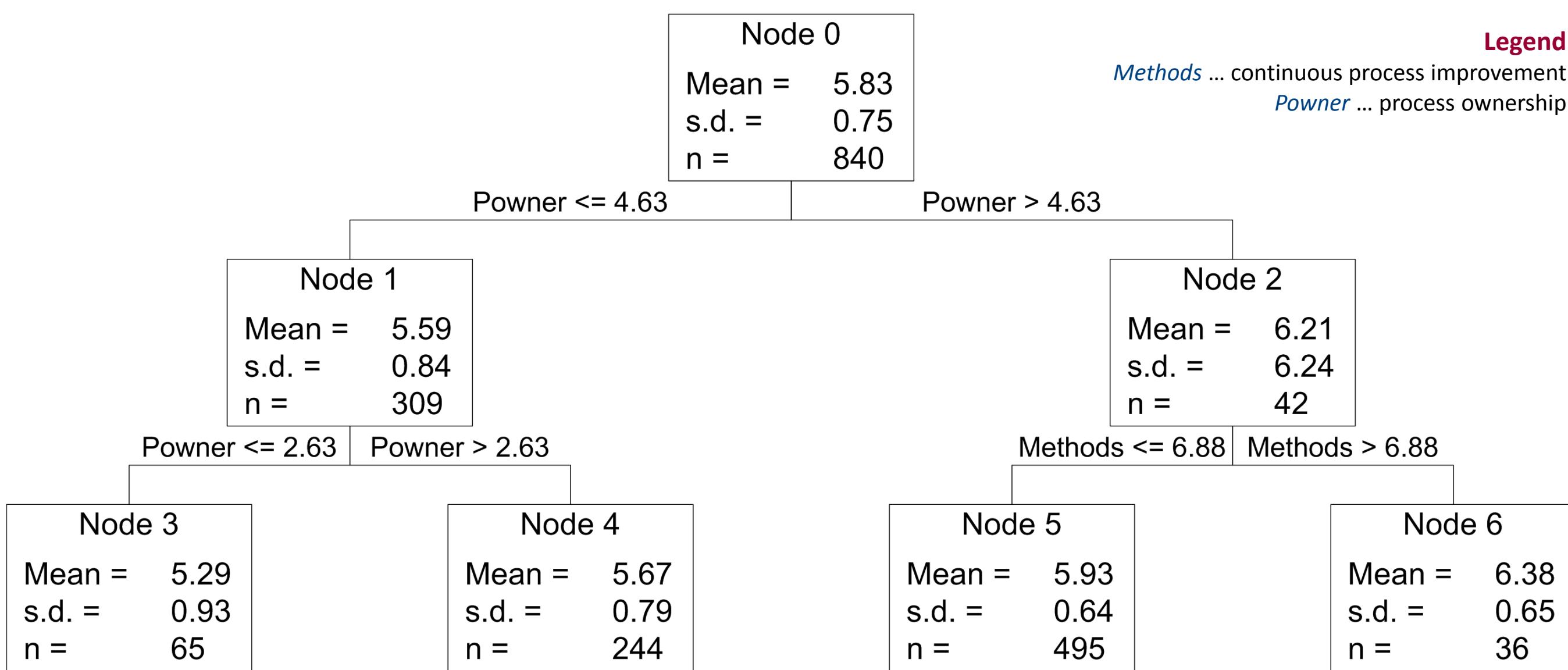
“individual concerned with assuring [...] the successful realization of a complete end-to-end process”. [Hammer 1997, p.75]

FINDINGS

FINANCIAL PERFORMANCE



CUSTOMER SATISFACTION



Organizations that implement both continuous process improvement and process ownership reap the fruits of process management in terms of higher financial performance and customer satisfaction.

REFERENCES

J. B. Barney, "Strategic factor markets: expectations, luck, and business strategy," *Management Science*, vol. 32, no. 10, pp. 1231–1241, Oct. 1986.

M. A. Peteraf, "The cornerstones of competitive advantage: a resource-based view," *Strategic Management Journal*, vol. 14, no. 3, pp. 179–191, March 1993.

D. J. Teece, G. Pisano, and A. Shuen, "Dynamic capabilities and strategic management," *Strategic Management Journal*, vol. 18, no. 7, pp. 509–533, Aug. 1997.

K. M. Eisenhardt, and J. A. Martin, "Dynamic capabilities: what are they?," *Strategic Management Journal*, vol. 21, no. 10/11, pp. 1105–1121, Nov. 2000.

H. A. Reijers, "Implementing BPM systems: the role of process orientation," *Business Process Management Journal*, vol. 12, no. 4, pp. 389–409, July 2006.

R. Sabherwal, R. Hirschheim, and T. Goles, "The dynamics of alignment: insights from a punctuated equilibrium model," *Organization Science*, vol. 12, no. 2, pp. 179–197, March-April 2001.

M. Kohlbacher, "The effects of process orientation: a literature review," *Business Process Management Journal*, vol. 16, no. 1, pp. 135–152, Feb. 2010.

M. Hammer, and S. Stanton, "How process enterprises really work," *Harvard Business Review*, vol. 77, no. 6, pp. 108–118, Nov.-Dec.

C. Siemieniuch, and M. Sinclair, "On complexity, process ownership and organizational learning in manufacturing organizations, from an ergonomics perspective," *Applied Ergonomics*, vol. 33, no. 5, pp. 449–462, Sep. 2002.

M. Hammer, "The 7 deadly sins of performance measurement," *MIT Sloan Management Review*, vol. 48, no. 3, pp. 19–28, 2007.

J. Bessant, and D. Francis, "Developing strategic continuous improvement capability," *International Journal of Operations & Production Management*, vol. 19, no. 11, pp. 1106–1119, Nov. 1999.

G. Anand, P. T. Ward, M. V. Tatikonda, and D. A. Schilling, "Dynamic capabilities through continuous improvement infrastructure," *Journal of Operations Management*, vol. 27, no. 6, pp. 444–461, Dec. 2009.

R. Lee, and B. Dale, "Business process management: a review and evaluation," *Business Process Management Journal*, vol. 4, no. 3, pp. 214–225, Dec. 1998.

M. Hammer, *Beyond Reengineering: How the Process-Oriented Organization is Changing Our Work and Our Lives*. New York, NY: HarperBusiness, 1997.