Determinants of Process Change Outcome: An Exploratory Case Study Research Model

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ABSTRACT

This research looks to explore business process change within an institutional framework to determine its applicability in identifying determinants of success and failure in Business Process Change efforts. While there are many reasons suggested for failure, elements of the process involving the human factor are the primary area of concern for this study. An extensive literature review of 63 Business Process Change (BPC), including Business Process Reengineering (BPR), Total Quality Management (TQM), Lean Manufacturing (LM), Six Sigma and Continuous Process Improvement (CPI) case studies was conducted to determine the preliminary success/failure factors. The factors that are being investigated in this study are: industry type, number of employees, process change type, change response type, upper management support, lower echelon support, performance measurements, initial change focus and downsizing made during process change. The target variable is the process change outcome. The primary purpose of this study is to examine possible factors that either promote or inhibit success in process change efforts. The factors chosen for inclusion are those that are most closely associated with institutional theory and the human elements associated with process change in the workplace. This information will contribute to the existing research suggesting the congruence between Institutional Theory and Organization Change Theory.

Keywords: Business Process Change (BPC), Business Process Reengineering (BPR), Continuous Process Improvement (CPI), Lean Manufacturing (LM), Total Quality Management (TQM)

INTRODUCTION

Business Process Change (BPC) is a constantly evolving strain of research and innovation. Drawing on Guha et al.’s (1997) definition of Business Process Change, it is defined as “an organizational initiative to design business processes to achieve significant (breakthrough) improvement in performance through changes in the relationships between management, information, technology, organizational structure and people”. The all-encompassing notion of BPC includes but is not limited to Business Process Reengineering (BPR), Total Quality Management (TQM), Lean Manufacturing (LM), Continuous Process Improvement (CPI) and Six Sigma. While ideologically unique in nature, these suggested frameworks for BPC
are widely used by corporations undergoing process changes. Businesses that have experienced successful change efforts can be seen in case study reviews and marketing materials championing their chosen framework for process change. However, the very existence of multiple methods of implementing process change is a testament to the inflexibility of any single method to serve as a universal approach for businesses.

Current research suggests that human behavior can lead to failure or success in business process change initiatives; however, existing studies are largely either technical or psychological in nature. While research exists that examines variables that are considered to enable or hinder process change, the factors are far-reaching and numerous. With such a high rate of failure, the task of controlling all possible factors that contribute to the outcome of the change effort is a daunting undertaking. This is especially undesirable for small and medium sized businesses. The up-front costs of process change alone are enough to deter the typical small business from undertaking a process change initiative. That, coupled with the disproportionately high failure rate, is enough to keep many companies from changing to compete with their ever-changing and evolving competitors.

There is much debate regarding the ideal process change technique or framework. Rather than contribute to the ongoing debate regarding the ideal method of process change, this research looks to examine the institutional and human variables that contribute to the process change result. In order to examine the conditions that are conducive to business process change success within an institutional framework, a multiple case study approach was attempted. The areas of interest were specifically chosen to provide insight into the human factors that influence the overall process change and contribute to its end result. The variables included in the study will be grouped into two categories: business structure characteristics and change process characteristics.

What is Business Process Change?

In this research, Business Process Change (BPC) is any deliberate attempt initiated by a business organization to make a change to their existing processes or procedures. BPC can take many forms but they generally fall into one of two categories: incremental or radical. Incremental changes are those changes that occur gradually. Small changes are made over time to accomplish a larger process change goal. Radical changes are those that occur all at once through large-scale, sweeping process reforms. The specific forms of BPC that are found in the case studies used in this research are: Business Process Reengineering (BPR), Total Quality Management (TQM), Lean Manufacturing (LM), Continuous Process Improvement (CPI) and Six Sigma.

Business Process Reengineering (BPR)

Business Process Reengineering (BPR), as coined by Hammer and Champy (1993) is “the fundamental re-thinking and radical redesign of business processes to achieve dramatic improvement in critical, contemporary measures of performance, such as cost, quality, service and speed”. Business Process Reengineering is a revolutionary form of process change that looks to innovate and transform the existing process based on the goals of the organization. BPR suggests that the new process is radically different from the existing process and is implemented all at once. BPR involves the introduction and implementation of new technology, whether that is the driver of change or a secondary area of concern in the change effort.

Total Quality Management (TQM)

Total Quality Management (TQM) is a continuous improvement program that emphasizes customer satisfaction and employee involvement. TQM aims to achieve “high levels of process performance and quality” (Krajewski,
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