

Characteristic Features and Peculiarities of Some Interdisciplinary Conceptions of Organizational Change

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Abstract This paper examines some interdisciplinary conceptions of organizational change. These conceptions are based on three process philosophies – Business Process Improvement, Process Redesign and Business Process Reengineering. They can serve as a basis for the development of the Business Process Management approach which can have specific applications in organizational change.

Keywords – Business processes, organizational change, management.

JEL: M1; M21

I. INTRODUCTION

In spite of the fact that Business Process Management (BPM) is based on some preceding trends in organizational change (such as Business Process Improvement, Process Redesign and Business Process Reengineering) this does not mean that it is associated with them. It develops as an *interdisciplinary approach* to managing organizational processes. BMP enhances the performance of the whole organization, it makes the organizational processes run smoothly and it greatly improves the efficiency of control over processes. It focuses on *the theoretical foundations in management of process organizations and it affects all aspects of their activities* [5,6].

II. THESIS

Interdisciplinary conceptions of Business Process Management and the foregoing process philosophies are of vital importance to the development of process theory. They provide the basis for contemporary views on organizational change. However, these philosophies are based on some peculiarities which form a part of their instrumental and methodological structure. Table 1 shows some of the more important ones:

TABLE 1

PECs	BPM	BPI	BPRed	BPReeng
<i>Strategy</i>	Day-to-day (operational) management	Gradual improvement	Renewal according to the problematic situation	Single (drastic) change
<i>Human factor</i>	Stimulating, motivating and involving the staff	Active participation of staff in the functional divisions	Engaging staff in accordance with the goals that are set	Reducing the number of staff and resistance to the implemented innovations
<i>Culture</i>	Of the process – without fundamental changes being forced	Of the process – without fundamental changes being forced	Of the process – without fundamental changes being forced	Of the process – a radical change is necessary
<i>Processes</i>	Determining the level of development of the business processes and looking for opportunities to optimize them (improve them)	Determining the quality of the processes and controlling their completion	Seeing the problematic processes and looking for opportunities for their renewal	Seeing the vital processes and looking for opportunities for radical change
<i>Technology</i>	Automation is vital – use of software solutions for management and optimization of business processes	Automation is optional – use of software for improvement of the quality of business processes	Automation is optional – use of software for renewal of business processes	Automation is recommended – it is used to support the radical change of the business processes

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Several conclusions can be drawn from the table. From a *strategic point of view* BPM is a process philosophy that is applied in the business activities of the organizations on a daily basis. It serves to plan, implement and control the business processes. Improvement and Redesign enhance the efficiency of the processes (according to the situation). In the first case we see a gradual improvement of the performance (very often in small steps), and in the second case we see a more global renewal of certain processes. Unlike these two methods, Reengineering is applied just once to achieve a radical change of processes and it significantly improves the performance. Thus processes are analyzed, documented and radically changed. Monitoring is applied via programs for quality management or a system for early diagnosis.

The human factor (together with the technology) is a top priority in Business Process Management. Multifunctional teams are created which comprise experts with various professional backgrounds (especially in the IT sector). Looking at the other three approaches, we can see that people overshadow technology. Teams are created in these cases as well (and they are organized according to the specific division). Teams influence in various ways the optimization of business processes. Thus in Process Improvement and Redesign routine action is taken to enhance the performance of the company. In Reengineering and Business Process Management people play a decisive role. Radical change often entails making staff redundant and this causes resistance. It is a case of a clash between management and employees. Employees have to be persuaded and often manipulated to see the advantages of Reengineering. Not to mention the fact that drastic change brings about the necessity for employees to acquire various new competences (ranging from the specific characteristics of processes to Information Technology) and employees are sometimes stressed and might act upon impulse and even aggressively. It is not so in Business Process Management because people with various skills are involved (especially in the case of computer technology and systems). For them it is not a matter of persuasion and manipulation but a matter of stimulation and motivation. Therefore managers “*constantly looking for ways and means to motivate their employees to work more productively, more efficiently and better serve the purposes of company*” [2]

Corporate culture is important for carrying out of programs and projects aiming at the corporate or technological development of the organization. Corporate culture serves as an indicator for determining the values, the attitudes and beliefs and the roles of people. BPM, Improvement and Redesign generate a culture of the process that does not require fundamental changes. Reengineering generates a process culture that involves a new approach to doing business. New innovative rules for radical change of business processes, human behavior, the way of thinking and action are needed when Reengineering is applied.

Processes are an inherent component of the activity of contemporary organizations. They lie at the basis of process philosophies of management. In BPM software solutions are used. Optimization can be focused on processes that are not interrelated and go in different divisions. The unifying factor is Information Technology. IT provides information about the nature of the processes and their optimization in real time. Thus processes are diagnosed in due time and the chance of making a human or technological error is eliminated. Estimates of costs and time of processes are made. In the improvement process what matters is the holistic approach. The quality of products and services as well as its control is optimized at every stage of the production process. In Redesign problematic processes are examined. The ones that do not bring added value are found. Next, measures are taken to update and upgrade them. Reengineering covers processes at the macro level. The aim is to use as-is analysis to identify the processes that are of vital importance for the sustainable development of the organization. Mechanisms for drastic improvement of efficiency, minimization of costs and profitability are sought. This can be achieved by elimination of inefficient processes. The next step is to design the to-be model of the new business.

Technology is a key element of contemporary economics. Most organizations are oriented towards processes and technology. This enables them to optimize business processes and achieve global aims. In BPM people and technology are equally important. Various systems (software products) are used to optimize business processes. In Improvement and Redesign using software packages is not obligatory and in Reengineering using software solutions is desirable. The difference between BPM and radical change is that processes are automated in all cases as far as BPM is concerned. In Reengineering where radical change is the ultimate aim Information Technology plays a minor role and is seen as auxiliary. Redesign can be carried out by outlining (documenting) and modeling of processes without using computer simulations to process data. Radical change has a more theoretical aspect while control has a more pragmatic aspect. Reengineering is hardly ever performed from scratch. In BPM more conventional forms such as computer systems and software instruments are applied.

In practice we often ask the question whether BPM is applied in combination with other methods. It depends on the strategy of the organization and the specific features of the business processes. The best combination is between Reengineering and BPM. First, processes are radically changed and then software solutions are sought to optimize processes. Thus BPM has a regulatory function and “refines” the new processes and adapts them to the to-be model.

In some sources [4] it is claimed that the attention of managers should be focused on processes rather than on technologies. Process philosophies are inherently focused on processes. The important thing here is that technology really plays a crucial role. In BPM this trend is very clear.

Paperwork should be dealt with and all documents such as forms, invoices, etc. should be computerized. In other words the processes themselves should be computerized.

Automation of the different stages of control of processes minimizes errors and increases productivity and efficiency. Thus technology enables people “to use the necessary data and to share information with the rest of the participants of the value chain” [3].

Here the importance of the human factor comes into view and the interrelation of the human factor and Information and Communication Technologies is very clearly seen. Two more components play a decisive role: knowledge and understanding. In this way the “info pyramid” is created. It has a vital role for “the person-technology” symbiosis. It is illustrated in Figure 1. [1].

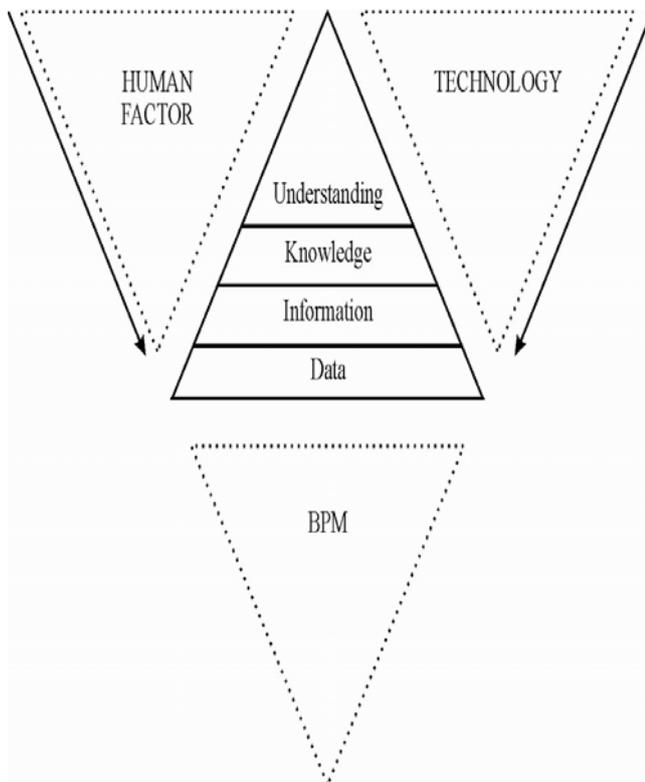


Figure 1

It could be seen from the figure that the four levels of the pyramid are not equally important for BPM. The existence of data does not necessarily mean that people are informed about processes. Here “data is not information, data is just raw facts that are not organized”. When “these facts are organized we get information”. In the same way information should not be confused with knowledge because one needs to “be acquainted with the process itself”. Then “it is possible to store knowledge in a computer and the computer will operate in accordance with this knowledge. Every piece of software can be defined as a certain type of knowledge that is stored. The reason why this is so is that every piece of software is in fact a record of a process and it shows intelligence when carrying it out..., like information knowledge can be

organized well or badly, it can be deep or just surface knowledge”.

And to link the human factor to the technological factor we should add the understanding of ‘why’. Here “knowledge is something that can be stored by people or by computers, whereas understanding can be stored by people only. That is why the computer may catch up with people as far as intelligence and behavior goes but it cannot compete with people as far as flexibility is concerned” [1].

Managers and their assistants have to perform tasks that need human involvement such as interpretation of data, analysis of crucial processes, making management decisions, etc. Obviously these are things that are not susceptible to computerization or could be computerized but with great difficulties. Therefore the person is the most important factor in managing a business and technologies may only be an addition to his performance. Looking at things in this way we get the answer to the question about the role of the person and technology in BPM. It is clear that these are two separate and mutually related systems – mind and machine. Thus technology is not the basic part but it is a key factor and it is vital for the activities of BPM.

III. CONCLUSIONS

This paper presents the characteristic features and peculiarities of some interdisciplinary conceptions of organizational change. A comparison between the process philosophies is drawn focusing on the differences between them. This enables managers to choose an approach in organizational change in accordance with the situation that best suits the objectives of their organization.

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