

AN INFLUENCE OF BUSINESS PROCESS MANAGEMENT ON ORGANIZATIONAL PERFORMANCE

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ABSTRACT

Business processes have become the most essential management paradigm in the new millennium's competitive global market. According to a large body of literature on business process management, adopting a process view of business can help firms improve their overall performance. The impacts of business process management (BPM) on organisational performance are investigated in this research. Interviewing managers and identifying their perspectives and practises for the year 2018-2020 was used to perform empirical research on a sample of 145 businesses. The findings of the study show that BPM features have a favourable impact on the efficiency of business operations. The findings are particularly valuable for managers because they highlight the importance of applying the business process management concept more consistently in day-to-day company operations in order to make better decisions.

Keywords: business process management, organizational performance; managers;

I. INTRODUCTION

Competition in many businesses is based primarily on strategic assets and the capacity to use them. Capabilities, or "complex bundles of talents and acquired knowledge, exerted through organisational processes," are the basis of competition in the current global economy. Many firms are increasingly considering processes as strategic assets as a result of this new business perspective. Organizations are no longer seen as a collection of functional areas, but as a collection of highly integrated processes, according to this viewpoint. Business process management is considered the third wave of business process theory, yet it is far from the final. BPM, like its precursor, business process reengineering, will leave an indelible impression. However, this idea is still in its infancy.

At its foundation, the process-based management approach views the organisation as a system of interrelated processes that entail efforts in documentation, improvement, and respect for the firm's business practises. Business Process Management is a management technique whose major goal is to align the organization's operations with the demands of the customer, while also encouraging an open atmosphere

conducive to change, continuous development, and growth.

Since it has linked to Porter's model to increase revenues and this relies on carrying out value analysis that enable that organisation to redesign its internal and external processes to improve effectively and efficiently the organisation, business processes management helps in achieving the organization's competitive advantage, which is linked to the organization's processes' efficiency and its products' quality in addition to its services' performance since it has linked to Porter's model to increase revenues and this relies on carrying out value analysis that enable that organisation to redesign its internal and external processes to improve effectively and efficiently.

II. PERSPECTIVES OF BUSINESS PROCESSES MANAGEMENT

The four views of business process management are as follows:

1. From a business standpoint, there are three elements to consider: the organization's strategy, market compatibility, and position in the target market.

2. Organizational viewpoint, which comprises performance dimensions (financial objectives, market access time, service quality level), and improvement dimensions (cost reduction, process improvement, and process monitoring tool stability).
3. Processes perspective: Every organisation has many processes that make it strong or weak, and these processes are used at all levels of the organisation because its economic activity is made up of multiple processes such as product manufacturing, service provision, and customer relationship management.
4. Technology viewpoint, which is divided into two categories: the ability of existing information systems to facilitate process adoption and the influence of technology on process continuity.

III. THE METHODOLOGY OF RESEARCH

Empirical study was carried out on a sample of 145 businesses. The questionnaire was designed in such a way that the major factors of company process orientation could be examined. The fact that this problem is still on the minds of most executives attests to the importance and relevance of this study. Questionnaires were distributed to company executives with the goal of learning their thoughts on applying the process orientation concept and the important aspects that influence its efficacy.

Method

The authors created a questionnaire to conduct the empirical investigation. It consisted of 35 questions about BPO aspects and business process performance.

Participants

Questionnaires were issued to the 300 most profitable firms' CEOs or senior management. A total of 145 businesses replied to the survey. Manufacturing is the most prevalent kind of company in the data set (41.2 percent). Construction (13.7 percent), trade (11.9 percent), transportation (7.2 percent), and the catering sector (6.4 percent) are the next most common industries, with 19.6 percent of enterprises engaged in other types of business.

Analyze the data

The data collected using the questionnaire survey approach was analysed using a variety of statistical

methodologies. We ran a series of data reduction tests using the statistical programme SPSS 17.0. First and foremost, a validity analysis was performed and the study instrument's validity was verified. By employing items adapted from the literature and completing an empirical analysis, content validity was established. Explanatory factor analysis was used to identify the essential structure of a rather large number of variables, all of which were used under the a priori premise that any factor might be related with any indication. Second, Cronbach's coefficients, which represent the internal consistency of the items used to calculate scales, were employed to undertake reliability study.

IV. RESEARCH OUTCOMES

First and foremost, the study instrument's validity was examined. Construct validity was broken down into two parts: content validity and convergent validity. Content validity was established by a study that conducted a literature review, followed by empirical research conducted by academic researchers and practitioners. The questionnaire was designed in such a way that it could be used to analyse the essential features of business process management in Serbian businesses. Explanatory factor analysis was used to determine convergent validity for BPO items and business process performance. First, we looked at the components that measured the BPO aspects. Because this design had been thoroughly examined, the findings shown in Table 1 were expected, as three components emerged, each mimicking a different element of BPO. (process acceptance, proca1-proca4; process management and measurement, procm5-procm7; process oriented organizational design, procd8-procd10).

Table 1: Rotated factor Matrix for BPM elements

	Factor		
	1	2	3
procd2 – The role of process owner is defined in our organization	,883		
procd1 – The organizational structure is derived from the business process	,679		
procd3 - Process teams exist within the enterprise	,670		
proca2 - Process terms such as input, output, process and process owner are used in conversation in the organization		,880	
proca3 - Process within an organization are defined and documented		,862	
proca1 - Managers and employees distinguish business process from functional department		,627	
proca4 - The average employee views the business as a series of linked processes		,514	
procm1 - Management attaches a lot of importance to development of BPO			,778
procm3 - Management is actively involved in process improvement effort			,573
procm2 - Practice of measuring, monitoring and controlling of business process performance is implemented in the enterprise			,546

The factor analysis revealed that the theoretically performed grouping of variables is practically acceptable, given that the study yielded three factors with the same structure as the theoretical assumptions. The findings of the analysis are shown below, along with the specifics of empirical categorization of individual questionnaire particles into factors. The Kaiser-MeyerOlkin (KMO) Measure of Sampling Adequacy exceeds 0.60 (0,720) and Bartlett's Test of Sphericity is statistically significant, indicating that the statistical prerequisites for exploratory factor analysis have been satisfied.

Individual factor loadings show that the extracted factor explains a large portion of the variation of individual items, according to empirical study (which typically exceed the experiential limit value of 0.5). The extracted component accounts for 86.07 percent of

total variance, which is sufficient for its values to be employed in future statistical analysis.

Our investigation of the highlighted business process's performance continues. Five variables emerged from the factor analysis of the items (Table 2). Each factor represents one identified business process with associated performance (performances of the process of supplying necessary inputs, perf1.1–perf1.5; performances of the process of product creation and manufacturing, perf2.1–perf2.5; performances of the process of selling products and accompanying marketing activities, perf3.1–perf3.5; performances of the product/service delivery process, perf4.1–perf4.5; performances of the process of providing information, perf4.1–perf4.5; performances of the process of providing after-sales services to consumers, perf5.1 – perf5.5). The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy exceeds 0.60 (0,815), and

Bartlett's Test of Sphericity is statistically significant ($p = 0.000$), indicating that the statistical prerequisites for

the exploratory factor analysis for the identified business processes are satisfied.

Table 2: Rotated factor Matrix for Performances of Identified Business Processes

	Factor				
	1	2	3	4	5
perf5.1 - Reducing the product assembly costs	0,982				
perf5.2 - Reducing the rate of losing customers	0,879				
perf5.3 - Reducing the number of customer complaints	0,773				
perf5.5 - Increase in the level of customer perceived value of a product	0,670				
perf5.4 - Reducing the rate of products returned by customers	0,568				
perf2.3 - Planned production cycle time		0,776			
perf2.5 - Increasing number of product lines		0,665			
perf2.4 - Achieved production cycle time		0,661			
perf2.1 - Minimizing the time from identification of customer needs to product development		0,538			
perf2.2 - Reducing the time required to produce a new product		0,532			
perf3.3 - Increase in the number of customers/buyers			0,863		
perf3.4 - Improving the brand image			0,742		
perf3.2 - Increase in the number of new markets (%)			0,742		
perf3.5 - Increase in the number of ideas for new products suggested by customers/buyers			0,739		
perf3.1 - Reducing the cost of market research (%)			0,568		
perf4.5 - Reduction of insurance costs (%)				0,641	
perf4.3 - Increase in the number of wholesale shops				0,623	
perf4.4 - Transportation cost reduction				0,606	
perf4.1 - Increase in the number of distribution channels				0,599	
perf4.2 - Increase in the number of retail shops				0,484	
perf1.3 - Procurement cost reduction					0,784
perf1.1 - Increasing number of offers from suppliers					0,795
perf1.2 - Providing required quantities/types of materials on time					0,781

perf1.5 - Increasing value share of purchases from certified suppliers in total purchase value					0,544
perf1.4 - Increasing value share of purchases from individual suppliers in total purchase value					0,434

Factor loadings indicate the supposedly "logical" set of items connected to business process orientation for the second group of factors (see Table 3). The factor accounts for 87.67% of total variance, which is a good result that allows the factor score to be used in future statistical analysis.

Cronbach's Alpha coefficients are a commonly used dependability indicator. Cronbach's Alpha coefficients were calculated as part of the reliability analysis. Internal consistency coefficients of 0.60 or greater are deemed to exhibit good reliability when evaluating scale reliability, according to standards. All Cronbach's Alpha coefficients for BPM components and business process performance were above the minimum acceptable threshold of 0.60, indicating that the item scales were trustworthy, as shown in the following five tables.

V. CONCLUSION

In order to reap the benefits of the business process management strategy, which leads to enhanced business performance, it is vital to comprehend and apply process management concepts consistently. Managers of a large number of businesses must grasp the concepts of process-based management in order to manage business processes and performance in accordance with a staged approach, which includes phases such as planning, measuring, analysing, and improving business process performance.

The growing recognition of business process management as a critical component of achieving corporate success. To ensure the organization's continuity and quality in the field of business, having the same level of attention in both competitive and operational performance.

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