AN APPROACH FOR ALIGNING ORGANIZATION STRATEGY WITH BUSINESS PROCESS MANAGEMENT

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This thesis is performed at Jönköping University, School of Engineering within the subject area Informatics. The thesis is part of the university’s master’s degree focused on Information Technology and Management. The authors are responsible for the stated opinions, conclusions and results.

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Abstract

Successful organizations at present, manage their business activities in an effective manner. Since the significance issue to stay in competitive markets is to improve the business process sequentially, well-defined business process management can increase the competitive advantages to an advanced quality at a lower cost. In fact, business process management (BPM) applied as a comprehensive approach for managing the organizational procedures. As a side of process viewpoint, business process management is considered as principal method which assist organizations sustain their objectives.

This thesis reviews and inspects the concept of business process management and the importance of business process management in organizations. The focal point of this thesis is alignment between organization strategy and business process management how the business people think about this alignment and managing their business activities. By investigating various literatures, we appreciate the need of holistic approach, which fit the organization strategy and business process management. Subsequently, we turn to survey the approach of the alignment of business process management in SMEs that located in Jönköping.

The empirical data, which collected from three organizations, are analyzed and the research approach has been validated. The result demonstrates that SMEs consider alignment between their business process management and organization strategy is crucial and helps to achieve their organization objectives. The alignment improves monitoring and transparency, increased profits and helps to increase the efficiency of staff. They indicate people, management, leadership, information technology, communication, governance and culture are important factors that associated with the alignment of business process management and organization strategy.
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Last but not least, we would like to extend our deep appreciation to our parents who we are always indebt to them. We are thankful to our friends for their incorporeal support during working on this thesis.
Keywords: Business process, Business Process Management, BPM, SMEs, Organization strategy, Strategic alignment, Alignment gap, Alignment of BPM with Organization Strategy, Strategic alignment through triangle
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<td>BPM</td>
<td>Business Process Management</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<td>IS</td>
<td>Information System</td>
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<tr>
<td>SAM</td>
<td>Strategic Alignment Model</td>
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<td>BSC</td>
<td>Balanced scorecard</td>
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<td>SME</td>
<td>Small and Medium Enterprise</td>
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I Introduction

In the current era, for coping with a dynamic environment and to stay up-to-date with today’s changing economic situation organizations have to work on alignment between their business processes and organizational strategy. Information technology can play a major role for this purpose. This alignment will help the organizations to achieve their strategic goals with greater ease (Garvin, 1985). Banadara (2010) stated different aspects where there is a need of alignment between organization strategy and business process management. The author also argues that there should be no gap between the organizational strategy and Business process management and if such a gap exists organizations should work towards bridging such a gap. The idea behind eliminating these gaps and achieving alignment is that organization can have a higher level of effectiveness and efficiency on the basis of their renewed business strategy and business process management hereafter called BPM (Bandara wasana, 2010).

This chapter will describe the purpose and objectives of our thesis. Here we will argue about the problem with the help of the previous research used to define and solve this problem. In chapter 2 we will describe how we are going to conduct the research, how we have limited scope for our thesis and at the end of this chapter we will also describe the outlines of the remaining chapters.

1.1 Background

Strategic planning is used as an umbrella term for organizations, which includes different activities as planning, program budgeting, and performance measurement in their overall planning process. These planning activities have been proven very useful for the effective and efficient organizations. The organizational activities are very crucial to be controlled by the administrators but it is also compulsory and essential that these activities are aligned with the current best practices (Bery, 1994). Therefore, whenever the organizations want to control this mechanism it becomes difficult to do so because a balance has to be reached between control and alignment leverage. Strategic planning ensures that planning is linked with the organization’s goals and strategies. In this sense, strategic planning is more linked to the work of classical management (Matthew R. Fairholm, 2009).

In past, large organizations had the ability to introduce general quality improvement methodologies. In this respect, most of the large organizations in US have used the European foundation of quality management (EFQM)/ Malcolm Baldrige National Quality Awards (MBNQA) but some of them have used Business Re-engineering Process (BRP) (Colin Armistead, 1990). These approaches are based on the notion of the process and on the operational level activities but BPM provide the strategic view of the organizations. Nowadays, business process management is considered as a top-level priority of an organization to survive in the competitive market (Gartner Group, 2005). There are various analytical definitions of BPM focusing on different fields of IT like business strategy to software systems but none of these definitions have any similarity among them (Van der Aalst, 2003). These differences are the key points or hurdles in the way of modern era organizations to adopt BPM solutions for the
development of their business. When organizations want to work on BPM projects they face the unexpected challenges. These unexpected challenges should be known for developing the further research in the field of the BPM and also to identify the kind of requirements to be fulfilled for implementing BPM. There are different kinds of factors involved in internal and external environment while working towards achieving alignment between business processes and organizational strategy. These factors have been identified individually in different researches and include strategic alignment (Hammer, 2001; Hung, 2006), Government (Gulledge and Sommer, 2002; Harmon, 2005), methods (Adesola and Baines, 2005), information technology (Gulledge and Sommer, 2002), people (Hung, 2006) and culture (Spanyi, 2003). These studies conclude that these factors play an important role in the alignment process however their combined effect has not been studied until now.

Business process management comprises of methods, tools and techniques that help in the design, management and analysis of business processes. This approach suggests that the entire management of the organization (strategies, goals and the planning) is based on the main processes of the organization (Bandara, 2010). BPM approach is a broader area which includes business processes, the human participants and it can include the cross organizational boundaries. Technological features of BPM registered immense improvement hypothetically, especially in support process control, application integration and monitoring, (Van der Aalst et al, 2003). These are the most important features from BPM to improve business outputs. In general, advance technology deployment cannot show significant results, unless BPM can clearly generate some outcomes for business development. For a successful BPM model it is necessary that it would work through certain business protocols or drivers, i.e. outlining the target processes, and focus on deployment strategies. It is a challenge for any organization to put up such protocols initially (Bandara, 2010).

Bandara (2010) stated different aspects where there is a need of alignment between organization strategy and business process management. The author also argues that there should be no gap between the organizational strategy and Business process management and if such a gap exists organizations should work towards bridging such a gap. These gaps exist when any of the above-mentioned factors is not aligned with business processes, organizational strategy or both. The idea behind eliminating these gaps and achieving the alignment is that organization can have a higher level of effectiveness and efficiency on the basis of their renewed business strategy and business process management hereafter BPM (Bandara wasana, 2010).

**Research questions:**

1) What are the different factors necessary to address alignment between business process management and organization strategy?

2) How can these factors be utilized to align the organizational strategy and business process management in SMEs?
1.2 Purpose/Objectives

The purpose of this thesis is to examine the content in the bridge between BPM and organization strategy by studying the combined effect of necessary factors identified and studied individually in previous studies. In respect to this purpose, identifying the factors that contribute to the alignment of BPM and organizational strategy is important. Later on, this thesis will empirically study the combined effect of these necessary factors contributing to the success of alignment process of business process management with the organizational strategy, specifically in case of SMEs. This study will help in achieving the following objectives:

- To develop an approach useful for aligning organization strategy with BPM in SMEs.
- Evaluating the developed approach by conducting empirical study within SMEs.

1.3 Limitations

In the field of BPM, most of the research has been focused on large-scale enterprises (Garvin, 1995; Cheng & Chiu, 2008) but in this thesis we will analyze major BPM issues that deal with SMEs in several industries.

One limitation of this thesis that the approach introduced is not a step-by-step guide for achieving a fit between BPM and organization strategy. However, we hope that proposed approach would guide enterprises towards the right direction when they will attempt to align the BPM with organization strategy.

Furthermore, aspects identified in this study may not be exhaustive; there might be alternatives that could be found later on.

1.4 Thesis outline

This thesis will be divided into seven chapters where the literature review is the foundation of our approach for aligning organization strategy with BPM. However, this literature review leads towards the proposed approach and then it will be tested empirically based on interviews in different SMEs. Due to this, the “method” chapter will revolve around the iterative processes. The method chapter will indicate steps that are used to get the final results. We will also describe the research approach and methods we will use to collect the data. Finally we will develop an approach for analyzing the results.
The third chapter depicts the importance of alignment in organization. In this chapter we will explain the major concepts that will be useful for our alignment approach. We will explain different frameworks which will be used in the alignment of organization strategy and business strategy and then we will align business strategy with business process which will lead to the alignment of BPM with organization strategy. In this chapter we will also describe the basic concept of the strategy and the BPM, why the organization strategy will be aligned with BPM and also we will describe how the organizations adopt the BPM. Here we will also explain different benefits organizations can achieve after adopting the BPM in the organizations. The third chapter will be ends up with the major factors, which will be used in alignment of business process management and organization strategy.

In The fourth chapter we will define the approach for alignment of BPM with organization strategy. This approach is based on different factors deemed useful for this alignment process. We will explain factors like people, culture, IT, management, leadership, communication, performance measurement and governance and the relationship between them.

The fifth chapter will be related to empirical studies. Moreover, the cases, applied for validating the approach, are described in depth. Nordea Bank Jönköping, Trygghetsrådet and Trelleborg Sealing AB are SMEs that we have selected for survey. The empirical studies are based on semi-structure questionnaires.

The sixth chapter represents the analysis of all factors of the approach. In this chapter we will validate the results with the theoretical approach. In this chapter important aspect will be explained. This chapter analyzes the combined effect of necessary factors identified and studied individually in previous research. The empirical findings and the theoretical framework will be compared and contrasted in order to find out the level of importance to which a particular factor contributed towards the success of alignment process.

The last chapter will be based on the summery of the thesis which is based the empirical results.
2 Research Method

Research is a route to plan, execute and examine information in order to attain answers for precise questions (Ghauri & Gronhaug, 2005). This chapter outlines a procedure of research approach, which helps us to complete the thesis. This chapter is demonstrating how the collecting data will provide the relevant solution for our research questions. Moreover, the choice of method for empirical study will be discussed in this chapter.

2.1 Phase I: Development of the approach

Based on the scientific research, classifying the research approach being adapted in the study is an initial step. According to a variety of studies of business process management, it is difficult to select one single appropriate approach that can describe our idea. Our research focus is that “There should be no gap between organization strategy and BPM in case of SMEs.” We strived to assemble our own idea and create the domain to define it. In this section, we will argue about the literature review, which will help us to position the thesis and frame the problem.

2.1.1 Literature review for aligning BPM with organization strategy

Literature review grants a solid background for this thesis. The extensive knowledge, which is provided by the literature review, is actually a foundation point for our research work. The emphasis of literature review in this thesis was to gather relevant research of strategic alignment between organization strategy and business process management. Literature review constructs the body of knowledge in this thesis. The aim of literature review was to demonstrate the systematic review on the organization strategy, business process management and the strategic alignment between process and strategy, which is published by the different schools of scholars. The indicated information, which is collected from literature review, assists us to develop an approach that depicts the alignment between organization strategy and BPM.

2.1.2 Elaborate the approach

The research design of this thesis is initiated with an exploratory research since the following thesis deals with the questions of ‘how?’ and ‘why? For this reason, achieving the accurate answer for research question and classifying the notions in order to collect data and create alignment between organization strategy and BPM, we are reviewing available literature and adopting qualitative approaches like interview with managers.

In this light, this thesis has applied deductive method because the authors draw a conclusion through the logical reasoning and built an approach based on the literature review and case studies. So, deductive reasoning is chosen for reasoning and achieves the particular conclusion. Consequently, we strive to limit our observation to the
particular results in order to assist us to develop our approach. Hyde (2000) explained inductive and deductive approach related to qualitative and quantitative research methods (Collis and Hussey, 2003; and Hyde, 2000). In addition, our study is based on literature, which argues about BPM, strategy and the need for strategic alignment, in order to narrow down all the information to make an approach for alignment. Based on deductive method definition, our assumption is based on literature.

Strauss (1990) explained qualitative research could be appropriate for studying organizational functioning, environment and relationships (Strauss & Corbin, 1990; Ghauri & Gronhaug, 2005). The research approach we utilized in this thesis is qualitative method on the basis of different factors mentioned below. Basically we gathered data through observation. The data, which is collected from interviews, has established the result to validate our approach. We reviewed the literature for the identification of factors, which lead to the success of alignment process between organizational strategy and BPM. Moreover, this thesis is more about insight, process oriented rather than structured. We also examined different research, which explained framework for strategic aligning like Kettinger & Teng (1998) in “Aligning BPR to Strategy: a Framework for Analysis” and Rosemann & Brocke J (2010), “The Six Core Elements Of Business Process Management”. We focused on categories, which scholars determined in their studies, and we attempt to improve the earlier framework by recognizing new concepts that would make our approach. The designed approach has been based the empirical study.

2.2 Phase2: Conducting case studies: preparing for empirical validation of the approach

In order to determine how organizations supervise the alignment between organization strategy and business process management, the issues confronted is that which strategy is appropriate for this thesis. Both survey and case study are dealt with phenomenon and context, “but survey’s ability is to investigate the context in extremely limited” (Yin, 1984). The significant requirement for differentiating between various research strategies is to focus on the research question (Yin, 1984). Considering the type of research question is an initial step to choose the research strategy. Regarding to the following questions we make choices among various research strategy.

- What is the objective of our study?
- Can we ask “How” and “Why” question?
- How we should select the evidence?

In this thesis the contemporary phenomenon is investigated inside its context; therefore the context where evaluations are taken is important and we concentrate to identify “how” organizations assess factors for alignment.

According to Yin (1981) definition, “a case study is an empirical inquiry, which investigate the contemporary phenomenon within its real life context and used multiple sources of evidence” (Yin, 1984). In this study, case studies aid to uncover
the significance of alignment between BPM and organization strategy inside of organization. Since our study is an exploratory that will answer to “How” and “Why” questions during empirical research as well as qualitative research mostly deals with case study that is makes it an appropriate tactic to substantiate our approach in organizations (Ghauri & Gronhaug, 2005).

2.2.1 Designing the questionnaire

Case study includes different techniques for collecting data through sources. We formulated semi-structured questionnaires to certify our approach in different SMEs by obtaining the right perspectives of the managers about our approach through interviews and to present the accurate information in a way, which enfolds the purpose of the thesis. The questionnaire was designed to capture the different opinions about our approach. The major focus was on the alignment factors, which have been discussed in our thesis. The questionnaire stated our aim and inquired the issues, which are of significance in organizations.

For analyzing case studies and to get a holistic view of our approach, at first the questionnaire was sent to twenty-two organizations by e-mail, except KPMG Jönköping none of them replied to us. Furthermore, we went to twelve organizations for setting time for an interview. Some companies stated that their management does not allow them to respond to the organizational questions. Besides, the others explained that they have not enough time to set up an interview. At least, three interviews have been performed and will be discuss in our thesis. The first questionnaire was inquired from Nordea bank and the Trygghetsrådet was the second organization, which filled in our questionnaire, the last company that aids us in our approach was Trelleborg Sealing AB.

The main purpose of questionnaire was to validate the alignment factor, which represented in the approach. With respect to the purpose of this thesis, the questionnaire was formulated base on the result from the phase 2.1. The questionnaire was grounded on the concept of BPM and organization strategy and the value of them in companies, as well as identifies the alignment factors, which are important for organizations. The background section defines the general information about organizations. It consist different parts which overall conducted us to validate our approach. In appendix 1, additional information about questionnaire is enclosed.

2.2.2 Conducting case studies: collecting the cases for validation

Selecting the cases and choosing the appropriate groups, which will part of investigation, is one of the most significant step in research design. The case could be selected through firms, individuals and elements (Ghauri & Gronhaug, 2005). Yin (1994) stated, “The cases should reflect characteristics which identified in the underlying theoretical proposal and conceptual framework” (Yin, 1994). He also described the sources, which apply for collecting the evidence for case study. The six resources for collecting data in a case study are documents that include any letters and reports, archival records like organizational charts and budgets, direct observations which contain formal and casual comments, participant observation, physical tools and interviews (Yin, 1994).
“Interviews are an essential source of case study evidence. They can provide important insights into a situation, so the investigator can identify the other relevant source of evidence” (Yin, 1984). It is very essential to select the right person and department for interviewing in organizations. The interviewee should have viewpoint of research question and goals of the investigation (Ghauri & Gronhaug, 2005).

To be more precise, the nature of this thesis is to validate the alignment approach in SMEs. In this regard, the goal is to assess the organization about alignment factors, strategy and BPM by designing the accurate questionnaire and applying interviews. Consequently, after considering the research questions and realizing what kind of information is needed for this research, interview with the proper person was conducted. We conducted interviews with open-ended questions and asked the respondents their opinion about the event and even his proposition may apply in further inquiry. In addition, the interview is a focused interview in which we interviewed with the manager of organization for short period of time (Yin, 1984). A structured questionnaire was conducted in the interview. For as much as managers, which we planed for interview, are busy, each interview took half hour. We strived to select organizations in various ranges to corroborate our result in different industries and demonstrate the importance of BPM and organization strategy alignment in IT-based companies, which include banking and insurance, business consulting, developing and manufacturing. However it was very difficult to arrange time with the managers since they were extremely busy, we focused on three SMEs in different industries in our study to assure the generalization and validity.

Subsequently, the organizations, which were select for investigation, are located in Jönköping. These SMEs are IT-based which applied BPM to manage their process. They have well defined strategy for achieving their business goals. From other point of view, the interviewees were executive managers, business line managers or IT managers, who were involved in executing BPM project or developing the organization strategy for their respective.

2.3 Phase3: Empirical study

Empirical study is applied where the theoretical background required to valid by empirical evidence. Empirical findings are accepted as a central activity in “research observation in which empirical evidence, study and data are collected from the real-world observation to find a specific answer for research question” (Ghauri and Gronhaug, 2005).

This thesis concentrated on three case studies that consisted of various industries. The major reason for selecting different types of industries is to obtain the holistic view about theoretical approach in SMEs. The study inspected three cases to assure the validity and reliability of the research model. This observation assists us to attain the information about the importance of business process management, IT management and organization strategy in different firms. The questionnaire gathered information in order to validate our research approach. The considered questionnaire included five sections, the main purpose was to examine the significance of alignment of BPM with
Methods

organization strategy in firms, as well as investigate and identify the alignment factor. The second and third sections focused on the importance of BPM and organization strategy in organization. Finally, section five investigated the factors, which build up the alignment approach. Consequently, to verify the alignment approach between BPM and organization strategy and how firms manage this gap, the primary data that collected by exploring three case studies are documented. The important part is to find the linkage between the structured questions and the answers of managers, which explained about “How” and “Why”. Therefore, brief overview of each case is explained that clarifies reader about the situation of the organization in business market. The role of BPM, organization strategy and the important of each alignment factor have been discussed individually for each case.

2.4 Phase 4: Analyzing case studies

Analyzing case study evidence includes different techniques to address the initial proposition of a study. Analyzing case study is difficult because there is no clear explanation of strategies in the past. However, every investigation should consider analytic strategy for analyzing. Three dominate analytic techniques: pattern-matching, explanation building and time-series analysis (Yin, 1984). Analytic strategy has been preferred in this thesis, which relies on theoretical proposition (Yin, 1984) which is to address all factors that should create alignment between BPM and organization strategy. The proposition shapes the data collection and provides priorities to the relevant analytic strategies (Yin, 1984). In this study, the data, which was collected through interviews, has been analyzed based on the theoretical approach. Therefore we have categorized and clarified the information gathered from questionnaires, which explained the elements of our alignment approach.

In this light, for documenting an overview of empirical findings, we give details of each part in questionnaire. In addition, we found the relevance of theoretical approach with all cases. Then, the worth associated with each factor in the alignment framework is discussed in each case. Moreover, data collected through case studies is analyzed based on comparing different organizations.

2.5 Research quality

In academic research, it is significance to ascertain validity of study, which can enhance the quality of the research. Above all, in qualitative research, collecting the reliable data for study can affect on the quality and exactness of the result (Ghauri and Gronhaug, 2005).

2.5.1 Validity

The main purpose of academic research is to establish a linkage between the research questions and the objective case (Kumar, 2005). Based on Kumar's (2005) statement, the validity concept is concerned with all the aspect of observation when inaccuracy occurs during research study. On the other side, it is quite complicated to verify
validity in the studies, which focus on the intangible outcomes like the effect of culture on the organization behavior (Kumar, 2005).

Moreover, four categories to judge the quality of research design are defined. These are construct validity, internal validity, external validity, and reliability. According to the classification of these tests, construct validity focuses on the accuracy of the measured concept that is not used in this research. Internal validity is applied for causal and explanatory studies and according to the nature of this thesis; it is not relevant (Yin, 1984). “External validity refers to the domain to which a study’s findings can be generalized and applied with the same logic in multiple case studies” (Yin, 1984). External validity, which has been applied as a basis in this study, is used for generalizing the study results. Reliability revels that “the collection procedures can be repeated with the same results” (Yin, 1984; Ghauri and Gronhaug, 2005).

We investigated three case studies, which followed same logic, and all cases demonstrated similar result. Consequently, we can claim that our study has an external validity according to Yin (1988) which defined this kind of replication logic refers to external validity. In particular, using the case study protocol will increase the reliability of study. These protocols refer to data collection and case documentation procedure (Yin 1988). Therefore, to enhance the validity of this thesis we strived to attain the highest quality of research result. For this purpose, our data collected by questionnaire has been through three interviews with the appropriate people who have precise knowledge about organization strategy, business process management and IT management. The interviewees are CEO or the managers of the department. Besides, the information is collected in truthful way and the interviewers keep up the important data, which is achieved within interviews, and documenting each case followed the formalizing the procedure. Consequently, applying the same protocol with the other researches will lead to the similar results and we can claim that our study is reliable. It is possible to predict if another survey with the same method and conditions undertaken, would acquire the same results.

2.5.2 Generalization

Generalization presents the extent of consistency of the research and the replication of the empirical consequence. Kumar (2005) stated that generalization is “the degree of accuracy or precision in the measurements made by a study instrument” (Kumar, 2005). Distinguishing “analytic generalization” from “statistical generalization” is important part in generalizing the study (Yin, 1988). Yin (1988) stated analytic generalization is based on theory, which has been developed previously. This theory is applied as pattern to evaluate the empirical findings of case study. Replication occurs when two or more cases support the same theory (Yin, 1988).

In view of the fact, the developed approach in this thesis is applied as a pattern for analyzing the three case studies and the same questionnaire has been asked from different SMEs situated in Jönköping. The results of interview have been compared to other findings and the conclusion demonstrates different aspects confirmed by different SMEs. As a result, our thesis is generalized analytically to SMEs situated in Jönköping.
2.6 summary

This chapter has demonstrated how the procedure in this thesis is structured. The aim with this section was to explain to reader which research approach and methodology have been applied. Besides, the cases that selected were authoritative to generalize the research. Briefly it illustrated the logical approach that we used in literature review as well it helps to shape the complete set of concept of this thesis. The figure 1 presents the research process.

The next chapter exhibits the theories and models of organization strategy, alignment of strategy and business process and business process management that used as a basic knowledge part of this master thesis.

Figure 1: Research Map
3  Alignment of Business process management with organization strategy

This chapter briefly explains the basic concepts, which will be useful to understand our research in strategic alignment. In this chapter we will introduce different aspects of aligning organization strategy with BPM. In this respect, we introduce the concept of organization strategy, BPM and the strategy and business Process alignment model, which will be used in the alignment of the organization strategy with business process management.

3.1 Strategic alignment through Information system triangle

Now-a-days in most of the organizations information technology (IT) plays a vital role in strategic alignment and has become more significant in establishing the business strategies. In the organizations, it is critical for the executives to maintain IT alignment with the business strategies (Rusa, 2008). In this respect, IT is applicable in every part of the business processes (Luftman, 2004). In the organizations, IT is applied as a primary force for driving the organizational changes or as a driver for the transformation of organizations (Turban E, et al., 2006). In this context, Information System Strategy Triangle Framework is used because it relates business strategy with IS strategy and organizational strategy (Pearlson & Saunders, 2006).

3.1.1 Alignment of business and organizational strategy

For business executives, the strategic alignment is a crucial aspect (David Avison, 2004). The original concept of the strategic alignment had been developed more than a decade ago, which assists the executives of the organizations to look to achieve the alignment for their business and technological strategies (Colemam, 2006). Alignment process is progressive and dynamic in achieving the goals across the organizations and it requires well-built support from senior management, good working relationship, prioritization, trust, strong leadership and valuable communication (Luftman& Raymond, 1999).

Most of the literature demonstrates the strategic alignment is based on the Henderson &Venktraman (1999) framework, which indicates four dimensions and the strategic alignments between them (Ward &Peppard, 2003). Another framework is used for strategic alignment that is named as Strategic Triangle, which is proposed, by Pearlson &Saunders (2006).

• The Strategic Triangle by Pearlson and Saunders

The alignment may be defined as “the situation in which a company’s current and emerging business strategy is enabled, supported and unconstraint by technology” (Hoque, 2005). In addition Piccoli (2008) describes the strategic alignment as a high
degree of co-alignment between the priorities and the activities of IS functions and the directions of the firms (Thomas A. Pollack, 2010). The strategy triangle illustrates that dominant business strategy should drive the organizational and informational strategies which are obligatory for a successful organizational structure. The successful firm always considers these three strategies should be aligned and they proposed that organization and IS strategies to supplement their business strategy. The business strategy is at the top of the triangle. The triangle is shown in figure 2 (Pearlson & Saunders, 2006).

![Strategy Triangle Diagram](image)

**Figure 2: Information System Triangle (based on Pearlson & Saunders, 2006)**

- **Three fundamentals domains of the triangle**

  Pearlson & Saunders (2006) depict that strategic triangle is based on three elements.

  1) **Business strategy**

  For business strategy there should be a clear vision, which arranges the set of actions to fulfill the aims, goals and purposes, on which the business may complete their processes (Pearlson & Saunders, 2010). Henderson & Venkatraman (1993), describe the business strategy as a strategy, which shows the plan of any organization to achieve success in the business environment. Business strategy is concerned with the decisions like product-market. Business strategy depends upon three components: business scope, business competencies and business governance (Henderson & Venkatraman, 1993).

  2) **Organizational strategy**

  The organizational strategy includes people, process, structure, employing practices and plans, which aid the organizations to achieve their business goals and it implements business strategies. The main role of the organizational strategy is to arrange and monitor the work process (Pearlson & Saunders, 2010). Different
framework has been developed for representing the critical attributes of organizational strategy. One of them is business Diamond introduced by Hammer and Champy in 1994 shown in figure 4. This framework exhibits the organizational plans it is important for identifying the organizational issues (Pearlson & Saunders, 2006; Rusu & Mekawy, 2010).

![Figure 3: The business diamond (based on Hammer & Champy, 1994)](image)

3) **Information system strategy (IS)**

IS uses IT as a roadmap for organizations that reveals the information services which helps to achieve the business goals. IS strategy is another component which enables an organization to implement business strategy (Pearlson & Saunders, 2006; Rusu & Mekawy, 2010). JetBlue’s vice president define IS strategy as “what the business need and then go to find the technology which supported” (Hogue et al). IS strategy is concerned to align the IS development with business needs acquires the strategic advantages for the proper utilizing of IT in the organizations (Earl, 1989; Fadeel R. Shamekh, 2008). IS presents the aims of business and clarify the information that support those aims. It should be implemented on computer systems, which provide the information when organization needed (Allen, 1995; Fadeel R. Shamekh, 2008).
3.2 Alignment of business strategy and business process

In 1985, Porter stated that strategies are always linked to the organizations, which describe how organizations manage their activities and the processes with the value chain, which are basis for the competitive advantages. However, in contrast to take attention on business and IT alignment, a little concentration has been taken by strategic alignment of the business processes. Different research that relates to the business process, business process management (BPM), business process improvement (BPI) and business process redesign (BPR) demonstrates that alignment between business processes and strategies is crucial for the success of the company. For the success of the business process management projects the company policies and the strategies should be aligned with the BPM. In this way the organizations can achieve their competitive advantages and goals (Lee&Dale, 1998).

For the alignment of the business process and business strategy several efforts have been made but there is no approved method for the linkage between the business processes with strategies. For example many researchers used the value chain and BSC for keeping the alignment strategic development. Value chain system is related to the interdependent set of the activities, which helps to improve the value for the customer (Porter, 1985). On the other hand, BSC is applied as a performance measurement system, which makes sure that there is a persistency among process, financial, customers and internal business processes and learning and growth (Farnaz&Maria, 2010).

Nevertheless, for the successful alignment; factors are identified by the BPM and IT alignment literature. These factors are strategy, processes, people, management, information technology, organizational culture, organizational structure and performance measurement. In the next section, we will describe the strategy and business process alignment model based on these critical success factors.
3.2.1 Strategy and business process alignment model

On the basis of various challenges in the BPM, BPI, BPR and business and IT alignment an alignment model has been developed which addresses the alignment on the basis of the strategy, process, organizational structure, management, information technology, performance measurement, people and organizational cultural.

![Strategy and Business Process alignment model](image)

*Figure 4: Strategy and Business Process alignment model (based on Farnaz & Marie, 2010)*

1) **Strategy**

In the success of any organization, strategy is the key point of the business. The world economy made organizations to think about the relation between the customers and the contractors. To sustain a competitive organization there is a need to align business processes with different strategies or approaches. The major step in the alignment of the business process is to formulate the strategy. Most of the authors argue that strategy is used to fetch the processes. However, adopting a good process will lead the organizations toward the success in the market. For the customer satisfaction, reduction in cost and to shrivel the life cycle, the companies utilizes the “strategy driven process change” (William & James, 1998; Garvin, 1995). Strategy also gives the direction that how activities are linked to create value to the customer. Corporate strategy helps to determine the objectives and guidance, how organizational capabilities can be utilized to gain a competitive position in the market (Majed Al-Mashari & Zairi, 1999), (Hammer, 1990). Porter (1996) explained, “The essence of strategy is choosing to perform activities differently than rivals do”.

Strategy is not only used for the selection of the processes, it also helps to link and configure the activities in its value chain for management process, core process or networked process. The selection of the process will be a significant impact on the customer satisfaction and delight the financial performance of the organization (Cheng & Chiu, 2008).
2) **Business process**

The importance of firm’s strategy is reflected by its business processes. The business process in this model is interconnected with management, organizational culture, organizational structure, information technology, management and people (Farnaz & Maria, 2010). Business process helps the organization to be more efficient when the people have cooperation among them to achieve the organizational objectives (Garvin, 1995). For the success of the efficient and the effective business the strategy should support the business processes (Henderson & Venkatraman, 1993). Processes should be customer oriented which assist the enterprise to stay efficiently in the market and make a return on investment (Harper business, 1993).

In this critical situation, Vernadat (2002) described the “Quality cost delay” model, which shows the better management in the business processes with the help of the information technology. This model shows the business process must be aligned with the business strategies. The motivation of this model is business process must help the organizations to maintain the better results in the business operations when it is properly designed (Grover & Otim, 2009). The process redesign is directly impact on the time and cost of the product for the customers (Cheng & Chiu, 2008).

3) **People**

People look as major factor in the success of organization and play a vital role in the implementation of the business processes. This factor may be in the form of individual or groups who constantly develop and try to apply their process, management skills and knowledge for the improvement of the business performance. When the individual or groups work together for accomplishing the desired results, the process collaboration and communication is considered major factor. When people work in teams, there should be process management leaders who have the skills, knowledge and experience, willingness to lead a team, take responsibility and be liable for business processes (Rosemann & Brocke, 2010). People have various assets, which would be improving the process in efficient and effective way. These assets are skills, knowledge, manners, culture and job. The loyalty of the people have also critical role in the success of the organizations.

Garvin (1995) describes that when organization intend to change the process most of the people don’t know how to react to it so the job redefinition occurs. In this way organization is changing its culture and behavior pattern. In addition there is a need to re-skill, train and educate the people. In short, for organizations, skilled and competitive people are major assets to alive in the market (Garvin, 1995).

4) **Organizational culture**

Culture is the one of the crucial factor in the success of the organizations’ business processes. All the organizations have their own set of rules and values which transcend into their culture shared it’s the people. It could be a soft skill but difficult to change in the organizations. In sense of cultural change it’s difficult for the organization to shift in the process orientation from functional orientation (Carr, 1993; Mashari & Zairi, 1999). When the organization desires to change a process then
implicitly it changes its organizational culture. Culture involves the entire human and social changes and the management facilitates adjustment in culture by redesigning the new processes to overcome the resistance to change (Carr, 1993; Talwar, 1993; Mashari & Zairi, 1999; Grover, 1995).

Management has a great impact in changing the culture and it is the responsibility of the management to train and educate people, to make changes in reward system, and creating a culture for change by communication and involving the occupations (Mashari & Zairi, 1999).

5) **Information technology**

Information technology is the foundation for the business processes redesign in most of the organizations. Michael (1994) describes that one aspect of the IT is to reduce the cost and increase the scope of the coordination to help in developing the shared database for those processes. Since last decade, IT has a great importance in the cause success of the organization. IT capability supports business processes in effectiveness and efficiency. Robert Herres (1995) explained in roundtable the crucial role of IT as “technology forced us to think about how and where our processes intersect” (Garvin, 1995).

6) **Management commitment and support**

For business process project, the management commitment and support is necessary at all levels of organization. Kettinger & Teng (1998) describes that for the improvement of the business process, management system, style and measurement should be supported. It means to help the organization generate maximum output with minimum waste. Harrington also argues that top management and it’s dutifully is crucial to have effective business process. The top management should take a strong interest to conduct the business process. This interest should not only maintain the resources but also manage the time for completion, inspire the employees with rewards and also cooperate to manage the time and money (Diaz & Sligo, 1997).

Many authors agree that there should be stability between functional and non-functional teams. The team should have a leader who is responsible for managing the business processes and that leader should be attached with the higher management for communication (Harrington, 1991; Gravin, 1999). Allaire argued in roundtable “be independent, but cooperate and work together”.

7) **Organization structure**

For successful alignment, organizational structure is also an important factor. For effective and efficient process it requires the coordination, mechanism, formal and informal structure (Kettinger & Teng, 1998). Organizational structure helps to maintain the culture of the organization and also helps how to make the teams and distributes the responsibilities among the top management and the project teams (Farnaz & Maria, 2010).
Organization structure determines “how BPR team is going to look, how human resources are integrated, and how the new jobs and responsibilities should be formulized” (Al-Mashari & Zairi, 1999). Process based organizations always cross the boundaries and departments and are rather cross-functional in nature. Cross functional project team is also a critical factor that related to the organizational structure which the principal is to makes an appropriate alignment between strategy and business process (Al-Mashari & Zairi, 1999). Job and labor integration is one of the most important factors of organizational structure for human resources. It means a clear job description is obligated (Farnaz & Maria, 2010).

8) Performance measurement

Strategic alignment is not one time event but it is an adoption of continuous processes and changes, hence it is a dynamic process. Therefore, it needs to measure and judge the values, which can be, obtain by performance measurements at various levels of organization for the component of the alignment, strategy, IT, People, process and management (Farnaz & Maria, 2010). In this respect, measurement process is initiated with different goals and policies. These policies and goals are further translated by IS without exploiting the other techniques such as monitoring, auditing and benchmarking (Al-Mashari & Zairi, 1999). Different factors are included to determine the performance measurement such as time, cost, and quality and capital in addition to compare these factors with new processes where the old processes are replaced (Farnaz & Maria, 2010).

The authors make a distinction about corporate measures at different levels like operational or process measures level. Authors describe that performance measurement and management should be derived from the strategy (Armistead, 1999). All kind of measures are linked with customer satisfaction (Farnaz & Maria, 2010). The most significant factor is that the strategy must be aligned with the performance measures. For this purpose balanced Scorecard is considered the best approach for the alignment on process level to the strategic goals (Norton & Kaplan, 1996). Strategic objectives are describes in four perspectives in the BSC. These four perspectives are used to find out the performance measures for the long term for the short-term objectives. These four perspectives named as (1) financial, (2) customer, (3) internal business process, (4) learning and growth. Therefore, BSC is used to measures the performance for all alignment factors like strategy, people, IT, processes and management.

Finally, authors argue that for the measurement of processes efficiency can require the improvement in the processes. Thus, performance measurement is considered as a ground for quality improvement and continuous improvement in the processes (Farnaz & Maria, 2010; Guha & Kettinger, 1993).
3.3 Business Process and Business Process Management as basis for alignment

The managers of a company always avoid bureaucracy and they want to fix it with the help of the process perspective. It allows the managers to ponder on the activities that should be necessary to create an optimal value. It helps to avoid the duplication of the work, provides cross-functional communication, optimize the business processes and best serve to the customer and stakeholders (Pearlson & Saunders, 2009). The business process management and BPR community’s literature demonstrate that implementing the process oriented structure will be helpful in organizations to change the environment of the organizations (Lindsay, Downs & Lunn, 2003).

In this section we will describe the business process and the topologies, which belong to the business process, give the depiction of the business process management, how it will able to align the BPM with organization strategy. Furthermore, it will be helpful for readers to understand these concepts and how these are important for the organizations.

3.3.1 The concept of business process

From the business process point of view, organizations use people, processes, and activities, which are useful to maintain the business goals. Harrmon (2003) argued that most of the organizations think about the process techniques in their projects and business managers work on how the organizations should be focused from the business process perspective. On the other hand, Melão & Pidd (2000), argued that it is very difficult to develop the approaches for the business process whether “theoretical or practical” to BPM. Most of the literature depicts that the definition of the business process is not clear as put forward by the re-engineering pioneers (Melão & Pidd, 2000). Different literature describes various definitions of the business process but all of them agree on the contents. Pearlson & Saunders (2009), admit that the business process is a sequential set of activities and tasks, which are interrelated, that use the inputs and produce the outputs for customers. The business process includes:

I. The beginning and ending of the process
II. Process applies input and turns it into outputs
III. Sub processes that are necessary for the main process
IV. It uses a set of Metrics, which are used for measuring the efficiency and effectiveness of the processes

In processes, metrics are important which allow managers to focus on the critical dimensions of the processes for the business process. These are things like throughput, which depicts how many units of output can be produced per unit time or a life cycle and it shows how much time it will take to execute a process. Some of the
metrics are based on the outputs such as the customer satisfaction, revenue per output, profit per output and quality of the output (Pearlson & Saunders, 2009).

Hammer & Champy (1993) described “a business process is a collection of activities that takes one or more kind of activities and creates an output that is of value to the customers”. In an organization business processes have specific goals, which are affected by the actions occurring inside the organization and outside the firms or may be affected by the other processes (Lindsay, Downs& lunn, 2003). Most of the author’s attention goes toward the business processes but Davenport & short (1990) describes that it is the combination of the set of logical related activities and task to achieve the specific business goals. Generally, it is recognized that business processes have two characteristic; internal or external customers and cross organizational boundaries (Lindsay, Downs& lunn, 2003). All the organizations agree that the processes have the sub processes like system have subsystems. Most of the companies determine the four levels of the process analysis (Eral, 1994).

I. BP with external customers
II. Process with helps to develop a business process
III. Sub processes for the completion of the process
IV. Activities or tasks which take place within these

3.4 Why organization need Business Process Management

Business process management defines a set of actions or functions of an organization, which optimizes its processes (Hammer 2010). BPM demonstrates to achieve business effectiveness and efficiency by improving the process continuously (Jan vom Brocke & Rosemann M, 2010).

The enterprise needs key business processes to meet their goals and objectives and try to eliminate the gap between the expectation of the customers and capability of the organization to perform these processes. The processes which are ineffective and insufficient to deliver the specific results to customers need to be identified and should be improved. Every organization needs the loyal customers; in this sense organization needs to emphasis their customer needs and make a strategy accordingly. The process initiators believe that the impacts of the actions and the decisions have the upstream and downstream effects and it depends upon the ability of the organization that what it is going to deliver the customers.

As far as the organization’s utilization of BPM to supervise the processes and identifying the problems that occurred during it is concerned, BPM could reduce the cost, increase the speed of performance and improve the flexibility. In addition BPM is customer oriented where it can meet the customer needs accurately and delivered on time so it brings the satisfaction for customers (Hammer 2010). Business process management transforms the organization from reactive to innovative in the market as
well as makes the organization efficient to predict the changes before the market changes demand.

BPM is considered as an old approach for the industrial engineering and localized implementation of the BPM such as to manufacturing process and shipping process has been established for many decades (Gulledge & Sommer, 2002). The BPM involves:

I. **Documentation of the processes**: This uses to understand how the workflow is followed in the organizations.

II. **Assign the processes to the owner**: it is used for accountability of the managerial work.

III. **Process management**: managing the processes is to optimize some measures of performance of the processes.

IV. **Process improvement**: it enhances the quality of processes and the performance measurement.

In this section we will describes the business process management, the role of BPM in the organizations and critical success factors, which can be helpful for the business process management.

### 3.4.1 Business process management

Business process Management is considered as an approach “which is dependent on strategic elements, operational elements, use of modern tools and techniques, involvement of the people and deliver customer requirements in finest and satisfactory way” (Ziari, 1997). BPM combines objectives, frameworks, methodologies and tools, which have been, projected in different approaches like BPE, BPI, BPM and process-aware information systems (Rosemann & Bruin, 2005). BPM is considered as base for current management approaches because it leads towards the analysis of the business processes.

The analysis of definitions describes that BPM focuses on analyzing and improving the processes (Zairi, 1997; Rosemann & Bruin, 2005). DeToro & McCabe (1997) describes that BPM is a new way to manage the organizations and it is very difficult to maintain the functional and hierarchical management (Rosemann & Bruin, 2005) and also BPM presents an inclusive array of improvement options. Their view is supported by Pritchard & Armistead (1999) and research shows that it is a holistic approach to manage the organizations. A comprehensive BPM needs alignment with organization goals, sufficient governance and needs the involvement of employees and focus customers as well as strategy, operations, techniques and people in cross-functional point of view.
Due to a rapid change in the global competition and to maintain competitive advantages, companies must implement the best practices and management principles (Carpinetti, 2003). BPM is considered as a best management principle that helps the organizations to maintain the competitive advantages (Kilmann, 1995). When the organizations talk about the process improvement perspectives then BPM becomes a topic of utmost importance in the organizations. Modern era research mostly encircles the conceptualization of BPM, operational identification and strategic significance of business processes.

BPM ensures and develops the crucial criteria’s, which actually affects the issues concerning customer satisfactions (Yu-Yuan Hung, 2006). However it also includes minor procedures of development as well as it takes examples from previous and current successful practical business experiences. All of these above measures bring positive changes in business processes to help in gaining the maximum results (Hammer, 1996; Zairi & Sinclair, 1995; Yu-Yuan Hung, 2006).

Hung (2006) research defines BPM as an integrated philosophy and set of practices, which comprises of radical and incremental changes in the business processes and also it emphasizes on continues improvement, customer satisfaction and the participation of the employees (Yuan Hung, 2006; Ross, 2006). As described before BPM helps to maintain the organizational competitive advantages therefore the management of processes is very important.

BPM is considered as a structure approach for analysis and helps to improve the core activities like manufacturing, marketing, communication and other major elements, which are important for operations of company. Therefore, it is important to note that BPM is a major aspect of the business processes, which needs high influence and big proportion of added value (Zairi, 1997). Different rules have been established for the BPM and authors agree that BPM should be governed by these rules. Different literature shows that BPM is supervised by seven rules (Zairi, 1997; Yu-Yuan Hung 2006).

I. Major activities in the organizations have to be mapped and documented properly.
II. Business process management produces focus on customer through horizontal association between the core activities.
III. For ensured quality performance, consistency and discipline, BPM depends on system and documented procedures.
IV. BPM relies on measurement activity to assess the performance of individual process, set targets and deliver the outputs level where organization can meet the goals and objectives.
V. It has to be based on continuous approach, which can be optimistic through problem solving and reaping out more benefits.
VI. BPM is considered as an approach for culture change.
VII. BPM has to be inspired by best practices, which ensure that competitiveness is achieved.
3.4.2 Adaptation of Business Process Management (The role of BPM in organization success)

In last decade, BPM has become more prominent and also is getting more popularity in the development of the information systems. Implementation of the correct BPM may increase total profitability by 20% during the same running year (Weske, 2004; Aalst, 2003). Although, Gartner (2004) prescribes 43% share of BPM in total IT investment, which may lead towards gaining more profit for business. BPI was regarded as the top organizational priority according to the CIO’s survey in 2007, and then later on in 2009, BPM took that prior place from BPI and became the basic management approach for any of these profit-seeking organizations. It actually provided many reasons to be chosen as a profit enhancement tool for these companies simply by the means of making business processes more systematic and organized. By using BPM organizations become more effective and accessible in handling the initial issues of business processes. Through BPM organization get continuity in the execution of business processes, diagnostics, analysis, proper usage of practical protocols and reduction in total cost during integration processes (Hagemans, Kelder & Ravesteyn, 2010).

The initial research related to BPM was only concerned with quality and manufacturing criteria’s of organizations. Later on research highlighted the unexplored areas where organizations can benefit from BPM. However the adoptive strategies from organizations towards BPM have been analyzed on pretty short terms.

According to previous surveys BPM hardly gained popularity within non-manufacturing organizations but as research elaborated the importance of BPM it acquired hypes in non-manufacturing companies (Reijers & Wijk, 2010). The earlier surveys comply the distinctions between adoptive approach of organizations influenced by their size and dimensions (small or big, public or private setups) but these distinctions among organizations regarding adoptive approaches made very less impacts on most of the European organizational systems (Pritchard, Armistead & J.P, 1999). In this respect, adopting BPM in different organizations is virtually absent but different literature depicts different dimensions which have potential importance for the adoption of BPM such as size (large or small), profit motive (public or private), sector (manufacturing or non-manufacturing) and strategic orientation (customer intimacy, product leadership and operational excellence) (Reijers & Wijk, 2010).
3.4.3 Six core elements of BPM

So far most of literature has argued that the organizations need to have holistic management discipline. Therefore, organizations require the BPM for their success and maintenance. The framework, the six core elements of BPM (Bruin & Rosemann, 2010) comprises of six core elements of business process management. These six core elements are named: strategic alignment, governance, method, people, culture and information technology. This framework is based on the recent study by Rosemann & Brocke (2010).

The framework that we will emphasize here is related to strategy management thus it motivates the approach for aligning organization strategy with business process management. Based on this claim, the BPM framework leads the organization strategy to be involved in the blueprint of BPM. Rosemann & Brocke (2010) strongly stresses that BPM should be viewed as a whole, not fulfilling the organization activities along process life cycle (design, configuration, execution, control and diagnosis).

Achieving business processes management within organization is discussed in the BPM literature. This outlook of success requires the identification of core capability areas. Bruin & Rosemann (2010) have reviewed literature about BPM maturity model to identify the core elements of BPM.

Based on the Capability Maturity Model (CMM), which was developed by Software Engineering Institute for estimating the maturity of software development process, Paulk (1993) expressed that “improved maturity results in an increase in the process capability of the organization”. Subsequently, Harmon (2004) has matured the BPM model based on the CMM. In addition, Fisher (2004), developed BPM maturity model by assembles five” levels of change” with the five “states of maturity”. The issue, which was stated by Fisher (2004), CMM model, cannot involve the requirement for “business process innovation”. Rosemann & Brocke (2010), likewise, adopt the BPM six core elements based on deBruin & Rosemann (2005) maturity model. The BPM maturity model (de Bruin, 2005) as well matured on the recently standpoint of BPM as comprehensive management approach. The integration of three BPM maturity models and Delphi studies conducted Rosemann & Brocke (2010) to clarify the six core elements, which symbolize a critical success factor for BPM. These elements are caused organization being successes in order that these factors should regard by firms (de Bruin & Rosemann, 2007).

Hence, in “Six Core Elements of Business Process Management”, de Bruin & Rosemann (2010) have advocated the critical success factors that driven business process management.

- **Strategic Alignment**

Bruin & Rosemann (2010) described the linkage of business process management with overall strategy is crucial for organization success. The fit of strategy and process should support activities in several situations. This strategic alignment makes the organization capable of enhancing business performance.

- **People**
People or human factor has significant role in BPM. It leads the organization to improve process efficiency. As well People improve the business performance by their assets like knowledge, skills and culture.

- **Governance**

In order to maintain the responsibility in various levels of BPM, organization establishes proper rules and controls. Besides governance concentrate on the decision strategies to conduct “process-related actions”.

- **Information Technology**

Many scholars stress IT has principal position for BPM. In addition IT makes “process aware” and also enables the process to capture the execution of BPM.

- **Methods**

The BPM approach that refers to the tools and techniques was named method. Six sigma is an appropriate example of BPM approach. Method assists tasks and activities, which are involve in BPM life cycle. Conger (2010) stated that method aids process modeling, process improvement and process analysis.

- **Culture**

Since people are a significant aspect of BPM, de Bruin (2009) focused on the various case studies and considered the crucial role of culture in the context of BPM. In addition culture involves organizational and personal culture; it could be regarded as “soft factor”. The collection of various personnel, come up rules and values, which are share along organization.

The figure (8) below depicts the components of BPM core elements and the capability areas of them.

![Figure 5: The six core elements of BPM (de Bruin & Rosemann, 2010)](image-url)
3.5 The role of Organization Strategy in alignment

3.5.1 Definition of strategy in context of business management

The origin concept of strategy came from Greek words, *strategos*, which was commonly used in army. The notion of strategy is applied in policy literature and managerial research. The Random house dictionary signifies the strategy as a plan and method for obtaining a specific goal or result.” The concept of strategy was developed in various fields. The main focus of scholars was on the business management and military practice (Evered & Postgraduate, 1983).

Researchers cannot provide a single definition for strategy as this word is used in different fields. In a simple explanation, strategy is a human activity, which notably manages environment to achieve the aims of an organization (Mintzberg, 2001).

In management field, Glueck (1980) defined the notion of strategy as “unified, comprehensive and integrated plan, which is designed to ensure that the objectives of the enterprise are achieved” (W.F Glueck, 1980).

Number of scholars strives to represent the concept of strategy in business management. They provided different framework for depicting the strategy notion. Hofer and Schendel (1987) was the first who their explanation is consequence of various researchers in the field of strategic management. Hence, “a strategy describes the fundamental characteristics of the match that an organization achieves among its skills and resources and the opportunities and threats in its external environment that enables it to achieve its goals and objectives” (Chrisman, Hofer & Boulton, 1988). Strategy is dedicated as duty of top management, which determines the levels, and recourses that needed to achieve the enterprise goals. The strategy deals with the resources, culture, infrastructure, skills and the business environment. The strategy formulated a model, which consists of activities that can assist organization to gain long-term competitive advantages in the marketplace among their competitors (Robson, 1997; Ward and Peppard, 2002).

Mintzberg (2001) defined the strategy as mediation or “match” between organization and environment according to the Hofer and Schendel (1978) literature review. It can be applied as a fit in the context of internal and external. Other point of view, Porter (1996) explained “strategy as a fit among company’s activities.” The crucial aspect of fit is creating sustainability between activities.

The organization strategy is applied in this thesis is mainly related to create value across organization. In modern organization, they strive to create sustainable value by utilizing and affecting in intangible assets and human capital. Databases and information systems as infrastructure, processes, customer relationships and culture are other factors important factors, which used.
3.5.2 The concept of organization strategy

Organizational strategy illustrates how to make a purposeful value for their customers and shareholders in the market. In this era, all organizations want to create a sustainable value in market and most of organizations are influenced by their intangible assets such as human capital, IS and database responsiveness, core processes, customer relationship and brands, new inventions and culture. In this way, an organization can achieve more than 75% of its value; however the formulation and execution of the strategy need to “explicitly addressed its mobilization and alignment” (Kaplan & Norton, 2004).

“An organization is both an articulated purpose and established mechanism for achieving it” (Miles, Snow & Meyer, 1978). Most of the organizations are attached with ongoing processes for evaluating their purposes, which are used for questioning, verifying, and redefining the behavior of communication with their environment. Effective organizational strategy leads the organizations towards a feasible position in the market for their goods and services. Organizations always adjust and refine their strategy with the passage of time for achieving their goals and purposes (Miles, Snow & Meyer, 1978). Inefficient organizational strategy leads the organizations to decline in the market. Organizational strategy is categorized into three levels known as corporate, business and functional strategies. Corporate strategy is concerned with questions like “in what set of businesses should this corporation be”? In this sense, the strategy has been seen as the collection of businesses and also shows the patterns of relationship with the other businesses, which make up the selection of the corporations. With the help of the efficient use of the resources and the analysis of environmental opportunities; the business-level strategy is concerned with the questions like “how does one complete in each of the chosen product-market segment?” However, functional level strategy is concerned with the usage of maximize resources to enhance the productivity in all organizational functions like marketing, research, deployment and operations but strategic management focuses on interface among overall organization and its environment (Schendel & Hofer, 1979; Ginsberg & Venkatraman, 1985).

3.6 Why organization requires strategy alignment with Business Process Management

It is very hard to define the strategy but in this thesis we will argue that there should be fit between the organizational strategy and business process management. Strategy fit means the organizations skill, activities, policies, organizational environment and the opportunities should be aligned with the business process management. Different literature depicts that there is broken linkage between organizational strategies and business process management (Bandra, 2007). The implementation of the organizational strategy leads towards the competitive advantages among the competitors in the market. It can be achieved only if there is a link between the
activities, policies and the management. Policies and activities should be understandable for the employees of the organizations.

We have already described the different aspects of the BPM that why it is necessary for the organizations. The main effect of the better organizational strategy is to improve the business as well as process improvement. The researchers agree that there is a gap between organizational strategy and BPM efforts and before this we described that for competitive advantages the organization’s strategy has great importance as if it aligned with the BPM. Different literature shows that there are not many approaches for achieving this alignment.

Different authors have introduced different models to achieve the alignment. For example CMM is used for process improvement and working on operational level and it cannot derive the processes from the strategic level towards operational processes levels (Trienekens, 2004). Beside this, Neiger & Churilov (2003) and Kaplan & Norton (2004), introduced approaches for goal-oriented process for measurement of the strategy. The approach comes from Neiger & Churilov (2003) described that process improvement is strongly used for the identification of the objectives of the organizations and also helps to decompose the organizational objectives into different aspects such as fundamental objectives, process objectives and operational objectives. However Kaplan & Norton (2004) research gives two main approaches for process improvement such as six sigma and BSC. Balanced scorecard is used for the measurement system, which is included in this approach, as well as it gives four domain goals such as financial, customer, internal business process and learning and growth but for the customer satisfaction, six-sigma is widely used in the manufacturing companies (Farnaz & Marie, 2010). Therefore, business process improvement gives a way for organization augmentation; “starting from business strategy predefined types of business goals and predefined types of metrics. However, the link with operational process is missing” (Trienekens, 2004)

On the basis of above stated evidence we can conclude that there is still fit gap between BPM and organization strategy. The problem has been defined in the survey, done by different authors in the field of “major issues in the BPM” in 2010 by Bandra.

3.7 The need of approach for Strategic alignment with Business Process Management

Previously in our thesis, we have described the impact of business process management in the organizations. Why the organizations need BPM as well as why it should be align with the organization strategy. With the help of fit between BPM and organization strategy, the organizations obtain renowned position in the market. If the organization’s strategies are well-defined and aligned with the BPM, the organization can gain the advantages such as shorter time to market, lower cost advantages, and high quality product and improve customer satisfaction (Farnaz & Maria, 2010). Rosemann & Brocke (2010) argued that there is need of overall alignment of
organizational strategy with BPM. They also stated the different elements of BPM, which are considered as the critical success factors of BPM.

The factors which will be used to maintain the alignment between organizational strategy and BPM are named as (1) people (2) communication (3) leadership (4) management (5) Governance (6) information technology (7) culture (8) and performance measurement (Rosemann & Brocke, 2010; Luftman, 2003).

### 3.8 Summary

In this chapter we have discussed the concept of organizational strategy, information strategic triangle, strategic alignment, business process, business strategy and BPM. This chapter involved two frameworks, which demonstrated the different strategic alignments. First framework (strategic triangle) represents the alignment between organization strategy and business strategy with the help of information strategy. This framework highlighted the role of business strategy as a driver of the organizational strategy. This alignment is suitable for the business strategy with business processes.

In addition, to achieve the thesis goal, we have used another framework, which presents the alignment between business strategy and business process. This model as well introduced various factors to create balance between the two. This chapter also highlights the various aspects of the organizational strategy as well as the issues in BPM. Why the organizations need BPM for managing their processes. This chapter also advocates the literature reviews that will act as the base for the next chapter. Here we have described the life cycle of BPM and how the organizations can adopt BPM. The main purpose of this chapter is to introduce the six core elements of BPM.

Next chapter will be based on this literature review as well as we will describe the approach and major factors which will be useful for the alignment of the business process management and organizational strategy.
4 The approach for aligning Business Process Management with Organization Strategy

In the previous chapter we have described different overviews and challenges in the BPM and organizational strategies. The framework in the previous chapter depicts the strategic alignment of business and process. In this chapter the discussion will now be narrowed down towards the specific approach, which will be used in the alignment of organizational strategy and BPM. The discussion is revolving around the research model of this thesis that how it can be applied for the alignment of the BPM with organizational strategy. This approach includes different aspects and we will present the impacts of these factors in the alignment.

The proposed approach here is based on business process change model by Kettinger & Grover (1995). We will elaborate all the factors and interrelationship between organizational strategy and BPM. These factors are named as (1) people (2) communication (3) leadership (4) management (5) governance (6) information technology (7) culture (8) and performance measurement. The proposed model is depicted below.

![Business Process Management and Organization Strategy alignment](image)

*Figure 6: Business Process Management and Organization Strategy alignment*
Alignment is an activity that creating fit between a formulated organization strategy and BPM. Alignment creates congruence among BPM and organization strategy in order to achieve competitive advantages. With the help of different factors, alignment acts as glue along with the BPM and organization strategy.

Elucidating the importance of alignment between BPM and strategy in organization for reader, we advocate an example from Telecommunications sector. We suppose that the strategy of organization is to decrease the cost of call. Thus, by looking at this goal, manager should focus on the whole process to shape the strategy. The cross-functional enterprise, can apply the BPM approach to the calls with the appropriate price that assures to achieve the organization’s goal. To establish the ideal calls, the manager should expand their view to all department of the organization.

Service department, banking service, payment service, marketing, billing service and customer service are the different departments of the Telecommunications Company. Since there is no BPM in cross-functional firm, the organization cannot discover the best solution for desirable call. Moreover, BPM approach turned the focused on just one specific department and not the entire of organization. If only one department of company concentrates on the ideal calls, and other departments are unaware of the change in strategy, this process will not be successful.

Besides, if the gap between the strategy of organization and BPM exists, then the expected goals cannot be achieved. However if these gaps can be identified and fulfilled in a timely manner then the organization can accomplish the project in and achieve the desired goal.

### 4.1 Communication

Communication has an important role in leading the alignment of organization strategy and BPM. However, the level of quality of the communications has a vital impact on the success or failure in this alignment. Therefore, it is considered as core element in the model for alignment and it is considered to make the overall functioning of the organization more efficient. Communication will fit BPM and organization strategy by linking the other factors including stakeholders, organizational culture, governance, IT and people. Quality of communication has a powerful influence at organizational level and has the ability to innovate and change business processes in organizations (Hayes, 2007).

In an organization different types of the processes coexist and they have to be managed in a good way; therefore, communication between them plays a vital role. The teams which are working on the different business processes are essential requirement for continues improvement (Hayes, 2007). Hargie & Tourish (2000) argue that when the teams are working in segregation they share a very little information influencing the overall management of the processes (Hayes, 2007; Mohr & Navin, 1990).
Hayes & Grembergen (2005) advocated the need of strong communication across different departments and stated the new business model, which requested for best interest of BPM. For achieving the desired process results the individuals and groups should work together known as process collaboration and communication. For this, it can include the evaluation patterns between process stakeholders and the way in which the related knowledge is discovered and explored (Rosemann & Brocke, 2010).

4.2 People

For organizations people are very important because they help to make the processes work. This factor has different types of assets including skills, knowledge, behavior and the culture that are important for a successful organizational strategy. However, change in strategy and process refers to develop the skills of the people in a new direction. People are considered as human resource and it can be defined as “individual and the groups who continually apply enhanced processes and process management skills to improve the business performance” (Rosemann & Brocke, 2010). For organizations stakeholders are the part of people.

4.2.1 Stakeholders

Stakeholders are the people who have a vested interest in any organization and along with many others; it includes employees, owners, and different societal groups. Different stakeholders want to maximize their power in the organizations and ultimately they have the ability for securing the preferred outcomes. The managers of the organizations need to identify important stakeholders as well as to identify their domains for supporting or resisting the changes in the organization.

In 1984, Freedman defined stakeholders as “any individual and the group which can affect or affected by the achievement of the organization’s objectives” but Clarkson (1995), also considered the government and the communities that are providing the infrastructure and markets whose policies should be obeyed and to whom organization will pay the taxes as stakeholders. Besides this he also considered traditional stakeholders group like shareholders, investors, employees, customers and suppliers. However, except employees all the other stakeholders have the influence in making organizational strategy (Hayes, 2007). In this sense, both internal and external shareholders should be satisfied with the deliverables, which are created by the value chain.

For an effective BPM, the external and internal customers have to be focused to achieve the strategic advantages in the market place (Lockamy & Smith, 1997). In BPM, there are three types of the stakeholders including organizations, vendors and the experts who are considered as supporters of the BPM approach and impose a good knowledge, which can be helpful to align the organizations and vendors agendas. While implementing different BPM projects organizations face a multitude of challenges. Therefore, identification of these challenges has a critical importance for the organizations. This will help the organizations to focus on a particular area of the BPM (Bandara et al, 2010). Therefore, the portfolios and the strategy maps can show which kinds of processes are present within the organizations and how they can be
related to the overall strategy. Such kind of approaches will assist the organizations to align the different BPM projects together as well as communicating the business values of BPM to the relevant stakeholders (Bandara et al, 2010).

4.3 Culture

Organizational culture is considered as an important factor for the alignment of the BPM and organizational strategy and it includes both organizational and individual culture. Every organization defines own rules and regulations, which are shared by the people and across the organization, which is known as organizational culture. Culture is considered as a soft skill and hard to change for the people. Some researchers argue that if the organization has changed its processes then it will impact the culture of organization (Garvin, 1995). In this respect, the culture has vital role and it crucial towards a successful BPM. In fact, BPM culture embraces various values and beliefs, which can help the organizations to become more process oriented. Although we have described it as a soft factor but comparative case studies shows that it has a strong impact in the success of the BPM (Rosemann & Brocke, 2010).

The attitudes of people who engage in the BPM are crucial to assess the impact of culture. Nortel’s approach towards BPM has been formed by its culture, which can be attributed to the interaction of individuals and group’s contacts rather than procedures. “Different areas have been identified which are categorized into vision, behaviors, values and objectives” (Pritchard & Armistead, 1999). For a successful alignment between organizational strategy and BPM, culture should fit with them. Hence, management and the people driving the BPM should cooperate with this culture.

4.4 Governance

Governance is the factor, which ensures organization’s responsibility and decisions’ harmony with BPM and culture. Governance is related to the decision making which explores the expectations, giving the powers to the employees and to authenticate the execution (Pearlson & Saunaders, 2009). It can be set as a core of organization where the managers require from employees to work according to the strategy. In this respect, the governance plays a central role for aligning behavior with business goals through monitoring. Also, different aspects of BPM required assigning accurate roles and responsibility that governance can advocate for BPM levels like portfolio, projects and programs (Rosemann & Brocke, 2010). On the other hand governance assists the managers for decision-making and distributes the responsibilities among the employees of the organization.

The execution of decisions, related to BPM decision-making processes will guide the projected and unexpected circumstances, which are considered as a critical challenge for the BPM governance. The governance distributes responsibilities about decision-making, the power of making the decision and allocation of resources. As we described that core responsibility of BPM governance is to define roles and
The approach for Aligning BPM with Organization Strategy

responsibilities, therefore, duties and responsibilities to all of employees should be clarified and specified (Rosemann & Brocke, 2010). With the help of governance, process management standards are defined and documented which are useful for the coordination across the organizations. These standards are also used as a guideline for establishing and managing the process measurements. The other part of the BPM governance is process management control, which helps the organizations to look up at the cycles for maintaining the quality and accuracy of the process management principles, like “process reuse before process development” (Rosemann & Brocke, 2010).

4.5 Information Technology

In organizations IT refers to software, hardware and information systems, which are supporting the process activities. Information technology is a fundamental part of the organization that utilizes human resources, capital and material to leverage the organization effectiveness and efficiency (Pearlson & Saunders, 2009). Nowadays, enterprises are moving in the dynamic environment where the right information is needed for customers. Therefore, the organizations working in a dynamic environment require to align the IT with business strategies as well as for successes, organizations need to provide the strong IT support (Silvius, 2007).

IT can reduce the costs, help to improve products and service quality, improve customer services, operations of suppliers and customer’s integration. IT is also used to create new market opportunities (Luftman, Lewis & Oldach, 1993). The primary role of IT is to impact organizational design, culture and management control. In addition IT helps in communicating the strategic level goals to the lower levels of the organization whereby integrating the communication and processes.

As we described that IT is one of the core factors of BPM that refers to the lifecycle stages. “Like the methods dimensions, IT components are also concentrated at particular needs of each process’ lifecycle stages. Theses stages can be evaluated on the basis of customizability, appropriateness of automation and also integration with related IT solutions” (Rosemann & Brocke, 2010). IT provides process project management and program management tool, which helps to manage the overall management of different types of BPM initiatives (Rosemann & Brocke, 2010). Hung (2006), stated that information technology is helpful in redefining the boundaries for market and structural characteristics. It can also modify the basic rules of competition as well as redefine the scope of the business and set a competitive environment (Richard Yu-Yuan Hung, 2006).
4.6 Management

Devanna (1986) & Kotter (1990) argue that management is concerned to maintain the existing organizations but the leadership is more concerned with change in the organization and both of these produce a strain between ‘doing things right’ and doing the right things.

For completing a process, managers are concerned in defining and achieving the objectives and goals. In addition they have to decide the steps to achieve these goals while allocating and identifying the resources, which are compulsory for their achievement. On organizational level, management is more responsible to plan things as in how it should be done in an appropriate way but leaders are more concerned with what needs to be done.

4.7 Leadership

Leaders emphasize on strategy to lead the organization in a right direction as well as they stress to align the people to these strategies. This direction and motivation for people is used to develop the capacity of the organization to achieve its goals (Hayes, 2007). Modern organizations are interdependent and no one have the autonomy, so, they are dependent on each other through work, technology, management system and hierarchy.

- Ensuring that it is completed

At this stage managers should supervise the people’s procedures to accomplish their task and activities by monitoring them. On the other hand, leaders encourage the people to complete and defeat the limitations that are faced during completing business processes. Kotter (1990) argued that:

I. There should be a clear vision about the processes “that are in accord with the values of people they are addressing”.

II. The people should be involved in deciding how to achieve the goals; in this way they will gain self-control to achieve the objectives.

III. The efforts should be supported, and the vision of others should be supported by providing coaching, feedback and role modeling.

IV. Identifying the best efforts and reward for achievement (Hayes, 2007)

Finally choose a leader for process management with good soft and communication skills. It totally dependents on the willingness of the people who wants to lead and take the responsibility as well as to be accountable for business processes (Rosemann & Brocke, 2010).
4.8 Performance measurement

In organizations, the above-mentioned factors can change the strategy and the processes. Therefore it means that aligning BPM and organization strategy requires be maintaining and improving. Therefore, performance measurement can be applied at different levels of the organizations. The factors, which are used in the alignment of BPM and organizational strategy, need to be measured. It is binding on the organizational strategy to measure processes, people, IT and management. For measuring these factors Kaplan & Norton (1996) has developed an approach at strategic level to achieve the required goals.

BSC provide a blueprint to the managers for monitoring and visualizing the alteration to design a plan for future steps towards desirable objectives. BSC is measured on four perspectives including financial, related to customers, internal business processes and innovation and learning (Hayes, 2007). These four perspectives are used to measure the long and short-term objectives (Farnaz & Maria, 2010). Performance measurement is fundamental in the organization for continuing the quality improvement (Guha & Kettinger, 1993).

4.9 Summary

This chapter states the approach that has been developed for the alignment of BPM and organizational strategy. This approach consist of different factors namely culture, communication, management, leadership, IT, people, governance and performance measurement. This approach gives the answer how to align the BPM with organization strategy by the linkage of these factors. These factors help and support the alignment of the organizational strategy with the business processes management.

Till now, these factors have the theoretical research in alignment. The next chapter will include the empirical finding on the SMEs. These empirical finding will be dependent on this approach to determine the fit between BPM and organizational strategy.
5 Empirical Cases

This chapter demonstrates four case studies, which will provide information for the readers with a practical view of BPM and organizational strategy in SMEs. These case studies belong to different organizations operating in different industries like finance and banking, business services and solutions providers. The gathered factual information in these case studies composes the alignment of organization strategy with BPM and its factors will be organized according to the framework, which is represented in the last chapter.

In this chapter, each case will provide the background of the company, its market position, role of business process management and organizational strategy as well as the factors, which are significant in the view of the companies for alignment of BPM and organization strategy.

5.1 Nordea Bank Jönköping

Interviewee: Business Line Manager

5.1.1 Brief overview of Nordea Bank

This organization belongs to finance and insurance industry. It was established in 2001 by collaboration of four Nordic banks Merita Bank, Nordbanken, Unibank and Christiania Bank from Finland, Sweden, Denmark and Norway.

The central operational office of Nordea Bank is located in Stockholm. The market capitalization of Nordea Bank in 2010 was 33 billion EUR. Nordea is a well reputed organization in EUROPE. It has 1400 branch offices and has taken a place in ten universal banks in Europe. Nordea’s vision “is to be a great European bank, acknowledged for its people, creating superior values for customers and shareholders”.

Nordea bank has around 250 branches in the Sweden. In Jönköping they have 19 employees and the way that they made decision is decentralized. Nordea bank Jönköping takes some decision from head office and some are taken locally. There are two managers working in the Nordea bank Jönköping.

5.1.2 Role of Business Process Management in Nordea Bank Jönköping

In Nordea bank, Jönköping, the documentation is very important part of day to day business and BPM helps or supports the organization for proper documentation and keeps it up to date. Therefore, Nordea bank always documents their business processes and organization strategy at departmental level. Groups of top executive are mainly responsible for BPM and process quality control.
Emprical cases

Nordea bank Jönköping practices cross-functional approach where there is less or no departmental boundaries involved. Also it is not necessary to seek the approval of higher management for every decision but employees are empowered to make decisions by themselves at certain levels. Nordea Bank, believes that it helps to create efficient business processes by making the flow of information among the employees of the organization less time consuming by eliminating the traditional hierarchy involved in any organization, better problem solving methods by encouraging brainstorming sessions among employees of different departments and it results in the creation of extensive communication system between or among the departments which expands job scope and employee satisfaction.

Now-a-days bank or financial services sector offers customer-centric services. Instead of providing only products or services, they are focused on delivering "solutions" for their customers, whereby the customers are treated in such a way that whenever they contact the bank, it already has a previous record of the customer. Employees are well aware of the previous problems faced by the customer and are able to help in a better way and in less time. It helps in providing an improved customer care in comparison to competitors. The other side of providing "solutions" is that for new customers, instead of advertising individual product or service, the concept of "bundling" the products with services is utilized and a complete package is provided to the customer. Thus customer relationship has gained more importance in the business process. Nordea Bank Jönköping has been able to maintain those standards of customer service where customer is at the core of whole system and through these services it has been able to create repeat customers and a large loyal customer base.

Strategic performance measurement and analysis is important part of the business process management. Among Six Sigma, Balance Scorecard, Capability Maturity Model (CMM) and Total Quality Management, Nordea Bank Jönköping’s preferred approach is Balance Scorecard due to its proven consistency and ability to translate company strategy into overall performance measurements at both strategic and operation level. Organizational Strategic director, Nordea Bank Jönköping mentioned that Balance scorecard gives them a clear view of short, medium and long term strategies in cohesive manner. Also it helps them to gauge their strategic performance rather than a simple financial sheet analysis.

5.1.3 Organization Strategy with Business Process Management in Nordea Bank Jönköping

Organizational strategy is always focused on the future position and process of the organization. So a precise organizational strategy is most important part for its success and future growth. Therefore the strategy is needed to align with the business process.

Nordea Bank Jönköping follows a sophisticated and well-defined BPM and organizational strategy. They continuously strive to align organizational strategy with their business process. Nordea bank follows a "focus" strategy where it offers customized products to its customers according to their needs. In order to align this strategy with their business processes they have highly specialized customer service department, which acts and reacts according to the customer demands. However even
while offering the customized services it still charges the same rates to its customers as compared to its competition. "Inward strategy" (where no customer interaction is involved) of Nordea Bank is to reduce the operating costs by eliminating the paper waste, less boundaries in the organization and by investing in the employee training whereas "Outward strategy" (where customer interaction is involved) is based on customer focus as described earlier. Up to date and well-documented business process tremendously helps them to achieve company objectives and goals. The aligning process helps them to improve customer satisfaction, reduce overall operational cost and increase revenues. For a quality service and improved product development, organizational strategy and business process alignment assist them significantly but it moderately support project monitoring and organizational transparency.

Competent employees are a huge asset of the Nordea Bank Jönköping. For the right adjustment of the alignment process and process efficiency, Nordea Bank Jönköping heavily invests on employee training to improve their skills and efficiency rather than outsourcing. Involvement of a bunch of cross-functional associates and top management make them a competent BPM team therefore they are efficiently able to implement the aligning process.

5.1.4 Alignment Factors in Nordea Bank Jönköping

Through interview process, we were able to collect facts and figures about the alignment factors in use at Nordea bank Jönköping. When asked to rate the different factors according to their level of importance (by selecting among Never, not important, neutral, important and very important) Nordea bank considers governance, leadership and management, communication, information technology and performance measurement as important alignment factors. But for them “people” is the most important factor of their organization. However culture remains a neutral alignment factor for Nordea bank Jönköping.

Especially for business improvement processes, people are very important for the alignment process at Nordea bank since people are the factor upon which the whole communication process relies. It is a time taking process to get people’s attention and involvement in organizational activities but a very useful one.

Thus Nordea bank Jönköping is becoming more and more successful day by day because of the values they are sharing among their employees and customers. In fact Nordea bank Jönköping has developed a group vision by the use of cross-functional technique. Group performance matters a lot for Nordea bank. To illustrate that characteristic each and every individual in the organization works in his or her team to get better results for the development of Nordea bank Jönköping. Instead of just focusing on the individual performance of an employee the team performance is measured and rewarded. As illustrated by the interviewee, for example in a team where sales is the focus if an individual brings in excellent sales but team is unable to meet the targets such behavior is considered negative instead of being rewarded he/she may be considered more individualistic in a team based organization. Hence it is made sure that the role of cross-functional organization is put in practice as well.
According to the customer relationship manager of Nordea bank Jönköping, bank prefers to sell the most suitable and convenient products to their customers to build a loyal and trust concerning relationship with them, which is an example of business progress by winning customer’s trust and long term relationship.

5.2 Trygghetsrådet

Interviewee: Advisor

5.2.1 Brief overview of Trygghetsrådet

Trygghetsrådet came into existence as a result of the collective agreement between Svenskt Näringsliv (The Confederation of Swedish Enterprise) and PTK (The Council for Negotiation and Co-operation) in 1974. To help the redundant employee, Trygghetsrådet has affiliation with 32000 companies with 700,000 employees. Trygghetsrådet provides human resource consultancy services to the affiliated organizations, their employees and other individual clients in case of recruitment needs, redundancy and career transition processes with 40 offices throughout Sweden including head office in Stockholm.

It also provides individual and tailored solutions to the clients according to their stage of disease. 165 highly qualified and experienced advisors are the key to success for Trygghetsrådet who played a vital role in supporting 175,000 employees from 20,000 affiliated companies during last decade.

Trygghetsrådet’s successful close working relationship with the managers and redundant employees of affiliated companies, smart financial position, competent & committed team and vision to achieve excellence makes it market leader in consultancy field.

5.2.2 Role of Business Process Management and Organization Strategy in Trygghetsrådet

Unlike Nordea Bank Jönköping, Trygghetsrådet business processes and organization strategy works at the Executive level. It means top executives are mainly responsible for BPM and the organizational strategy, but the BPM team is formed by the different departments and follows the cross functional process. This kind of approach, where higher management with the support of its consultants is provided with the authority to make some crucial decisions while the employees at middle level of management are empowered to make decisions while working in cross functional teams on a particular consultancy project. Though top management is responsible for the BPM in Trygghetsrådet but most of the time they have extensive communication between departments. A structured and well-documented BPM is also an important part of Trygghetsrådet business process. This goal is achieved through maintaining electronic and physical record of the suggestions of consultants and coherent decisions made by top management in the light of those suggestions. These records help the middle
management whenever they have to make any decision regarding a certain project. This archive provides a guideline for the new but similar projects as well. Therefore the maintenance of a good documentation and record system is considered crucial to the implementation of organizational strategy.

Trygghetsrådet implements own development methods and solutions for their customers. These methods and solutions are built in collaboration with the customers. Trygghetsrådet places a lot of importance to adapt to each client's individual circumstances and is always based on customer's particular situation. It provides its customers with such a personal adviser who will support them on the road to new jobs and provide them tips on activities and tools for their personal development. The main idea behind this working process is that Trygghetsrådet is interacting with humans for providing solutions to their sensitive issues and hence a personal support is a basic need in this case.

Customers are expected or otherwise motivated by the employees through discussion of possible solutions to their problems; in order to get a good cooperation through an active involvement of customer in the process. A client centric tailored business solution and well-defined organizational strategy help them to maintain high customer satisfaction and overall business process.

To maintain high quality service and solution, Trygghetsrådet frequently aligns organizational strategy and business process management by consulting the documents saved in electronic and physical form as discussed above. Throughout the consultation process for customers this practice of referring back to the original documents removes any conflicts, which may arise during this process and also helps them to ease monitoring and organizational transparency. However it provides moderate support for service speed up and overall company expenditure. This is due to the sensitivity of the issues, which are of personal importance to many customers. Therefore the focus is more on quality of the service being provided instead of looking at the consultation hours and hence speed becomes a secondary issue. Employees are very important part of the organization therefore they have 165 competent advisors throughout the Sweden and invest hugely on the internal corporate training and development program that helps to increase grater employee skills and efficiency.

5.2.3 Alignment factors in Trygghetsrådet

Through interview process, we were able to collect facts and figures about the alignment factors in use at Trygghetsrådet. When asked to rate the different factors according to their level of importance (by selecting among Never, not important, neutral, important and very important) from our proposed factors, Trygghetsrådet has indentified three factors, which are most important for the alignment of organizational strategy and business process management; people, communication and leadership and management.

Interviewee mentions that advisors providing consulting facilities to Trygghetsrådet for the development of new solutions for their customers are the most important part in their organizational success. These advisors carefully design and formulate the best
solution according to client needs and market situation. From managerial perspective Trygghetsrådet thinks that their progressive leadership and management system helps them tremendously to successfully align organizational business process and strategy. Strategic alignment is achieved by enhancing the flow of information between advisors and cross-functional teams. This link of information is of key importance and is under surveillance of top management at all times. Communications without a barrier between advisors, departments and cross functional teams are a big success factor for them in business implementation and sharing or exchange of information, IT support them to data exchange in fast and secure way. This flawless communication system is based on mobile communication among the employees and advisors. Also portable access is provided to the employees providing trainings offsite.

Corporate governance is a crucial part for large and medium type organization. It describes individual responsibility and decision making process therefore; Trygghetsrådet admits that use of a defined corporate governance system and holistic performance measurement tools to identify their productivity level and a supportive organizational culture, individual values and creative thinking help them to implement business process management and organizational strategy alignment successfully. Since core function of Trygghetsrådet is to provide job consultancy it does take into consideration, the individual needs and values of its customers. It arranges combined counseling sessions for employees who may have lost their jobs working at the same organization whereas it also provides its services to people individually. An example of the tools utilized by Trygghetsrådet to measure its success is the level of customer satisfaction, which is enhanced by the involvement of that particular customer while developing a roadmap for them. Another method is to account the number of customers who get jobs in a particular time period against every consultant. These processes, where customer is involved and continuous checks are in place for measuring the level of customer satisfaction and consultant performance, are stepping stone for Trygghetsrådet to correctly achieve the alignment with the help of corporate governance.

5.3 Trelleborg Sealing Solutions

Interviewee: Quality Control Manager

5.3.1 Brief overview of Trelleborg Sealing Solutions

50 years old Trelleborg Sealing Solutions Company is world-leading manufacturer and suppliers of bearing and precision seals (trelleborg.com/2011), they have provided sealing solution to the various manufacturing and machineries industries around the globe. Advance polymer technology and in-depth know how makes them leader in the sealing solution industries including aerospace, automotive, oil & gas, food & beverage, semiconductor and many other industries.
5.3.2 Role of Business Process Management in Trelleborg Sealing Solutions

We conducted an interview with Trelleborg Jönköping office to know about their Business strategy and Business process management aligning process and success factors. Trelleborg Sealing Solutions is mainly focused on marketing operations in this region and is consider a small type of organization in terms of number of employees, but their financial success is huge.

For the purpose of aligning business strategy and business process management, they have always documented their work and kept up to date by following ISO 9001 standards and requirements. A well-organized cross-functional team, including employees from engineering, management and sales, is managing Trelleborg business process and frequently they evaluate company business process management and business strategy by internal audits and always try to align with organizational structure.

5.3.3 Organization Strategy with Business Process Management in Trelleborg Sealing Solutions

Some of the top-level executives are responsible for company’s business process management and formulating organizational strategies keeping in mind the absolute benefit for the customer. Long-term financial and operational success history indicates that their customer centric organizational strategy works and makes them a leading solution provider in the sealing industry. Trelleborg uses "low-cost" strategy where customers in different manufacturing organizations can equally benefit from their products. The generic nature of the products requires a strategy where mass production is a requirement. Trelleborg business process and organizational strategy are also well documented and up to date in order to avoid decision-making delay or adjournment.

Majority of the time, Trelleborg´s organizational strategies formulate the basis of business process management and it significantly helps them to align organizational strategy and business process management. Trelleborg´s mentions that the effect of alignment of business strategy and business process management is significant which mainly help them to improved customer satisfaction reduce operational delay and improved employee like important parts of the organization. The idea of minimum paper usage and maximum reliance on IT for the communications among department for sharing product design to routine works is one of such examples. Such environment provides it to save cost on physical resources and also the opportunity cost of time, which may be lost otherwise.

Moderately, they have been able to reduce organization expenses and enhance monitoring and transparency operations through similar steps as explained in above example. It is notable that business strategy and business process management alignment have been able to add value in the company financial performance by reducing the costs due to minimum reliance on physical means of communication and also add value to overall sales revenue by using the saved time for new product development.
5.3.4 Alignment factors in Trelleborg Sealing Solutions

Through interview process, we were able to collect facts and figures about the alignment factors in use at Trelleborg Sealing Solutions. When asked to rate the different factors according to their level of importance (by selecting among Never, not important, neutral, important and very important) from our proposed factors, in the road to the Trelleborg success, employees or the people inside the organization, management, their competent leadership and their professional communication was highlighted.

In the process of aligning between business strategy and business process management the team always feels that competent team members and effective communication are crucial factors for the success. Communication technology alone is of less worth until and unless people relying on this technology are able to use it effectively and save the physical and intellectual resources of the company. Organizational culture, people’s values and individual believe are also important for aligning process. As Trelleborg Sealing Solutions operates in different countries therefore it has an employee base, which belongs to different cultures. These employees move among different international offices, therefore creating an environment of respect for cultural and ethnic values is of great importance for them, in order to create harmony and frictionless working environment. The business process team indicates that corporate governance and information technology give good support for the success of business strategy and business process management alignment task.

5.4 Summary

This chapter provided an overview of business process management and strategy in different SMEs in Jönköping. These organizations namely Nordea Bank, Trygghetsrådet and Trelleborg Sealing Solutions come from different industries. The value of the alignment between BPM and organization strategy in these SMEs is argued in this chapter. We were able to identify that all the organizations give a lot of weightage to their human capital and plays a vital role for the alignment process. The second major factor for alignment purposes was the effective use of communication systems, which speeds up the customer delivery time for products and/or service. The factor related to leadership was the third most important factor identified by these organizations. However communication systems bear the maximum importance as it helps the leadership to provide real time guidance. It also helps teams to work efficiently. Other factors have moderate to low importance for the alignment process depending on the organizational strategy being utilized by the organization.

In the next chapter, the reader will get to know about the analysis of the theoretical framework based on our findings through interviews.
6 Discussion & Analysis

The following chapter contains the analysis about the factors, which we have discussed in the chapter five. In this chapter first we will discuss how the SMEs maintain the alignment between organizational strategy and business processes over time and afterwards we will discuss which factors are most important or otherwise for the alignment process.

6.1 The nature of Alignment Process in SMEs

The fit between strategies and business processes means a common ground where both compliment and support each other. Banadra (2010) argued “there should not be a gap between organizational strategy and business process management for the success of business”. Similarly, Venkatraman (1993) argued that the alignment between processes and strategies is not an event; it is a continuous process, which takes place over a period of time. Like our case studies, which we have presented in chapter five, show that the fit between organization strategy and business processes is not one-time event. Actually, it appears like a continuous process, which maintains the execution of the day’s activities with the strategies. In case of Nordea bank Jönköping different day-to-day business processes are executed which are always related to the business strategies of the company. It provides different benefits to the organization along with speeding up the financial operations. This strategic fit has enabled the bank to grab a renowned market position in the banking sectors.

Trygghetsrådet Jönköping has also introduced different features to attract the customers and one of the features is the continuous training of their employees for a better customer service. In this regard, the employees of the organization take part in different training programs organized in house or in collaboration with the external organizations in order to improve the level of customer satisfaction.

For a process improvement all activities in a value chain are considered important and should be aligned with the organizational strategy. Previous research and our case studies show that BPM initiatives just focus on some part of the business processes where the elements of radical change are ignored. As we saw in case of culture that it is being given least priority and consideration in order to get the strategic alignment however if we look at the nature of these businesses they are expanding day by day and hence hiring people from different cultural backgrounds. Now all the cases under consideration for this study put special emphasis on people for the successful alignment. Since culture is closely related to people therefore factors given less importance at this time have to be reconsidered. Our research shows that mostly organizations are focused on the area of continues improvement while aligning the business processes and business strategies. For instance, Nordea bank wants to improve the interaction with customers and need efficiency in the financing function only.

Sometimes fit between organization strategy and business process management is not a voluntary act but is enforced upon the organizations. For example the customers enforce the organizations to think about the way of communications with the organization. Initially, customer interaction used to be through the conventional media
including phone and mail. However with the passage of time this interaction has changed and now most of it is performed through Internet. While focusing on the banking sector, we see a considerable change in the ways of interaction in this sector as well. Initially, transactions were performed and recorded manually and face-to-face interaction was a major portion of the whole process, however the introduction of IT has led to the introduction of Internet banking for their customers. Nordea bank Jönköping has used this IT infrastructure to its utmost benefit and has been able to provide a better customer service as compared to its competitors. Also it has been able to introduce a paperless environment for its financial operations whereby improving the overall business process.

6.2 Significance of Alignment Process in SMEs

Until now, we have been able to conclude that organizations put a lot of emphases on the fact that there should be alignment between their process and strategies. These organizations believe that this alignment will lead to a better profitability in the long run for them. However, while working on this alignment, the organizations have to consider all the elements of the value chain in order to develop a strong linkage between their strategies and business processes in order to maximize the profits.

Apart from the profitability, our analysis also shows that alignment between organizational strategy and business process in SMEs improves the level of customer satisfaction, gives the higher product quality and better response time as in Nordea bank and TRR. In case of Nordea bank, response time to customer is comparatively better and a personalized service is provided to the customer, which increases their satisfaction level. Nordea bank believes that this alignment become a reason to increase the profit of organization.

As we know that every enterprise has different goals and with this alignment every company can achieve their different benefits. Some companies believe that this alignment is beneficial for the value chain. When a product is produced and sent to the market, then all the steps between production and delivery should be aligned with the organizational strategy. TRR shows that that the goals of high profitability and management of diverse customer pool are being achieved by working on this alignment process.

6.3 Far-reaching effect of Alignment process in SMEs

In all the case studies, we found that SMEs always care about their business processes mostly focusing on their daily activities and plans about a specific business process. The interview shows that these firms do not consider it difficult to find a proper fit between the business processes and business strategy when proper documentation is available. This documentation enables them to manage and measure their performance. As in case of Trygghetsrådet we found that a comprehensive database of documents is made available to the employees at middle management and top management. These documents include the professional advice of their consultants. These documents make it easy for the employees to compare their progress with the
desired goals and in case of any discrepancy they are able to modify their method of working with their customers in order to achieve those goals.

The interviews depict that SMEs’ process oriented structure and the execution of the business process according to strategies is only possible with the help of strong collaboration of different teams operating inside the organization. Sometimes organization strategy and business processes are well-documented and up-to-date but a weak collaboration between different departments produce a weak execution in the business processes in relation to the strategy.

In organizations, business processes can be improved at initial stages of the overall process as compared to advanced stage of the process. In the cases analyzed above, organizations are able to measure and enhance their performance by using and employing professional performance management tools like CMM, six sigma and balanced scorecard specifically in case of Nordea bank Jönköping.

SMEs improved their processes according to their experiences, however, SMEs believed that only employing these performance measurement tools is not enough to get the fit between the processes and strategies but strategies should also be well defined and documented to achieve this fit. We discovered during our research that all the organizations under consideration have different types of strategies for carrying out their businesses ranging from "low cost" to "differentiation". These strategies have a moderate effect on the alignment process. As discussed earlier in chapter five, apart from three core factors needed for the alignment process, remaining factors change according to the type of strategy employed by the organization.

6.4 Significant alignment factors identified in SMEs

The above case studies present the importance of alignment factors, which consist of management, culture, information technology and people as a human factor for the alignment of business process with organization strategy. As described earlier, when people work in teams, there should be process management leaders who have the skills, knowledge and experience, willingness to lead a team, take responsibility and be liable for business processes (Rosemann & Brocke, 2010). Apart from people IT plays a vital role as Michael (1994) describes that one aspect of the IT is to reduce the cost and increase the scope of the coordination to help in developing the shared database for those processes. Kettinger & Teng (1998) describes that for the improvement of the business process, management system, style and measurement should be supported and all kind of measures are linked with customer satisfaction (Farnaz & Maria, 2010). The most significant factor is that the strategy must be aligned with the performance measures.

During our interviews we found that Nordea bank, Trygghetsrådet and Trelleborg Sealing Solutions all focus on human capital and leadership, information technologies and well-documented procedures for the alignment process regardless of the strategy. Also in case of businesses, which operate internationally, understanding of different cultures is also of critical importance but this factor is of less importance where organizations are operating locally or regionally. This analysis is based on the factors discussed in the above chapters.
6.4.1 People

We have discussed and argued in earlier chapters about the importance of people regarding their effectiveness in the business process management because of their business activities and performing tendencies. People come forward to run these day-to-day activities with the help of their skills, knowledge, professional attitude and cultural behaviors.

Furthermore Garvin (1995) argues that loyalty, commitment to customers, and the understandings of the organizational culture are the assets, which exist because of the organization’s human resources and people working in the organization.

Our studies refer that in SMEs people are one of the most important factor of business alignment with organizational strategies. For example in Nordea bank Jönköping, people are regarded as the most important alignment factor because these people in the shape of employees generally have the best knowledge about how to execute business activities at their local office.

So is the case of Trygghersrådet consultants, advisors and consultants are responsible to deliver the best services to their clients in the form of suitable advice. The advisors carefully design and formulate the best solution according to client needs and market situation. Employees are very important part of the organization; therefore they have 165 competent advisors throughout the Sweden. This is one of the major reasons to invest hugely on the internal corporate training and development program that helps to increase employee skills and efficiency.

Trelleborg Sealing Solutions indicates that human resource is a major factor for the success of their organization. The organization believes that a coordination between different department of the organization and competitive teams lead towards the success of the organization.

6.4.2 Information technology

The research in theoretical approaches argues that IT pervades business process management, thus enables application efficiency and effectiveness of business activities. Technology helps in redesigning business processes (Garvin, 1995). Al-Mashari & Zairi (1999) portrayed some important aspects in order to use IT for proper strategy and process alignment. These factors consists of activities such as aligning the IT infrastructure and BPM strategy, crafting a supportive IT infrastructure, defining budgets for IT investment and sourcing decisions, enhancing IT competency, and getting proper information system integration.

The research shows that IT enables and supports the operative tools of business process management; now a days, IT is considered a prominent tool to craft and execute business strategies. However IT plays a different role in every organization according to its need and operating criteria.
For example in Nordea bank Jönköping with the help of IT bank executes all its online transfers and business payments, simply IT facilitates in operating business deals.

On the other hand at Trygghersrådet consultants IT helps in Communications without a barrier between advisors and departments and cross-functional teams. IT actually supports them to exchange data and information in a fast and secure way.

Trelleborg Sealing Solutions (TSS) describes that by using IT the customer can check best solution for their applications. IT enables the members to check the material, which is used in a specific product. According to TSS more than 40,000 products are available online in 2D and 3D and the members can quote an online request for purchasing. In this way their customers can receive the items without any delay.

6.4.3 Governance

Many researchers argued that management and governance is one of the useful factors to get success in the alignment of business strategy (Harrington, 1991). Both above said field’s demands skills and communication abilities (Garvin, 1995).

Our research shows that governance also plays an important role in maintaining successful alignment. SMEs rely on high values of soft skills; due to their non-bureaucratic interests these organizations tend to be soft companies, where governing tools, like management, maintain its link to the operational workers in informal manner.

For example the Nordea bank Jönköping believes in a management that consists of describing why and how internal people should do their tasks and assignments. Corporate governance is a crucial part for large and medium type organization to describe individual responsibility and decision-making process therefore; Trygghersrådet admitted that they use a defined corporate governance system.

In Trelleborg Sealing Solutions all decisions are taken at executive level and the management facilitates the lower level employees on how they should complete their tasks. Therefore, the management checks quality of products. In this regard, the governance is important and crucial factors for Trelleborg sealing solutions.

6.4.4 Performance measurement

Another important factor, which helps in aligning business process management, is the performance measurement of an organization. Through this factor organizations evaluate financial outputs, employees’ productivity, and customer interests and above all possible outcomes of organizations ongoing operations.

As many corporate theorists argue about the importance of performance measurement that it is an essential tool for any organization to measure its profits and losses. Organizations should always look forward for profit-oriented projects and to do so they should think about their finances and measure the amount of low and high profit they have earned from past and ongoing projects.
The performance measurement tool helps to evaluate the successful alignment relationship between organization strategy and business process management. Consistent with these analyses, it is necessary to evaluate business process management to analysis expenditures, time management and productions.

Trygghersrådet admitted that the use of defined corporate governance system and holistic performance measurement tools helps them to identify their productivity level and individual values. Through these performance measurements they evaluate individual’s creative thinking which also help them in implementing the business process management and organizational strategy alignment.

In the case of Nordea bank performance measurement is done through total output measurement. In order to keep their employees motivated they evaluate group performance by measuring the output of different employee teams. To illustrate that characteristic each and every individual in the organization works in his or her domain to get better results for the development of Nordea bank Jönköping. These direct and indirect efforts from the employees of bank always help to maintain a close and trustful relation with their customers.

6.4.5 Management and leadership

“Authors advocate that management and leadership support and commitment are important for successful alignment of business process to strategy” (Harrington, 1991).

Our cases indicate that management and leadership is also an important factor for a successful alignment. For example Trygghersrådet believes that the flow of strategies from the top management to the front line workers in a systematic manner is necessary for performing day-to-day tasks and implementing the organizational strategy. In Nordea bank Jönköping managers encourage the employees in their daily activities and tasks. In this regard, they can work better as well as the management also interacts with the employees during the meetings and resolve the issues of the employees and organization.
6.5 Less important factors in the SMEs

6.5.1 Culture

Garvin (1995) advocates that when we are changing the processes implicitly that time we are changing the organizational culture and behavioral patterns but this kind of culture makes difficult to capture it. In sense of cultural change it’s difficult for the organization to shift in the process orientation from functional orientation (Carr, 1993; Mashari & Zairi, 1999) and it makes difficult for the people to change their attitude towards changes taking place in organizations. Therefore most of the authors agree on that the culture may act as a hindrance in the efforts of the fit between organizational strategy and BPM. Also, apart from Tellborg ceiling company, which operates internationally, our research, also found that culture is given least importance while working on alignment process may it be case of Nordea Bank or any other regional firm.

SMEs know the importance of organization culture in different traditions but there are no written rules, values and beliefs. However, SMEs believes it is hard to write down the values for people but it always in the mind of the human.
7 Conclusion

This chapter contains the results that we have found during this study. This chapter gives the generalization and limitations as well as some recommendations for future research that will be useful for the alignment of the organizational strategy and business process management.

7.1 The proposed approach for aligning Business Process Management and Organization Strategy

Business process management should be strategy driven. This process will lead the organizations to rethink about the internal and external processes. Therefore, the organizations should think how the product and/or services are delivered to the customers. In this way, our proposed approach will help the organizations to create alignment between BPM and strategy.

In this alignment, different factors are involved like people, management, leadership, governance, culture, information technology, performance measurement and communication, which create a linkage between organizational strategy and business process management. The proposed approach also helps to create extra value among the value chain from customer to suppliers. As described in figure six, this approach implies that for the proper functioning of alignment process all the factors (identified as most important or otherwise) are required to interact with each other. This interaction is deemed necessary because any of these factors cannot exist or function properly without having dependence on other factors. For example leadership alone cannot implement and maintain the alignment process without the help of management, information technology, employees of the organization or any other factors mentioned in the approach.

7.2 The alignment factors in SMEs

After analyzing our work, we found that there is no single mature model available for alignment between BPM and organizational strategy in SMEs. However, in this thesis we put our efforts to create a linkage between the literature and proposed approach, which we have found in the different SMEs.

After analyzing, we have found that the fit between business process management and organization strategy has a lot of significance because its helps to improve customer satisfaction, sometimes helps to improve monitoring and transparency, increased profits, reduce the time to market and also helps to increase the efficiency of staff. As we know that every business need the loyal customers, with the help of the customers SMEs thinks that they can increase their overall profit. However, the adaption of this alignment is a continuous process and cannot be done immediately. During the time period when this alignment process is taking place specially for the first time
organizations have to make conscious efforts to maintain a focus on both the alignment as well as on the retention of customers. If this balance is not maintained the organization may lose customers who will decrease the profitability of the organizations and hence they will not gain the benefits, which they seek to reap from the alignment process.

All the participating SMEs agree on most of the factors which are used in our proposed approach like people, governance, information technology, leadership and management, performance measurement and communication but they consider the human resources a critical factor to create a fit between organizational strategy and BPM because these resources are helping to create and make the processes in the organizations. Most of the SMEs think that good collaboration between different teams can create a well-managed business process. Also, they think that culture of the organization is a barrier most of time because it creates different difficulties in the way of business improvement.

As we mentioned before, this thesis project is related to the SMEs and they are using the performance measurement for measuring all the factors specifically, SMEs are performing performance measurement for the customers and their financial perspectives.

All of the SMEs emphasis the importance of open communication between management and teams which enables the business processes in a good way. This communication can be formal or informal however our analysis suggests that informal communication is more effective.

### 7.3 Utilization of identified factors in SMEs for Alignment

Factors, which have been identified above, play a significant role in the alignment process of BPM and organizational strategy. As we have described earlier that organizational strategy is based on the achievement of three pillars; Vision, Mission and competitive advantage. In SMEs achievement of these objectives is even more important because they sustain their business in a competitive environment on the basis of their competitive edge otherwise it would become difficult for them to remain in the market.

As far as development of competitive advantage is concerned, we have been able to identify that all the organizations in this study have placed a special emphasis on the development of 'people'. Once any competitive advantage is formed it becomes the first step towards the achievement of mission of the organization.

These SMEs are trying to exploit their human capital in order to sustain a unique place in the market place. Human capital development is leading towards achievement of competitive advantage with the help of IT and communication systems to speed up the process of training. IT and communications have been used to provide in office and off-site trainings in Nordea Bank from head office for relationship management and customer dealing. This has saved a lot of cost of travelling and lodging of employees in terms of training.
Management along with leadership plays an important role while working on the alignment process. Telleborg Selling Solutions have been able to manage a diverse work force and has converted it into their competitive advantage. Development of such a culture requires the constant supervision of management and guidance of the leadership.

In case of SMEs leadership is most of the times involved with day-to-day activities of the organization as well therefore they are in a better situation to develop such a culture. For SMEs, In order to align BPM with organizational strategy the leadership of that organization has to have not only an outward focus but they have to be vigilant about the activities and culture prevailing and developing inside their own organization. This will help the alignment process to run in smooth fashion.

Performance measurement provides a constant check on day-to-day activities of the organization as observed in all three cases. If performance of employees and organizations is measured regularly it helps to provide a true picture of the organization and if there is any discrepancy found between processes and organizational strategy it can be taken care of at an earlier stage. Performance measurement becomes even more important in case of SMEs because they have a resource constraint and hence rectification at initial stages helps them to save from a greater loss at a later stage. In order to align BPM with organizational strategy measurement of performance can be utilized in an effective way as done by Nordea Bank. In case of Nordea Bank, Jonkoping after providing the necessary training to employees, periodically, their performance is reviewed so that organizational goals can be achieved.

7.4 Generalization

This thesis depicts the strategic alignment in SMEs with the help of the critical factors. As we know that in large organizations the alignment process is already established due to experience and resources; however in SMEs this alignment is at a smaller scale and can be expanded. This approach can be generalized for implementation at a larger scale in SMEs on the basis of current study since we have selected both local and international SMEs for our study, which are also operating in totally different domains. Interviews demonstrate that level of significance of these factors may vary from industry to industry but they all are important factors for carrying out the alignment process.

The methodology used in this study is based on the interviews while studying these businesses. For using this method, we produce a powerful generalization, which is to take interviews in other companies in the Jönköping as well as in the other countries. However, with the help of interviews sometimes it is difficult to analyze all the aspects of the dialogue. When we asked the organizations how and why some event took place in organization in relation to different alignment factors; they were unable to answer. In this respect, if we are able to collect more information through any other methodology it will be more beneficial for the organizations as well as for further work.
7.5 Limitations

We had the time constraint while performing this research, which affected the sample size used for this research. If a larger sample size is utilized the importance of some other factors, like culture, may also be established.

One of the limitations of this research is that it may have response bias. According to previous research, (Saunders et al., 2007; Zikmund, 2000) an interviewee can be subject to different kinds of response biases. For example a particular pattern may be followed while answering the questions or the factors, which may have a bad impact on the organizational performance, can be rated as unimportant instead of showing their actual effect on the alignment process. Possible bias such as the ones just explained could have affected the reliability and validity of this thesis. When reviewing the collected data there is some evidence, which support this bias. There are some firms which have given middle values for many questions, a phenomenon known as extremity bias (Zikmund, 2000) where the respondent have a tendency of giving very high, low or neutral answers.

7.6 Recommendation for further studies

This thesis depicts the consequence of the alignment in the organization as well as it provides the important alignment factors in SMEs. These alignment factors have been studied in relation to the strategy and business processes. This study has covered individual effect of these factors on the alignment process. There correlation has not been investigated in this study. We recommend a further study for studying the combined effect of these alignment factors on the overall alignment process.

According to the research question of this study, this observation is investigated in SMEs; it will be fascinating if the further research is executed to investigate what are the differences between the factors, which are used in the large organizations, and the factors that are used in the SMEs.

This study is accomplished by the focusing on semi-structured interviews, which are validating the alignment factors in SMEs. It can be more interesting if other types of data collection strategies like participant observation, physical artifacts and open interview are used to study analyze and validate the results of this study.
8 References


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Appendix

9 Appendix

9.1 Questionnaire

Questionnaire- For validating An Approach for align Organization Strategy with Business process management

Aim: The goal of designing this questionnaire is to collect information from different organizations in Sweden. Consequently this information is applied to detect and validate the factors that required for aligning between organizational strategy and Business Process Management. Your appropriate answer with your PERSONAL KNOWLEDGE would be greatly respected.

Note:
1. The information collected will be confidential.
2. The result will be presented in Master thesis in August 2011.

Aligning organization strategy with business processes management
In this era, to move in a dynamic environment and to stay with today’s economy; the organization strategy should be aligned with business processes management as well as with information technology. In this respect the organization’s business will move in a better way. This alignment is very useful for the effective and efficient organizations. Hence in this survey we strive to evaluate the critical factors that can build this alignment.

Authors: Bahareh Sharbafi & Aamir Javed
June11
Brief overview of the framework

Based on the literature review we describe the approach and major factors, which will be useful for alignment of the business process management and organizational strategy. The model that demonstrates the alignment between organization strategy and BPM includes different factors. We elaborate all the factors and interrelationship between organizational strategy and BPM. These factors named:

- **People** that act as performer in the alignment and include expertise, skill, awareness and culture.
- **Communication** that act as linkage in the alignment by sharing and quality of information.
- **Leadership and management** that coordinate the organization strategy by inspiring and changing as well as managing business processes and support to them.
- **Governance** Monitoring the organization strategy, BPM and it also include responsibilities toward BPM control and decision-making.
- **Information technology** that has vital role in organization and enabling the organization to adopt the alignment by data and designing method.
- **Culture** its role is to legislate in the organization to assist it to have an alignment by values, rules and belief.
- **Performance measurement** that measure strategic processes, people, IT and management, qualitative and quantitative measures to maintain and improve the process.
Part 1: Background

The purpose of these questions is to provide the background information about the organizations that will be useful for the analysis of data.

1) Organization's Name:
2) Organization's Location:
3) Which one describes your current position in the organization?
   i. Executive Manager
   ii. Administrator
   iii. IT Manager/IT developer
   iv. Business Line Manager
   v. Other:

4) What is your Organization's size? (No. Employee)
   i. Small
   ii. Medium
   iii. Large

5) Which of the following describes your organization?
   i. Agriculture, Forestry and Fishing
   ii. Manufacturing Electricity, Gas and Water supply
   iii. Wholesale Trade Transport and Storage
   iv. Communication Services Property and Business Services Education
   v. Health and Community Services
   vi. Finance and Insurance
   vii. Telecommunication Services
   viii. Consulting Services
   ix. Finance and Bank
   x. Other:
Part 2: Role of business process management in the organization

The purpose of this section is to describe the way of managing the business processes within organization and also provide the information about how much organization is spending on BPM as well as which type of business processes are managed in the organization.

6) Business processes are documented and kept up to date for organization.

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Please comment your answer (How, Why)

7) Is your process organized in Cross-functional or horizontal view?
   i. Yes. Cross functional
   ii. Yes. Horizontal
   iii. We never think

8) If your answer for above question is indicated “Yes and Cross functional”, state how would you evaluate the organizational structure?

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9) Describe your organizational role in Business Process Management?
   i. Business process director
   ii. In selecting BPM products and services
   iii. In selecting IT products and services
   iv. Organizational strategy director
   v. Working on specific BPM projects
   vi. Other:
Appendix

10) If your organization has a group, responsible for BPM, where is it located within your organization?
   i. We do not have a formal BPM Group
   ii. Our BPM Group is at the Executive level
   iii. Our BPM Group is at Departmental level
   iv. Our BPM Group is located within IT
   v. Our BPM Group is located within HR or Training
   vi. Our BPM Group is located within Finance
   vii. Our BPM Group is located within Quality Control
   viii. Other:

Please comment your answer (How, Why)

11) What percentage from your BPM budget, you spent in following?
   i. Six Sigma Projects
   ii. Software Tools
   iii. Outside Consultants
   iv. Internal Training
   v. Training
   vi. Other:

Please comment your answer (How, Why)

12) Our business process in Organization is absolutely customer focus.

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Please comment your answer (How, Why)
13) What approach does your organization apply for analyzing business processes?

i. Balanced Scorecard
ii. Capability Maturity Model (CMM)
iii. Six Sigma Process Improvement projects
iv. Total Quality Management (TQM)
v. Other:

Please comment your answer (How, Why)

Part 3: Organizational Strategy

This section will provide the information about strategies in organization. Is strategy relevant to achieve the goals of organization as well as is it helpful for organizing business processes?

14) Strategy in your organization is well up to date and documented.

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15) Well-defined organization strategy is the basis for business process management.

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16) Well-defined organization strategies always help to the alignment of strategy and business process management.

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**Part 4: Aligning business process management with Organization strategy**

The purpose of following questions is to provide the information what the organization thinks about alignment between business process management and organization strategy as well as how it will be useful for the organization.

17) Have you ever think about aligning BPM with organization strategy?

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18) How important do you think about aligning BPM with organization strategy in your organization?

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Please comment your answer (How, Why)

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19) What are the effects of alignment between organization strategy and BPM on your organization?
20) How do you adjust the alignment in your organization?
   i. Invests heavily in training of your staff
   ii. Providing complete documentation for future support
   iii. Major tasks are outsourced
   iv. Increase in speed and accuracy rise in effective communication
   v. Other:

Please comment your answer (How, Why)

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**Part 5: Factors that build up alignment between organization strategy and BPM**

This section gives the factors which will be useful for alignment of business process management and organizational strategy. It also provides the information that which factors are most important for the organization, alignment of organization and business process management.

21) Which factors do you think are most important in your organization?
Appendix

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**Please comment your answer (How, Why)**

22) In the context of BPM, how successful is your organization in addressing Management/Leadership factors in terms of support, changes, manage business process and coordinate?

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**Please comment your answer (How, Why)**

23) In the context of BPM, how successful is your organization in addressing Communication factor in terms of sharing and quality of information and linkage?

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**Please comment your answer (How, Why)**

24) In the context of BPM, how successful is your organization in addressing
### Appendix

**Governance** factor in terms of responsibility, BPM control and decision-making?

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25) In the context of BPM, how successful is your organization in addressing **IT** factor in terms of data and designing method?

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Please comment your answer (How, Why)

26) In the context of BPM, how successful is your organization in addressing **People** factor in terms of expertise, skill, awareness and culture?

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27) In the context of BPM, how successful is your organization in addressing **Culture** factor in terms of value, rule and believes?

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28) In the context of BPM, how successful is your organization in addressing *Performance Measurement* factor in terms of measuring the strategic processes, people, IT and management, qualitative and quantitative measures to maintain and improve the process?

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Please comment your answer (How, Why)

Thank you for giving the time to complete this survey. Your Final Comment:

Shba0864@student.hj.se
Jaaa08ba@student.hj.se