

Business Process Management as Seen from an Emergent Economy Lens

Gerald Korir

PhD student, Department of Management and Business Economics, Budapest University of
Technology and Economics

Abstract

This paper forms a novel approach to why emerging economies should pay increased attention to business process management in running state-owned institutions, which play a central role in shaping economic policies, regulating financial institutions, and maintaining monetary stability. Despite significant attention to Business Process Management (BPM) in private-sector organizations, its implementation and benefits within public-sector entities still need to be explored, particularly in emerging economies. This study seeks to provide more insight into this gap by examining how BPM practices enhance public institutions' efficiency, transparency, and adaptability in developing countries. The findings contribute to the existing literature by highlighting the potential of BPM frameworks to drive improved governance and economic outcomes in public-sector institutions.

Keywords: State-owned institutions, Public institutions, Operational performance, Economic policies, Business Process Management

1. Introduction

Public institutions are pivotal in maintaining economic stability, managing inflation, and promoting sustainable growth in emerging economies. However, their role goes beyond conventional public services to economic development and adapting to technological advancements. Despite this progress, public institutions face critical challenges, such as regulatory changes, resource constraints, and the pressure to innovate worldwide.

This study presents Business Process Management (BPM) as an alternative that offers a framework through which business processes in public institutions can address these challenges. Public institutions enhance their operational efficiency and policy execution by systematically analyzing, improving, and optimizing internal processes. However, integrating new technologies and practices in the Kenyan Public institution is often hindered by institutional inertia and a need for more skilled personnel. This highlights the need for BPM to address operational inefficiencies and the more profound structural and strategic barriers the Bank faces.

Public institutions stand at a crossroads, balancing traditional roles with the demands of the rapidly changing political, economic, and technological landscape. As BPM has successfully transformed private-sector organizations (Jeston, 2022), its application in state-owned institutions holds untapped potential. The paper explores how BPM offers solutions to improved transparency, adaptability, and policy implementation in financial institutions, specifically publicly owned ones.

We intend to study the unique challenges in the state-owned sector. As outlined by Were et al (2021) and applying BPM principles, we seek to provide insights into how these institutions in emerging economies can enhance their governance and operational effectiveness. It is crucial to note that apart from the core role of public institutions being pivotal in driving economic stability, managing inflation, setting monetary policies, and promoting sustainable growth, their role goes

beyond conventional duties. This includes financial inclusion, economic development, and adapting to regional financial stresses. (Jeston, 2022) It is observed that public organizations across developing economies have undergone significant evolution from their establishment in post and pre-colonial times to their current role as modern institutions at the heart of economic policy. (Were et al, 2021) Despite this progress, public apex banks face critical challenges such as regulatory change, volatile exchange rate policies, resource constraints, and the pressure to innovate, presenting grounds for a possible study.

2. The Concept of Business Process Management

Business Process Management (BPM) is a structured approach to analyzing, designing, executing, monitoring, and continuously optimizing business processes. Often, business processes align various processes with an organization's strategic goals, ensuring efficiency, effectiveness, and adaptability. BPM is not a one-time improvement initiative but an ongoing management discipline that seeks to drive process innovation, operational excellence, and long-term sustainability (Jeston, 2022). Over the years, BPM has become a management approach that considers the operation of an organization as a network of interrelated business processes (Figure 1), thereby promoting continuous improvement and innovation within these processes. (Chountalas & Lagodimos, 2018)

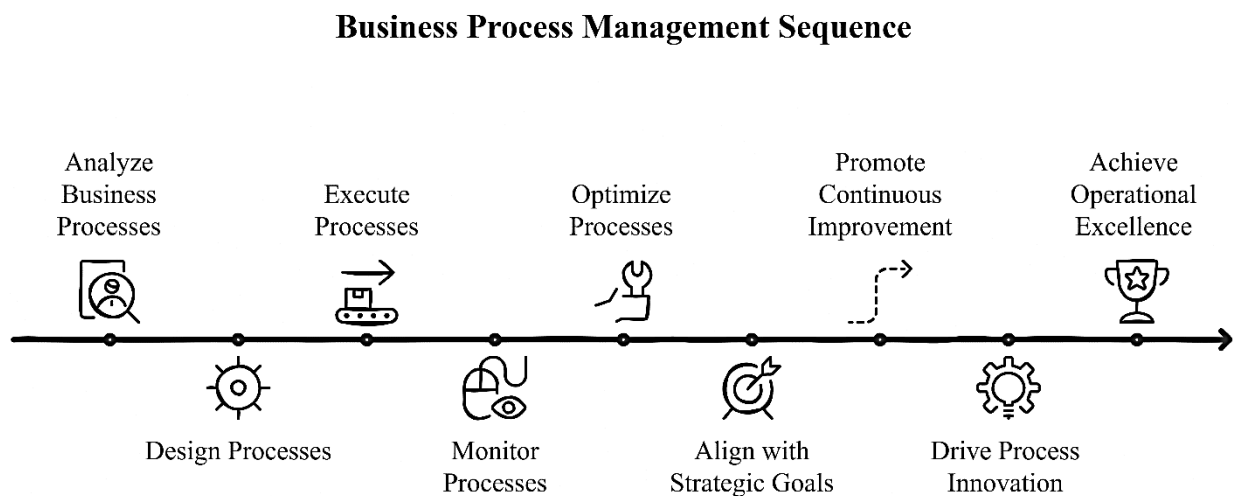


Figure 1: Sequence of BPM

Source: Chountalas & Lagodimos (2018)

In this section, we explore BPM's theoretical foundations, practical application, and significance in both private and public sectors to gain a background for our study of BPM vis-à-vis public institutions in emergent economies.

At its core, BPM builds on principles from systems theory, quality management, and process reengineering. (Davenport, 1993) It evolved from early workflow automation models and business process reengineering (BPR) in the 1990s. Scholars like Hammer and Davenport were pioneers in this field, with their early work emphasizing the need for organizations to re-think and radically

redesign business processes to achieve dramatic improvements in performance, quality, and customer service.

BPM integrates various management and technology approaches, including Lean, Six Sigma, and Total Quality Management (TQM), emphasizing process efficiency, defect reduction, and customer satisfaction.

As observed from the literature, the foundational principle of BPM is that it should not be viewed as a standalone function but as a strategic tool that drives continuous process improvement, fosters innovation, and aligns with corporate governance. Davenport argues that it is a “holistic management discipline” that ensures that every element of the process – people, systems, technology, and resources – works cohesively to deliver optimal results.

In terms of management and Business Process Management (BPM) development, authors like King, Fingar, and Smith present different ideas for understanding BPM. (Fingar & Schmidt, 2003) Notably, King (2003) identified four development waves of BPM (see Figure 2).

1. **The first wave of BPM:** King points out that continuous process improvement, closely related to Total Quality Management (TQM), emphasizes enhanced productivity, reduced waste, and customer satisfaction through methods like Kaizen.
2. **The second wave of BPM:** The literature mentions an important aspect centered on Business Process Reengineering (BPR), which aims for radical and fundamental organizational change to improve productivity. BPR then points to a trend of management heading towards essential, radical, and fundamental change in the organization of applied work procedures or technologies.
3. **The third wave of BPM:** Focuses on creating a process-oriented organization. Key elements include defining core processes, developing process maps, and using them to improve efficiency and assess costs. King (2003) notes that strategy and competence management are vital in this phase, where processes are continually improved and aligned with the organization's goals. This is further reinforced by Tuček (2009), who states that a process-orientated organization needs competence management as a system that enables BPM to fill the roles in individual processes (both management and critical processes) by such people with appropriate knowledge and abilities (Tuček, 2009).
4. **The fourth wave of BPM:** This phase emphasizes achieving competitiveness by focusing exclusively on process optimization as a core differentiator.

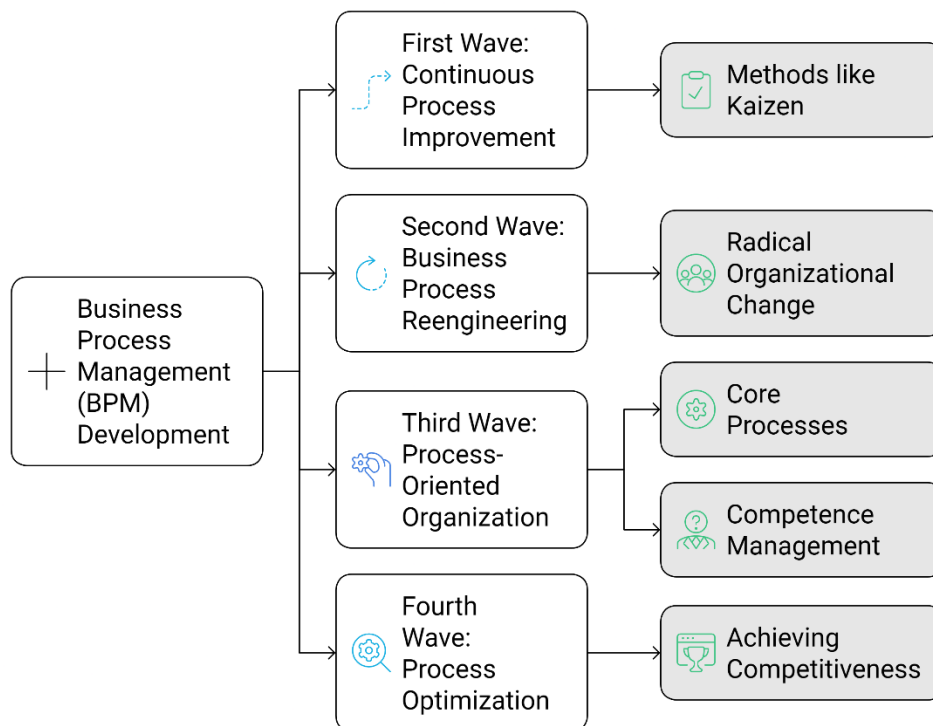


Figure 2: Business Process Management Development Framework

Source: Adapted from King (2003)

On the aspect of process management, Tuček (2009) describes the journey into two crucial and distinct stages, in which, according to our study on public institutions, this study finds a foundational basis for why BPM is important and that unique objectives and timeframes characterize it:

- **Short-term (quick) stage:** This stage (which lasts months) involves initial organizational adjustments to prepare for process management, such as revising strategies, processes, organizational structure, motivation systems, and integrating new information technologies.
- **Long-term stage:** This stage unfolds over several years and involves more profound cultural shifts. It requires employees to accept the new management approach, adapt the organizational culture, and continuously improve processes.

The framework in Figure 2 highlights the importance of developmental waves and stages. Our study provides a framework for understanding BPM's progressive nature and its implementation in organizations over time. Our argument is that financial institutions, especially public institutions, should navigate these stages thoughtfully to achieve sustainable improvements and foster a culture of continuous improvement.

3. Business Process Management lifecycle

Notably, having looked at literature that related BPM to several developmental waves, we then interlink it with the BPM lifecycle, which is essential in explaining how business processes consist of several iterative phases essential for performance (Figure 3) (Weske, 2007):

- **Process Design:** Involves defining the current state of processes (As-Is) and designing the improved future state (To-Be). This stage includes process mapping, modeling, and identifying performance gaps.
- **Process Implementation:** Refers to the actual deployment of new processes, often with the help of automation tools. This phase requires coordination between technology teams and process owners.
- **Process Execution:** Processes are carried out in real-time, with automation tools handling repetitive tasks, while human intervention is required for decision-making.
- **Process Monitoring:** This includes continuous tracking of key performance indicators (KPIs) and identifying bottlenecks, inefficiencies, and areas requiring improvement.
- **Process Optimization:** Based on insights from the monitoring phase, processes are adjusted, fine-tuned, or redesigned to further enhance performance.

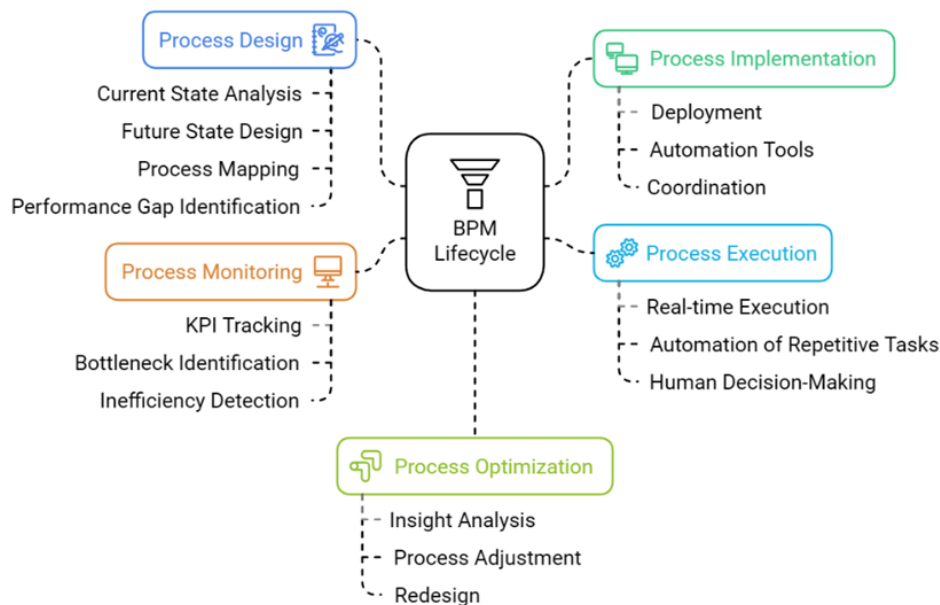


Figure 3: The iterative nature of BPM processes

Source: Weske (2007)

The iterative nature of BPM ensures that organizations continually adapt to changes in technology, market dynamics, and regulatory landscapes.

4. Business Process Management in the Private and Public Sectors

BPM focuses on operational efficiency, customer satisfaction, and cost reductions in the private sector. Jeston (2022) explains that BPM frameworks such as Lean and Six Sigma enable companies like Ford and IBM to optimize supply chains, improve service delivery, and reduce production costs. BPM's primary goal in private organizations is to ensure that processes are continuously aligned with business strategies, enhancing agility and competitiveness in dynamic markets. Additionally,

implementing technology, such as Robotic Process Automation (RPA) and Artificial Intelligence (AI), is often critical in enabling businesses to streamline operations, automate repetitive tasks, and make data-driven decisions. The focus is maximizing profitability and customer experience, especially in finance, manufacturing, and healthcare industries, where complex workflows demand high process efficiency.

In contrast, BPM in the public sector focuses more on improving governance, transparency, and service delivery. Public institutions often face bureaucratic inefficiencies, outdated systems, and resistance to change (Ferrari et al, 2018). Jeston (2022) points out that BPM offers public entities a way to standardize processes, reduce redundancy, and introduce accountability by employing automation and other technologies. For instance, public institutions and other government agencies can benefit from BPM by creating more efficient workflows, ensuring that their services are delivered faster, more accurately, and reliably. Ferrari et al (2018) further highlight the potential for BPM to improve the quality of business process descriptions in public administrations, which is often a critical step toward ensuring better service outcomes for citizens.

Integrating different departments within a public institution can promote a culture of excellence vital for addressing economic challenges. Incorporating Business Process Management (BPM) strengthens this approach by streamlining operations, aligning processes, and improving stakeholder engagement. BPM enhances institutional efficiency by optimizing planning, resource management, and service delivery. A philosophy of excellence, supported by BPM, focuses on achieving balanced results—meeting immediate and long-term goals while maximizing resource use, thus ensuring sustained performance through efficiency and effectiveness.

For organizations to function efficiently, it is crucial to identify numerous interconnected processes that interact. Typically, the inputs for one process derive from the outputs of another. Consistency and predictability in results are more effectively achieved when these activities are managed as interconnected processes within a cohesive system. Understanding this system's processes, resources, management, and interrelations enables organizations to enhance overall performance.

The "Plan-Do-Check-Act (PDCA)" methodology, emphasizing "risk-based thinking" to avoid undesirable outcomes, is applied to manage both processes and the overall system. Utilizing a process approach within a quality management framework offers multiple advantages, such as understanding requirements and ensuring consistent execution, analyzing processes to pinpoint value-added aspects, evaluating process performance, and leveraging relevant data for improvements (ISO, 2015).

5. Challenges and opportunities

While BPM offers numerous benefits, its successful implementation is not without challenges. Common obstacles include organizational resistance to change, lack of qualified personnel, misalignment of goals, inadequate technological infrastructure, and a lack of process-oriented culture. BPM emphasizes a structured methodology for process design and improvement and implementing BPM frameworks. Furthermore, it integrates change management strategies to foster a culture of continuous improvement, ensuring that excellence programs are embraced at all levels. BPM highlights the need for skilled process managers and its training programs to help build the necessary competencies in the workforce. BPM's iterative nature supports gradual,

manageable changes, making organizational transformation smoother and more acceptable to employees. It involves aligning technical initiatives with business objectives through its holistic approach, ensuring synchronization of strategic and operational goals.

Jeston (2022) stresses the importance of proper management and leadership in overcoming these barriers, advocating for strong executive sponsorship and the involvement of cross-functional teams in BPM initiatives. BPM efforts are customer-centric, and when aligned with business strategy, they become critical to an institution's long-term success.

These challenges are even more pronounced within state-owned institutions due to institutional rigidity and complex stakeholder environments. However, the opportunities for BPM implementation and continuous improvement are immense. Adopting BPM as proposed by the literature, the view that it will improve governance structures, enhance operational transparency, and provide more efficient services to citizens is evidenced by successful BPM implementations in various countries.

6. Conclusion and recommendations

Ongoing training is essential to ensure stakeholders and process participants are well-versed in BPM frameworks, as shown in Figure 4. This continuous knowledge-sharing aligns their goals with the organization's objectives and ensures compliance with established standards. BPM also strengthens leadership by driving process improvement and managing cultural resistance, fostering a culture of innovation, change acceptance, and collaboration among stakeholders. BPM encourages the adoption of modern evaluation models like EFQM or Baldrige to benchmark processes and measure performance, reinforcing its objective of continuous improvement. Furthermore, BPM relies on performance metrics and Key Performance Indicators (KPIs) to monitor efficiency, ensuring processes meet specific, measurable, attainable, relevant, and time-bound (SMART) goals. Introducing performance-based incentives will promote excellence and motivate stakeholders to adhere to BPM standards, optimizing organizational performance.

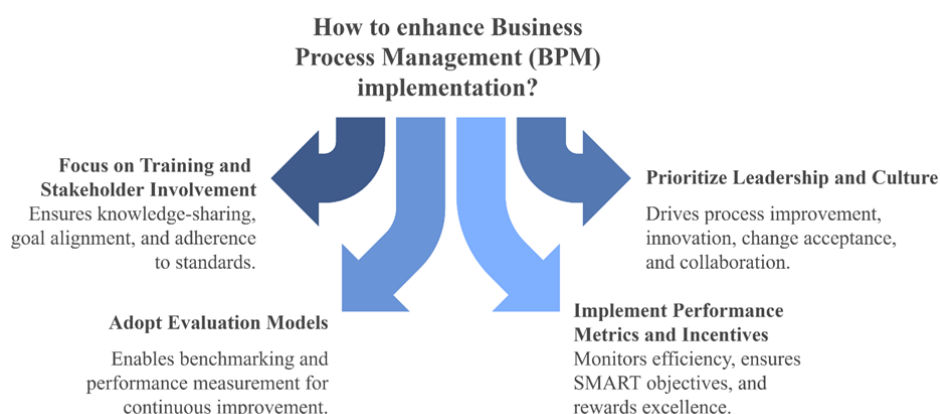


Figure 4: Recommendations on how to enhance BPM implementation

This research underscores the crucial importance of Business Process Management (BPM) in driving operational efficiency and governance within state-owned institutions. The study has shown that BPM effectively addresses challenges such as cultural resistance, lack of preparedness,

and the misalignment between business objectives and technical agendas. Moreover, integrating BPM frameworks within public institutions enhances transparency, standardized processes, and improved service delivery. Additionally, the adoption of modern evaluation models and performance metrics is highlighted to facilitate ongoing improvement, ensuring long-term sustainability and alignment with institutional goals.

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