Process-Oriented Management in Public and Private Sector[*]

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The aim of the paper is to discuss the differences between the process-oriented management in public sector organizations and private sector organizations. It is also to present the consequences of implementation of this approach and to suggest areas for further research. The process management is based on the assumption that actions should be optimized by taking into account processes, which create the dynamics of an organization. These processes are constituted by sequences of activities, which turn ideas and efforts of members of an organization into an outcome expected by a client. It seems that the implementation of the process-oriented management in organizations of the public administration may facilitate the following current clients needs and identifying new ones, which are due to changes in needs of citizens or legal requirements. The paper gives an account of the process-oriented management approach and consequences of its implementation in public sector organizations. It also discusses the obstacles to the process-oriented management implementation, primarily in the public sector. The paper is theoretical and the presented ideas need further empirical investigation. The findings can be used to enhance process-oriented management systems both in the public and private sector.

Keywords: private sector organizations, process-oriented management, public sector organizations

Introduction

Process management rests on the assumption that actions should be optimized by taking into account processes, which are crucial to the dynamics and functioning of organization.

These processes are constituted by sequences of activities, which turn ideas and efforts of members of organization into an outcome expected by a client. It seems that the implementation of the process management in organizations of the public administration may facilitate identifying current and future clients' needs (due to changes in needs of citizens or legal requirements). The process approach to organization may also enhance involvement and cooperation between employees. Moreover, it may contribute to making the internal communication more efficient. In the functional approach, which is the most widespread in public sector public entities, the manager assigns and enforces tasks in compliance with strictly specified procedures; within this framework to meet manager's expectations seems to be the top priority. It may result in the shift of a sense of accountability: The results of activities are less important than modes of activity and acting in compliance with instructions is considered sufficient to warrant efficiency.

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The public sector organizations are the focus of interest first of all due to their significance for each country's economy. Secondly, it is related to the impact they have on lives of all citizens. Characteristic features of these organizations, which make them different from private sector organizations, are political and social rationality, which rarely go hand in hand with economic rationality. Action strategies result from political game, which is not conducive to setting difficult to measure and/or long-term goals (Kożuch, 2006). These organizations operate in less stable environment than private sector organizations, which is due to their close relationships with politics and cyclic changes of authorities. Despite the fact that market pressure on public sector organizations is smaller than on private sector organizations, their position is not privileged. It is connected with double role played by citizens as inhabitants, citizens, and taxpayers they are subordinate to a given state, but as service receivers they are not.

Both in the world and in Poland significant changes in the sphere of public administration have taken place recently. Some of these changes have been a result of implementation of concepts and methods of management taken directly from the private sector (Heracleous & Johnston, 2009); the process management is one of them (MacIntosh, 2003). The process approach has been known since the time of the classical school, yet since then it has changed significantly and has evolved into Business Process Management (BPM) (Grajewski, 2012). The concept of BPM in its current shape emerged in the 1990s; it was inspired by earlier frameworks such as Total Quality Management (TQM) and Business Process Reengineering (BPR) (Brocke & Sinnl, 2011). Many authors who explore the concept of BPM focus mainly on its "hard" aspects, such as organizational structure, development of processes, and use of new information technologies (Gulledge Jr. & Sommer, 2002; MacIntosh, 2003; Sentanin, Santos, & Jabbour, 2008).

Process Management

The idea of the process management in the private sector was the most popular in the middle of the 1990s (Houy, Fettke, & Loos, 2010, p. 637). Then the first publications on this concept in the context of public sector started to appear; yet the approach was still much less discussed in the context of public sector than in the context of the private sector. A few publications, which addressed the topic, focused on re-engineering organizational structure from functional one to process one (Gulledge Jr. & Sommer, 2002), identification (Sentanin et al., 2008), optimization (Hesson, 2007), efficiency (Coulson-Thomas, 1997; MacIntosh, 2003), identification of processes owners (Ongaro, 2004), linking these processes with IT tools (Gulledge Jr. & Sommer, 2002), drawing attention to customer's perspective (Ongaro, 2004; Coulson-Thomas, 1997), and impact of external factors on implementation of process management (MacIntosh, 2003; Helfert, 2009).

Implementation of the process management in public administration is recommended since there is a necessity to understand customers' current needs and to identify new needs being a result of changes in needs of citizens or legal requirements (Krukowski & Siemiński, 2011). These are not the only arguments in favor of it. It seems that the main source of inefficiency of functional approach (the opposite of the process approach) is the focus of employees on expectations of manager, who assigns and enforces tasks in compliance with strictly specified procedures. It may result in a shift of a sense of accountability: Outcomes of activities are less important than modes of activity and acting in compliance with instructions is considered as a sufficient warranty of efficiency (Sikorski, 2000).

This bureaucracy stemming from formalized communication and peculiar focus on stamps and signatures on documents instead of people, their actual problems and organization as a whole, leads to depersonalization

of interpersonal relationships (Kołodziejczak, 2011).

It may also lead to so-called "local attitudes": Employees focus solely on their assignments, in consequence, the wider perspective is lost (Sikorski, 2000). The result of such an attitude may be conservatism oriented towards stabilization and strengthening of existing norms, values, and patterns of behavior; changes are unwelcome and the past is considered as a guide to the future (Kołodziejczak, 2011).

The most common stages of the process management implementation are as follows:

• Awareness of some benefits. The most common mistake at this stage is a lack of full understanding of what process management consists in. In many cases, even advocates of process management lack comprehensive knowledge about the methodology, the core, and challenges of the approach. Lack of full awareness stems from a lack of experience, which is crucial to create, develop, and sustain the awareness;

• The willingness to implement the approach. This is the critical stage, which requires the leader and the master, who would represent different parts and levels of organization; they may be top-level managers, managers of departments or units or heads of the team;

• Implementation at the level of a chosen process is connected with strengthening of potential and credibility of the approach. The employees most often at this stage start to identify themselves with the approach since they see personal benefits from employing it;

• Implementation at the level of the whole organization. This stage may take three to five years. It requires creating a methodology and choosing methods, techniques, and tools, which take into account organization peculiarity. They need to be documented, implemented, passed on, and actively sustained. It is achieved by mapping processes; it allows defining modes and subsequent stages of organization improvement. When accountability is assigned and mapping of processes is accepted, carriers of process management should be scrutinized once again;

• Organization has full awareness of its processes and process management center of excellence is finally established (Rosemann, 2008).

Passing through subsequent stages until process maturity is achieved takes different shapes and depends on organization. However, one may identify six key factors, which have an effective impact on implementation of BPM:

• Strategic alliances—ongoing integration of organizational priorities and organizational processes, which enable to achieve business objectives;

• Culture and leadership, collective values and beliefs, which shape attitudes and behaviors related to a process;

• People, units, and groups who are on a daily basis responsible for the processes;

• Management, defined accountability, and transparency in decision-making processes;

• Methods, modes, and techniques of supporting the processes;

• Information technology (Bandara, Alibabaei, & Aghdasi, 2009).

According to research conducted in 2009 by service PROCESOWCY.PL within a group of 480 people who worked with entities representing different sectors and branches, the process maturity level of a large part (38%) of Polish organizations, measured by slightly modified hierarchy Capability Maturity Model Integration (CMMI), is intermediate. It indicates full awareness of processes, which take place in organizations as well as the existence of defined measuring system. It does not, however, translate into management decisions. Processes do not supply solutions to fulfill strategic objectives. Only 7% of entities consciously identified,

measured, and managed their processes; 19% of investigated entities belonged to public sector, their process maturity level was assessed as below Polish average. Within a group of public sector units, there was not a single one that would consciously identify, measure, and manage its processes; in these entities processes were at most identified (PROCESOWCY.PL).

Similar research is carried out by Wolf and Harmon (2012) on BPTrends (see Table 1). Since 2005, every two years, they have been publishing reports on current trends in process management in organizations all over the world. The recent report is based on research, which was conducted in 2011 among 399 entities from Europe, America, Australia, New Zealand, Asia, and Africa (out of which over 50% was located in Europe and America). This research has shown that over the last years the level of process maturity of organizations has been slowly growing. Authors of the report have come to conclusion, however, that more "mature picture" of organizations is not a result of overall growth of level of process maturity, but it is an outcome of strenuous work of several entities (Wolf & Harmon, 2012). It is also worth mentioning that more European organizations than American organizations have achieved the highest level of process maturity.

Table 1

Levels of Process Maturity of Organizations in General Terms

Level of process maturity of organization	2009 (%)	2011 (%)
1	10	11
2	46	39
3	24	25
4	16	19
5	4	6

Note. Source: Wolf and Harmon (2012).

Process Management in Public Sector Organizations and Process Management in Private Sector Organizations

Tregear and Jenkins (2007) identified nine potential differences between process management in public and private sector. They are as follows:

- Public interest;
- Accountability;
- Political sensitivities;
- Whole-of-government ecosystems;
- Budget cycle complexity;
- Information exchange;
- Regulating society;
- Machinery of government;
- Culture.

While some of these factors have been recognized by the authors as conducive to process thinking, the others have been considered as a hindrance. There are also factors that are both catalysts and inhibitors of process management: public interest, accountability, whole-of-government ecosystems, budget cycle complexity, regulating society, and machinery of government.

Public Interest

Public interest, to a greater or lesser extent, is inscribed into mission and vision of public sector organizations. In fact, they were created to realize public interest goals. However, due to the complexity of the issue, to measure the degree of these goal fulfillments is a very difficult task. Likewise it is difficult to precisely define a customer and his/her needs.

Accountability

Mulgan (2000) in his article on *Comparison of Accountability in Public and Private Sector* emphasized that structure of accountability seems to be more rigid in case of public sector. In general, he indicated four elements, which make accountability in two sectors different. In the public sector, apart from rigidity, it characterizes, there is a constant political pressure and wider scope of accountability; and in case of private sector it is a lack of equivalent of such an institution as the parliament.

Political Sensitivities

Accountability of those who take care of management in the public sector has both political and organizational dimensions, and their work is watched on by the public opinion. Even the most efficient manager may lose his/her job when he/she is not supported by society.

Whole-of-Government Ecosystems

Close cooperation between many entities for the benefit of public interest is one of the most important determinants for public sector organizations. Yet, to coordinate activities of organizations, which are subject to different, separate legal acts, is an extremely difficult task.

Budget Cycle Complexity

Much more components and determinants have to be taken into account while drafting a budget in public sector entities than in the private sector. The budget of public sector entities is one of the most important political, economic, and social documents.

Information Exchange

Interaction between citizens and public sector organizations is twofold in its nature. On the one hand, citizen is subject to them (as taxpayer), but on the other hand, they are to serve citizen. The institutions pass on information on governmental politics and programs. One of the most important tasks of government agendas is to create, manage, promote, and supply information according to the needs of society. However, it seems to be complicated since the kind of information citizen expects rarely concerns only one entity or/and locality.

Regulating Society

Governments create regulations, and private sector entities have to act in compliance with them.

Machinery of Government

The scope and impact of changes brought about by electing a new government may be much bigger than impact of changes being a result of restructuring, fusion or takeover in private sector organizations.
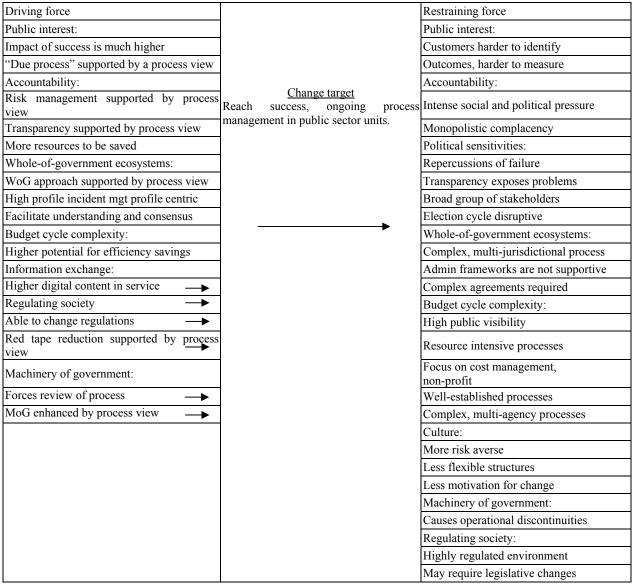
Culture

A typical public sector organization has strictly defined regulations and procedures, established hierarchy, extended decision-making process; it is oriented to acting in compliance with regulations and rules, and it is subject more to political than market control. In comparison to private sector entities, public sector

organizations are to a lesser extent innovative and oriented to development; they are also more passive with regard to risk. Attitudes and values of public sector employees also significantly differ from attitudes and values of private sector employees. The public sector employees are more altruistic and more willing to engage in activities for the benefit of social development and public interest.

To assess a relative impact of identified differences, Kurt Lewin's Force Field Analysis (FFA) technique is used; it enables to understand behaviors by identifying forces, which determine them.

Table 2

FFA

Driving force	Change target	Restraining force
Public interest:		Public interest:
Impact of success is much higher		Customers harder to identify
"Due process" supported by a process view		Outcomes, harder to measure
Accountability:		Accountability:
Risk management supported by process view		Intense social and political pressure
Transparency supported by process view		Monopolistic complacency
More resources to be saved	Reach success, ongoing process management in public sector units.	Political sensitivities:
Whole-of-government ecosystems:		Repercussions of failure
WoG approach supported by process view		Transparency exposes problems
High profile incident mgt profile centric		Broad group of stakeholders
Facilitate understanding and consensus		Election cycle disruptive
Budget cycle complexity:		Whole-of-government ecosystems:
Higher potential for efficiency savings		Complex, multi-jurisdictional process
Information exchange:		Admin frameworks are not supportive
Higher digital content in service ⟶		Complex agreements required
Regulating society ⟶		Budget cycle complexity:
Able to change regulations ⟶		High public visibility
Red tape reduction supported by process view ⟶		Resource intensive processes
Machinery of government:		Focus on cost management, non-profit
Forces review of process ⟶		Well-established processes
MoG enhanced by process view ⟶		Complex, multi-agency processes
		Culture:
		More risk averse
		Less flexible structures
		Less motivation for change
		Machinery of government:
		Causes operational discontinuities
		Regulating society:
		Highly regulated environment
		May require legislative changes

Note. Source: Tregear and Jenkins (2007).

The most common mistakes related to the implementation of process management are as follows:

• Wrong identification of the process owner or, in fact, lack of the owner; mapping it in a wrong place within the structures of organization. Merely 34% of organizations, which have identified their processes, have

process owners; since they are usually persons who hold director positions it results in limited accessibility and in consequence is tantamount to lack of process ownership;

• Too wide range of processes, which organization wants to manage. Implementation from the start, apart from the basic process management, its derivatives, which should not be implemented until some level of process maturity is achieved;

• Wrong order of implementation—37% of organizations, which have identified their processes, acknowledge that work on processes is a part of projects of information system implementation. Whereas, it is BPM that should be the point of departure, and measuring of processes and their analysis should decide whether the information system should be implemented or not;

• Inefficient system of communication—only 28% of organizations, which have identified their processes, put process documentation in easily accessible place. In consequence, participants have no access to information on the current state of affairs and implemented or future planned changes (PROCESOWCY.PL).

On the basis of experience of leading public sector entities in Australia, one may indicate following "keys to success" in the process management:

• Technology or rather the way we make use of it. The main goal is not to employ advanced technologies to support existing processes, but such use of technology that allows achieving profits, which could not be easily achieved in another way;

• Proactive change, which at its core has an innovative organizational culture and awareness of the necessity to remain competitive;

• Ongoing and critical exploration of environment in order to find ways to achieve balanced diversity, to implement innovations and to redefine activities (Heracleous & Johnston, 2009).

Conclusions

The process management in the public sector, by changing perspective from vertical to horizontal, aims at engaging citizens, both on state and local administration level. Therefore people responsible for management in public sector should operate within network. They also need negotiation and cooperation skills to be able to build and sustain relationships with citizens, which are based on partnership and to make these relations source of power stemming not from authority, but from cooperation. The examples of inclusion of citizens into the process of governing are, for instance, deliberative democracy, e-democracy, public conversation, participatory budgeting, citizen juries, study circles, focus groups, roundtables, new forms of town meetings, choice work dialogues, cooperative management bodies, and other partnership arrangements (Bingham, O'Leary, & Nabatchi, 2005).

One shall bear in mind, however, that use of suggested tools is culturally conditioned. The implementation of the process management in the public sector seems to be more complicated than in the private sector. Nevertheless, given the direction of public sector reforms in Poland it seems to be inevitable.

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