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Aygun Shafagatova
Ghent University, aygun.shafagatova@ugent.be

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Research paper

Shafagatova, Aygun, Ghent University (Faculty of Economics and Business Administration, EB24), Ghent, Belgium, Aygun.Shafagatova@UGent.be

Abstract

Although Business Process Management (BPM) scholars frequently refer to the importance of aligning employee appraisals and rewards with processes, little is known about how the BPM discipline relates to these human resource aspects. We therefore conducted an exploratory case study in an internationally oriented organization with high BPM maturity to acquire a deeper understanding with the first-hand practices. We first elaborate on how the case organization includes behavioural and results-related components into its appraisals and performance management approach to improve employee alignment and process performance. Afterwards, we explain how and for which process-related elements employees get rewarded and recognized. As academic implications, we build two preliminary frameworks that lay the foundation for further research. We also provide managers with best practices and lessons learned, serving as a practical guidance.

Keywords: Business Process Management; Business Process Orientation; Performance management; Process-oriented appraisals; Process-oriented rewards; Exploratory case study; Success story; Lessons learned.

1   Introduction

Today's organizations are challenged to increase flexibility, become more innovative and agile, improve quality, and make more effective use of their diverse workforce. In this regard, Business Process Management (BPM) has become an attractive solution for the design of modern organizational and information systems (Skrinjar and Trkman, 2013). While originally BPM focused on process modeling and IT systems for process support, the recent trends call for a more holistic and comprehensive approach (vom Brocke and Rosemann, 2015), also known as Business Process Orientation (BPO) (McCormack, 2001). This holistic approach implies that a successful and sustainable adoption of BPM can only be achieved if other management areas are aligned and adapted to a business process context (vom Brocke and Rosemann, 2015). More specifically, the literature agrees on the crucial role of Human Resource Management (HRM) when implementing BPM (Hammer, 2007; Trkman, 2010; vom Brocke and Rosemann, 2015). Neglecting the people and cultural dimension is one of the most important reasons for BPM failure (Willaert *et al.*, 2009). One critical HRM dimension for organization-wide BPM/BPO adoption is employee appraisals and rewards, since these practices influence employee behavior and performance. Employees are traditionally appraised and rewarded on an individual level and for functional goals and competencies (Collings and Wood, 2009). However, if an organization wants to adopt BPM/BPO, this traditional approach creates conflicts of interests and sub-optimization of process results, as business processes require a shift in employee behavior and attitude. Even if business processes are defined and the related process performance measures are in place, employees will have a little interest in achieving process-related goals and behaviors, because they are only evaluated and rewarded for individual functional tasks (Hammer, 2007). While most managers still struggle on how to solve misalignment issues, the BPM/BPO literature only highlights the importance of adapting and aligning appraisals and rewards (Willaert *et al.*, 2009; Van Looy, De Backer and Poels, 2014), without providing more practical guidance. Therefore, there is a need to empirically explore process-oriented appraisals and rewards that takes business process needs into consideration. In this regard, our study addresses a business challenge and an academic gap with the following research question:

RQ: How can employee appraisals and rewards be aligned with a business process context?
Since there is no a specific study to address this issue, we intend to find an empirical evidence by means of an exploratory case study to elaborate on best practices of process-oriented appraisals and rewards. Explorative single case study allows us to gain deeper insights and understanding about the issue that has never been addressed before on its own. In our future research, the findings of multiple case studies will be combined in a theoretical toolbox that helps to better align the HRM appraisals and rewards with BPM. Consequently, section 2 discusses relevant concepts and frameworks from both the BPM and HRM literature. Section 3 specifies the research method. Next, the findings are presented (section 4) and discussed (section 5). Section 6 ends up with the concluding thoughts.

2   Theoretical background

2.1   Appraisal and performance management

Fletcher (2001) defines employee performance appraisal as *"a variety of activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards"* [p.473]. It has become an important part of a broader concept of employee performance management, which is *"a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization"* (Aguinis, 2013) [p.2]. Employee performance management includes typical steps of setting goals, monitoring the performance and evaluating employees with formal and informal procedures. Consequently, performance evaluation is based on what people achieve (i.e. results, output) and how they achieve it (i.e. competence, behaviors) (Aguinis, 2013; Armstrong, 2014; Noe *et al.*, 2014). Results can be further specified as achieving (1) goals related to job descriptions (e.g. standards, tasks), (2) goals with specific KPIs (e.g. financial or non-financial), as well as (3) learning and development

goals. Likewise, the competence dimension can be further divided into (1) behavioral competencies and (2) skills, knowledge and abilities (e.g. functional and managerial competencies) (Collings and Wood, 2009; Noe *et al.*, 2014) (see Figure 1). Organizations can choose to include some or all of these dimensions depending on their context.

Figure 1. Performance dimensions for employee appraisals (Aguinis, 2013; Armstrong, 2014; Noe et al., 2014)

The performance management practices are underpinned by the goal setting theory in HRM literature, which has been proven to be very effective in influencing employee performance and behavior (Locke and Latham, 2002). If conducted effectively, HRM appraisals and performance management can help create a performance culture, develop the required skills and competencies, motivate with constructive feedback, and give major input for decisions on promotions, rewards and recognitions (Aguinis, 2013; Armstrong, 2014).

2.2   Rewards

Rewards are considered to attract talent, motivate employee performance, encourage skills and knowledge development, and reinforce desired culture and behavior, which in turn affects organizational performance (Lawler, 1993). Typically, the reward strategies of organizations consist of two reward types: (1) financial rewards and (2) non-financial rewards. Financial rewards include base pay, contingent pay (e.g. merit pay increases and variable bonuses), benefits, and long-term incentives. Non-financial rewards focus on the needs of people and have varying degrees for recognition, work-life balance, achievement and personal development (see Figure 2). (Agarwal, 1995; Armstrong, 2010). The concept of 'total rewards' (Lawler, 2011; Pregnolato, Bussin and Schlechter, 2017) integrates all types of rewards in one coherent framework to recognize the importance of non-financial rewards on the same level as financial rewards. Linking rewards to employee performance is a common management practice and is proven to have positive effect on employee performance (Lawler, 2003). Different mix and combinations of rewards are used in practice depending on a chosen strategy, existing culture and external environment of organization .
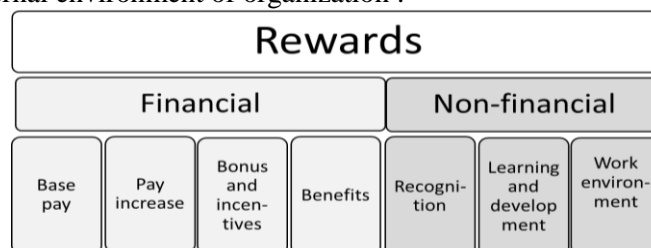

Figure 2. Types of rewards (Armstrong, 2010; Lawler, 2011; Noe et al., 2014)

The HRM literature owns a significant amount of research on appraisals and rewards, but mostly assuming a traditional focus on functions and departments with an individual approach (Agarwal, 1995; Aguinis, 2013; Noe *et al.*, 2014). Only recently, there is a growing interest in team-based appraisals and rewards (Aguinis, Gottfredson and Joo, 2013), which is also relevant to a business process context. Furthermore, limited HRM research suggests to consider organizational context factors (Den Hartog, Boselie and Paauwe, 2004), while no study is found that specifically deals with process context. Therefore, research on generic HRM appraisals, performance management and rewards (with its

limited 'one size fits all' approach) provides only a starting point to understand process-oriented appraisals and rewards.

2.3   BPM/BPO

Business Process Management (BPM) is *"a body of methods, techniques and tools to discover, analyze, re-design, execute and monitor business processes"* (Dumas *et al.*, 2013) [p.5]. Alternatively, Business Process orientation (BPO) is defined as *"an organization which emphasizes processes rather than hierarchy, and that places special emphasis on outcomes and customer satisfaction"* (McCormack, 2001) [p.52], and focuses more on an horizontal process view. BPM can thus be seen as an approach to increase an organization's process orientation (Skrinjar and Trkman, 2013), and BPO is a broader concept than BPM including the organizational structure and culture as well (Van Looy, De Backer and Poels, 2011). The literature identifies process view, process ownership, process measurement, continuous improvement, process culture and customer focus as the main constructs in a process orientation (McCormack, 2001; Hammer, 2007; Kohlbacher and Gruenwald, 2011). The current position of an organization in becoming process-oriented can be measured by maturity models, e.g. (Van Looy, De Backer and Poels, 2014). Higher BPM/BPO maturity within an organization implies to further alignment of organizational elements with its business processes. Based on the contingency approach, an organization should strive for its optimal BPM/BPO level, i.e. by looking for a fit between its business environment and its business processes (Trkman, 2010; Brocke, Zelt and Schmiedel, 2016).

The literature agrees on the fact that if organizations want to successfully embrace BPM and BPO, their way of appraising and rewarding employees should become more process-oriented (Willaert *et al.*, 2009; Kohlbacher and Gruenwald, 2011). Van Looy, De Backer and Poels (2014) identified HRM appraisals and rewards (also mentioned in many BPO maturity models) as one of the sub-capability of a process-oriented culture. Schmiedel, vom Brocke and Recker (2013) studied the value dimension of a process-oriented culture by presenting CERT (customer focus, excellence, responsibility and teamwork) as main values supporting BPM. While Schmiedel, Vom Brocke and Recker (2014) developed an instrument to measure cultural readiness of organization for BPM, they covered only value aspect of culture without focusing other HRM aspects. A few studies mention elements (e.g. introducing team-based incentives, aligning rewards with process objectives) of adapting appraisals and rewards to the needs of business processes, without further elaborating on it (Hammer and Stanton, 1999; Willaert *et al.*, 2009; Kohlbacher and Gruenwald, 2011). As far as we know, no academic research exists that takes a holistic approach to investigate how these aspects are designed and implemented.

Previous process-orientation research highlights the human aspects of process orientation in broader terms, such as linking employee management with process orientation (Babic-Hodovic and Arslangic-Kalajdzic, 2015), or exploring employee perspectives on the disadvantages of process orientation (Leyer, Stumpf-Wollersheim and Kronsbein, 2017), all of which merely mentioned the assumption of alignment between employee goals and process goals. Likewise, few authors from industry discussed the importance of making changes in performance evaluations and rewards to avoid conflicts between business processes and functions (Harmon, 2007; Rummler and Brache, 2013). While Rummler and Brache, (2013) implicitly covered feedback (i.e. appraisals) and consequences of performance (i.e. rewards), it does not encompass all elements and facets of how process-oriented appraisals and rewards should be. A small number of academic publications address appraisals and rewards in the context of Total Quality Management (Waldman, 1994), which is less specific for BPM. In sum, given the increasing attention for BPM/BPO and for further contextualizing employee performance, an opportunity exists to establish a research that combines the HRM and BPM disciplines.

3   Methodology

This study intends to uncover process-oriented appraisals and rewards. Given the study's explorative character, a qualitative research approach was employed (Creswell, 2007). Moreover, the case study research method is particularly useful in information systems (IS) research when interest has shifted

towards organizational issues (Myers and Avison, 2002). According to (Recker, 2013; Yin, 2013), case study research allows to answer 'how' and 'why' questions by learning the state-of-the-art in practice to generate theory from it, and thus allowing insights into an emerging topic.

3.1   Case selection

This research is based on a single explorative case study (Yin, 2013) to gain empirical evidence of how appraisals and rewards are practically adapted to BPM/BPO. A single case study is preferable when there is a need to identify previously unchallenged phenomena or issues (Myers and Avison, 2002; Recker, 2013). It is usually used to represent a unique or an extreme case (Recker, 2013; Yin, 2013): the researcher focuses on an issue or concern, and then selects one bounded case to illustrate this issue. It serves as a preliminary study for further elaborations.

We employed 'maximal purposeful sampling' (Myers and Avison, 2002; Recker, 2013) to select the single case in order to explore best practices. For this end, we contacted several potential candidate organizations via LinkedIn by searching for process-related C-suite management profiles (i.e. a Chief Process Officer or the Director of a BPM Center of Excellence), assuming that those organizations would have a higher process focus. Under the assumption that process-oriented appraisals and rewards need higher BPM/BPO maturity levels, we let them first answer a short questionnaire (McCormack, 2001) on BPO maturity and identified maturity score for each organization. As a result of this screening, we decided to choose the organization with the highest BPM maturity score to become our single case. More details about the case organization are presented in Table 1.

Furthermore, an 'embedded case design' (Yin, 2013) was considered since multiple units of analysis (e.g. organization, process, employee) were used throughout the study. However, mostly the organizational/managerial perspective was investigated for exploring management practices. In future research, we will let the single case be followed by multiple case studies (Yin, 2013), as well as the possibility of including the employee perspective.

Organization	Industry	Number of employees	Scope
Company AB	ICT services	> 10,000	North and South America

Position of representatives	Coded as:	Position category	Years in organization
Chief Process Officer	CPO	Top manager	14 years
Vice-president HRM	VP	Top manager	12 years

Table 1. Case profile

3.2   Data collection and analysis

We used multiple sources of information (Yin, 2013) to enhance validity: semi-structured interviews, internal documents and online company resources. An interview protocol was designed to guide the interview process. We interviewed two top managers within the case organization (Table 1): one BPM representative (Chief Process Officer, CPO) and one HRM representative (Vice-President HRM, VP) so that we gain a better understanding from both sides for the holistic view.

The combination of both BPM and HRM dimensions complements each other and enables us to depict the whole situation. For the BPM representative, the interview questions focused more on process elements in appraisals and rewards. For the HRM representative, the questions were rather related to generic performance management and rewards. Nonetheless, both interviews were similarly structured: starting with general questions about the case organization and the respondent, followed by semi-structured interview questions on appraisal and rewards. Interview questions were designed based on the HRM literature (e.g. "for what are employees appraised?", "what kind of rewards can they receive?") and BPM (e.g. "does employee appraisal include process-related goals, competencies?

(if yes, how, if not why), "how are employee rewards aligned with process performance?"). The semi-structured character pawed the way for additional sub-questions and new directions during the interviews. The respondents were also asked to provide relevant internal documents. Thus, data triangulation was employed to gain a more nuanced picture and to enhance reliability and validity (Recker, 2013). The collected internal documents were related to HRM practices, the company strategy and BPM policies.

Coding and content analysis techniques (Myers and Avison, 2002) were used to analyze the data and to gain meaningful information (Creswell, 2007). Coding was employed to categorize data (around concepts, key ideas or themes) by assigning labels as units of meaning to data pieces. Since textual data analysis is highly analytical and interpretive (Recker, 2013), we applied the NVivo coding tool. The procedure of structuring nodes was highly iterative: we used both a priori coding (i.e. upfront defined) and emergent coding (i.e. evolved during the study) structures; the former being based on theoretical concepts from the literature. Meanwhile, new concepts were uncovered by using emergent coding. This combination gave us a powerful approach to recognize patterns by linking them with BPM-related elements. Example of codes are presented in Table 2.

	Example of code	Coded information
Priori code	[appraisal dimensions]	…performance evaluation is consistent of two parts: one is the goals,…and then competences….
Emergent code	[appraisal of process owner]	… for them it is about execution plus … efficiency opportunities ….

Table 2. Example of coding structure

More specifically, we employed 'relational content analysis' (Recker, 2013) since we were interested both in the presence of certain concepts and in examining how those (pre-defined or emergent) concepts are related to each other within the data (Creswell, 2007).

3.3   Ensuring rigor

To ensure the rigor of our qualitative study, five strategies (Creswell, 2007) were employed: (1) triangulation of data sources and analysis methods to increase construct validity, (2) rich descriptions through quotes and summary figures to ensure transferability and validity, (3) protocols (i.e. a case study protocol and interview protocol) to enhance reliability, (4) member checking with participants to validate the accuracy and credibility of the results, and (5) interview tapes and transcripts for further reliability. Yin's (Yin, 2013) principles of data collection were taken into account: (1) using multiple sources of evidence (triangulation), (2) creating a case study database, (3) and maintaining a chain of evidence (for reliability). Finally, an analytical generalization through theory and analysis was done in the form of best practices, namely for understanding the case's complexity (Creswell, 2007). Table 3 synthesizes our case study protocol. All interviews, documents, and analysis results were noted in a case-study database.

Topic	Content
Overview	The study's overall purpose is to gain insight into possible types of process-oriented appraisals and rewards and to obtain empirical evidence on the issue via an explorative, in-depth case study.
Research questions	How can organizations adapt their appraisals and rewards to a business process context?
Data collection	• Semi-structured interviews • Company documentation • Online resources on company

Data analysis and case study reports	• Triangulation • Coding • Content analysis

Table 3. Our case study protocol.

4   Results

4.1   Brief Description of the Case Company and its BPM Maturity Level

Company AB (the name is fictional, all the data are real) describes itself as one of the leading companies in producing office devices, providing workplace innovations and related IT services. Until five years ago, it was purely active in ICT hardware production. However, it went through a major transformation by changing its business model and became a service-led company which provides integrated hardware and IT services solutions. It operates in more than 200 countries worldwide and has more than 105,000 employees *(online and internal sources)*. We interviewed two top management representatives (CPO and VP) of the American arm of the company, which covers the North and South American market.

It is a value-and service-driven company with five core values that are streamlined throughout the organization: (1) winning spirit, (2) innovation, (3) teamwork, (4) customer focus, (5) ethics and integrity *(online and internal sources)*. Furthermore, Company AB has a higher maturity in BPM/BPO: both representatives gave similar scores (4.4 and 4.6) for the maturity questionnaire (McCormack, 2001). Company has implemented the Baldridge Award process for organization-wide process management, and is using TQM and Six Sigma as main process improvement techniques. As a result, BPM is seen as an organization-wide vision that creates a process-oriented culture to empower people. The whole organization has been identified in terms of value chains: (1) strategic management processes, (2) core operational processes, and (3) support processes. Each value chain is further specified by sub-processes. Thinking in value chains is deemed important for identifying those business processes that add a value to the products/services and for raising business awareness among the employees. The core processes are aligned with the corporate strategy, using strategic maps with the four Balanced Scorecard (BSC) performance dimensions (financial, customer, internal processes and learning/growth). Goals are identified per dimension, with implications for specific processes *(internal sources)*.

During its transition period, Company AB took several actions to solve conflicts of interest between business processes and functional departments and to assure smooth process flows across departments and cooperation between functions:

(1) By continuously explaining to everybody that functions only relate to an organizational structure, while daily jobs are part of business processes (employees follow those processes).

(2) By empowering process owners and giving them the full ownership and responsibility for their process, no matter what functional areas are covered by the business.

(3) By creating a process-oriented culture: the company works with 'Customer Experience (CX) Moments' where each CX moment is supported by different business processes. All those processes are aligned and improved in such a way to support the CX moment goals: *"process culture is created by putting different process owners working together aiming for a common goal: provide the best Customer Experience"(CPO).*

(4) By thinking in terms of value chains; they promote value chain thinking in the whole organization and show all interactions between processes and functions to create more awareness and clearness for communication and coordination.

(5) Via ISO certification activities that they need to carry out annually, which also reinforces interaction between functional areas *(CPO).*

4.2   Employee Appraisal and Performance Management

4.2.1   General

The CPO differentiated between high-level (organization-wide) and lower-level (team or individual) appraisals. First, organization-wide appraisals cover the seven Baldridge dimensions: leadership, strategic planning, customer and market focus, human capital, measurement and analysis, operational effectiveness (process management), and business results. This appraisal type is done for two purposes: to discover opportunities for improvement or to achieve certain strategic objectives and plans. Secondly, as a follow-up of high-level appraisals, lower-level appraisals (i.e. team/functional and individual) take place. According to the VP, annual employee appraisals follow three stages: (1) goal-setting, (2) a mid-year check, and (3) end-of-the-year evaluation. Performance management is tied to the BSC dimensions.

Individual performance evaluations in Company AB have two dimensions: (1) goals and objectives (circa 60% of the evaluation), and (2) competencies (circa 40%). First, individual goals should be in line with the organizational goals, and are mostly financial KPIs, industry-specific standards or development goals. Secondly, competencies can be: (a) core competencies covering the corporate values, (b) functional competences covering domain, task and technical skills and abilities, and (c) leadership competencies (Figure 4). "*While the evaluation of non-managers doesn't include leadership competences, the evaluation of managers doesn't include functional competences, since it is assumed that a manager already masters the domain that s/he manages*" *(VP)*. An evaluation is given by the direct manager and by self-assessment. The entire performance management process happens via an automated system and results in a final evaluation feedback meeting. Accordingly, performance management provides areas for growth and development, which are inputs for a development plan. This generic "*performance management process and practices give opportunities to use it in the process context*" *(VP)*.

4.2.2   Process-oriented appraisal and Performance Management

Employees are appraised for two process-related dimensions: (1) SIPOC (supplier, input, process, output, customer) and (2) process-related KPIs. First, employees are appraised on "*how well they know their process, its steps, the suppliers and customers*". Since SIPOC is about process awareness and basic knowledge about the business processes involved, it belongs to the core competences of every employee. Furthermore, some of the BPM-supportive CERT values (Schmiedel, vom Brocke and Recker, 2013) are also present in appraisals, such as accountability, continuous improvement/excellence, team work, and a customer focus (as a part of core values). Secondly, for process-related KPIs and measures, employees are appraised on "*the results of a process and how they know a process delivers what it is supposed to deliver*".

The CPO differentiated between (1) a process evaluation and (2) an employee evaluation. While process appraisals are based on KPIs, deliveries and performance results of an entire business process, individual appraisals are related to performance management, how individuals perform, what skills and knowledge they have and how they apply those skills into a certain business process. Both appraisal types are linked and cascading: "*if we see that process KPIs are not good, then we go to the individual level to know whether it is because they need to develop certain skills or strengthen some areas in order to get those KPIs. Most of the time there is a human component when process results are not as expected*"*(CPO)*. Simultaneously, some of the process-related KPIs are also included in employee performance management. E.g.: "*when servicing engineers go to the customer site, they have targets and standards like response time, solution time and first time call fix. Those are individual targets for the people, however those targets come as a consequence of process, from core process targets*" *(CPO)*. The CPO mentioned some typical process-related KPIs which are used for employee appraisals, e.g. time cycle and cost of full quality (re-work). He also argued that most performance measures relate to business processes, e.g. "*the revenue that sales achieves is not only because of sales but also because of other departments that participate in the process*" *(CPO)*.

According to the CPO, process-related KPIs and measures are linked to individual appraisals in three ways (Figure 3): First, a development plan should determine which skills and knowledge are needed for achieving process goals "*because the lack of skills and training can be a reason of undesirable process results"(CPO)*. Secondly, process-related KPIs should be cascaded. E.g. "*set targets to reduce waste (or increase efficiency in time or money) and all employees involved in that process get their own target*" (CPO). Thirdly, a link exists with process improvement: "*they first identify an opportunity for improvement and create a cross-functional team which is assigned to re-design and improve the process" (CPO)*. The control phase of Six Sigma (i.e. when a team shows whether it achieved the expected results) is considered as a team appraisal.
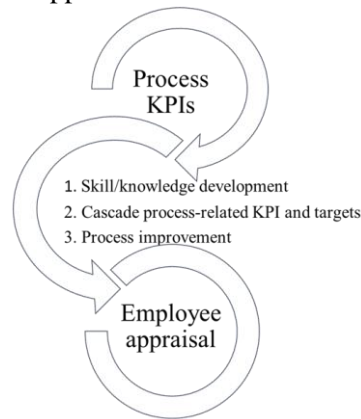

Figure 3. Linking process KPIs with employee level

Process owners are appraised both: (1) for the execution and KPIs of a specific business process, and (2) for identifying improvement efforts. Hence, "*for process owners, it is process execution plus ownership and efficiency opportunities they identify in a process*" (CPO). Process-related skills and competences are not included, because they must be mastered by a process owner as a core competence. Next, process executers get an individual appraisal, while process improvement teams get team-based appraisals. Although a formal team appraisal system is missing, informal feedback meetings are held to discuss team performance (monthly for functions, end-of-project for projects).

Both CPO and VP stressed that all improvement efforts should be aligned with the corporate strategy and should support one of the strategic objectives, "*otherwise it will not be continued*" (CPO). Thus, strategic alignment is deemed highly important in Company AB, and they take this into account on every level with corresponding goals and objectives towards process levels and employee levels.

Based on these findings we present the preliminary process-oriented appraisals framework (Figure 4) which is a further elaboration of generic HRM framework (section 2.1); we developed it as one of the main contributions of this study.
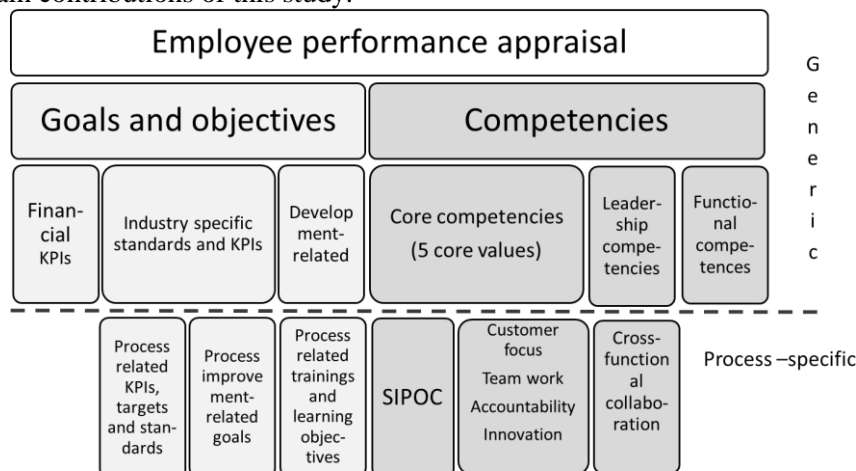

Figure 4. Preliminary process-oriented appraisal framework (based on case organization).

Within goals and objectives dimension, we identified process-related KPIs, targets and standards (individual and management level), process improvement-related goals and objectives (improvement team and management level), and process-related learning (individual level) as adjusted process-specific sub-dimensions. SIPOC (process knowledge on individual level), process-supportive behavior and values such as team-work, customer focus, innovation, accountability (individual level), and cross-functional collaboration (management level) were process-specific sub-dimensions within competencies dimension.

4.3   Rewards

4.3.1   General

Company AB uses both financial and non-financial rewarding. Financial rewards are mostly used in the form of merit increase, bonuses and commissions, benefits as well as rewards for specific targets. The results of performance management (section 4.2) is tied to an annual pay increase policy. Managers also get some flexibility to apply discretion, if needed. Typically, bonuses and incentives are tied to organizational goals. Depending on an employee's function, these rewards can be monthly, by semester, or annual: e.g. "*sales receives more frequent bonuses, to make sure that they feel recognized and rewarded for their sales activities, while back office receives bonuses quarterly or annually*" (VP). Non-financial rewards can be in the form of praise, incentive trips, extra days off, gift cards, recognitions and awards, celebration events, certificate systems and development opportunities. There is a peer-to-peer nominated recognition program (done through evaluation committee) that periodically recognizes employees with money awards and events who best live up to the five core corporate values (winning spirit, teamwork, innovation, ethics and integrity and customer focus) with defined behaviors *(online and internal sources)*. Another program named "AB recognizes" have no money reward attached but it is more a social recognition, via social media channels employees can recognize each other publicly on this network. The purpose of these programs is to encourage employees to create a culture of positive feedback and reinforce the core values of the company. Furthermore, team-based rewards are mostly non-financial like gift cards, certificates, plagues and public recognition "*to make them feel that they were part of something big*" (VP). Financial team rewards are only given for specific projects as incentive bonuses tied to specific targets (i.e. they know in advance that, if a target is reached, the whole team will get some commission).

4.3.2   Process-oriented rewards

In a business process context, employees get rewarded: (1) for accomplishing process results (which is controlled through KPIs) and (2) for improvement initiatives, but not for BPM skills or knowledge "*because it is assumed that performance results are a consequence of that*" (CPO). There is also no standardized rewarding for customer satisfaction. Nonetheless, customer focus as a corporate value is appraised annually, resulting in an indirect customer dimension. However, company intends to develop a standard methodology for measuring employees based on metrics of a customer satisfaction index and a customer loyalty index measured for different CX (customer experience) moments and to consequently tie rewards to that. Specific rewards for an improvement initiative are announced as incentives (bonuses) as soon as the initiative is launched. This kind of incentive rewards can be given twice or three times a year.

Process-related rewards are given on three levels: individual, team and manager. First, pay increase is linked to the individual performance evaluations for contributing to a process execution (section 4.2). Individual merit increase can also be impacted by appraisals of corporate competencies, which also include process-related core competencies (SIPOC) and some BPM supportive values. Furthermore, company-wide award programs which are discussed above (section 4.3.1) indirectly reinforce process supporting values and behaviors. Secondly, team incentives and rewards can be given for cross functional process improvement teams when a specific improvement target is accomplished. "Then there are team targets for process improvement" (CPO). Mostly non-financial rewards are used for teams,

while financial incentives (e.g. bonus) are provided for specific project targets that "we announce be-forehand" (CPO).

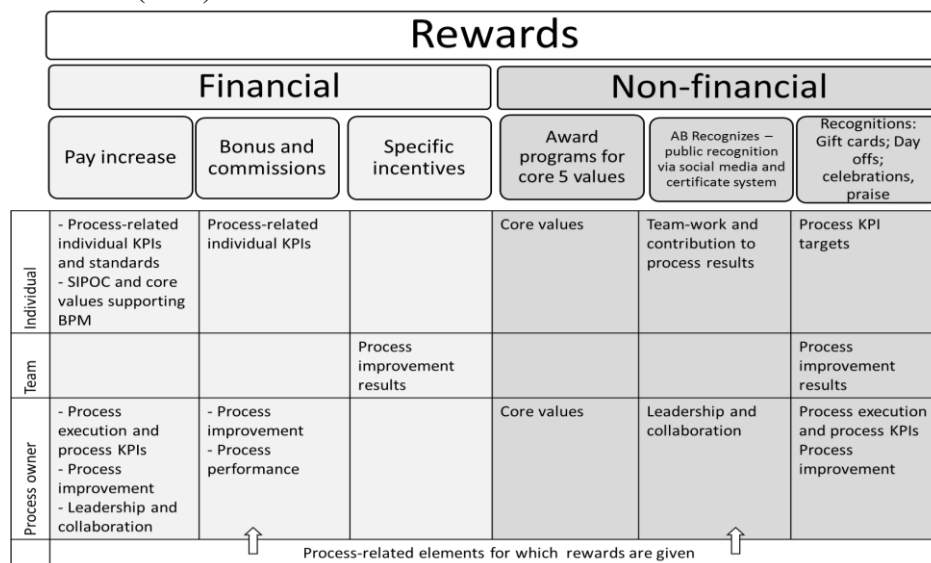| Rewards					
Financial			**Non-financial**		
Pay increase	Bonus and commissions	Specific incentives	Award programs for core 5 values	AB Recognizes – public recognition via social media and certificate system	Recognitions: Gift cards; Day offs; celebrations, praise
Individual — - Process-related individual KPIs and standards - SIPOC and core values supporting BPM	Process-related individual KPIs		Core values	Team-work and contribution to process results	Process KPI targets
Team		Process improvement results			Process improvement results
Process owner — - Process execution and process KPIs - Process improvement - Leadership and collaboration	- Process improvement - Process performance		Core values	Leadership and collaboration	Process execution and process KPIs Process improvement
Process-related elements for which rewards are given					

Figure 5. Preliminary process-oriented rewards framework (based on case organization)

Thirdly, process owners are typically awarded for: process performance targets, efficiency increase, and the implementation of improvement opportunities. They mostly receive regular financial incentives and rewards, but also non-financial recognitions. Hence, based on our empirical findings we elaborated HRM literature (section 2.2) further to present the preliminary framework on process-oriented rewards (Figure 5). We included only the reward types that can be related to process results or process-supportive behavior and competencies, therefore some generic reward types are left out of this framework. Thus, pay increase and bonuses for individuals and process owners, incentive bonuses for improvement teams were identified as financial rewards, while award programs, peer-to-peer recognition programs and other recognitions are all used for both individual and team appreciation as non-financial rewards.

4.4   Perceived critical success factors

According to the CPO, the factors that have influenced the implementation of process-oriented appraisal and rewards in Company AB were: (1) change management (for a smooth adaptation), (2) top management support, (3) process measurement, and (4) process awareness among employees (i.e. via development or training programs). "*Communicating process measures and results via dashboards is also important to keep employees informed on process performance and to intervene in time when things go wrong*" (CPO).

	Strategy development	Strategy execution	Organizational Performance Improvement	Organizational Performance effectiveness Measurement
2016	84	77	75	78
2018	86	81	78	82

Figure 6 . Time-based comparison of organizational measures (internal documents)

Most importantly, the CPO considered the adaptation of appraisals and rewards to a process context as very crucial, "*since otherwise we wouldn't get the expected results"(CPO)*. As a result, Figure 6 shows that the main criteria for strategy and performance used at an organizational level are still improving. On the strategic level, both strategy development and strategy execution have been improved. For organizational performance, both organizational performance improvement and organizational performance effectiveness measurement have enhanced within the last two years. Business processes are seen as key enablers to achieve business performance and strategy.*(internal documents)*

The adaptation of appraisals and rewards happened in parallel to BPM adoption and transformation to ensure the required alignment. In this regard, both the CPO and the VP referred to a continuous process that follows the PDCA (plan, do, check, act) cycle: First, the planning phase is most important to define a corporate vision, develop a high-level strategy, define strategic objectives based on the BSC perspectives, identify business processes impacting on each strategic objective, identify process owners and stakeholders, define KPIs (which support process outcomes and strategic objective targets), and finally design a compensation plan (reward and recognition). The *do* phase then includes executions on a daily basis, followed by the *check* phase which entails quarterly checking. The cycle is completed by mid-year and end-of-year evaluations which is tied to compensations.

5 Discussion

This case presents a success story for aligning employee appraisals and rewards with a BPM/BPO context. The RQ has been answered by a detailed description of relevant management practices in the company. Figure 4 and Figure 5 serve as our main contributions by highlighting the expansion of generic appraisals and rewards (section 2.1 and 2.2) with BPM/BPO-specific components and subdimensions. We subsequently present five *lessons learned* components derived from the case, which can also serve as success factors.

First, the generic HRM frameworks and practices serve as a starting point for BPM/BPO adaptation. HRM should have enough maturity as well, such as using performance management systems and having a standardized methodology for evaluation and feedback. Using the BSC perspectives also seems to be effective.

Secondly, creating process awareness among employees (e.g. by training opportunities and by including SIPOC concepts to the core competences of employees) is a prerequisite for success. Management should make sure that everybody (1) understands their role and impact in a specific business process and (2) knows that business processes and process results prevail over narrow, functional interests. Introducing a process measurement system and communicating it to the process executors with dashboards brings visibility to what is going on.

Thirdly, part of employee goals and targets should be cascaded from process-related KPIs during the goal-setting stage and, subsequently, process-related KPIs should be included in their employee appraisals. Also, setting the development goals on process knowledge and skills may be an option to improve process performance in the future. The HRM literature agrees on the importance of goal setting for employee performance. Setting team-based incentives (e.g. bonuses and recognitions) for achieving process improvement targets will motivate those teams for success.

Fourthly, process owners should first be empowered to take accountability and responsibility for process performance and then be appraised and rewarded: (1) for process execution in terms of process-related KPIs, and (2) for process improvement in terms of the identified opportunities.

Finally, top management commitment and a strong leadership are essential for a holistic BPM implementation throughout the entire organization. Without strong leadership from the top and clear guidance, it is difficult to go so far in alignment, as well as the required change in people's behavior is less likely to happen.

These findings largely support the generic HR concepts and prove that a process context requires substantial adaptation on different dimensions (KPIs, core competences) and on different levels (individual, team, management) of employee evaluations and rewarding. Lessons learned are of great importance for organizations that intends to bring an alignment between business processes and HR prac-

tices, they highlight the important factors that greatly influence the successful implementation of alignment.

The preliminary frameworks and lessons learned derived from the case study present valuable insights that practitioners can use to see where misalignments lie and what they can do about them, keeping in mind critical factors of success. Managers may consider to include process KPIs, improvement targets and SIPOC, as well as process supportive values (teamwork, customer focus, innovation) in the performance management goal-setting and appraisals of employees, so that they know that those are the areas they should focus on in their performance and behavior. Consequently, they can reward employees with pay increase or bonuses as a result of overall assessment (which also will include abovementioned process—related dimensions), as well as with incentives for achieving improvement targets. Alternatively, non-financial recognition and awards can also be used as a powerful stimulus to encourage employees to contribute to process success and demonstrate process supportive behavior. As a result, employee appraisals and rewards will be more in line with process needs and will contribute to sustainable BPM success.

Based on our findings, we can infer that organizations with lower maturity in business processes should first gain basics of process orientation (i.e. defining processes, measuring process performance and having process ownership) before they begin with alignment, since the presented frameworks include those concepts and assumes that organizations have them in place. On the other hand, less mature organizations could also use the presented frameworks proactively to see what lacks in their organization and how it can be bridged up. However, the implications of the frameworks are rather limited for generalization due to a single case. Moreover, since every organization has its own specific context and settings, it also needs to be taken into account.

6   Conclusion

This exploratory case study is a first attempt to gain empirical evidence on how organizations can adapt and align their employee appraisals and rewards to a business process context. We observed some best practices within the case company to ensure the BPM-HRM alignment. We also presented *lessons learned* component for practical use, and did suggestions to improve the success of future efforts.

Since the study intends to provide initial insights, we acknowledge some limitations. First, the findings are based on a single case and represent the experience and best practices of one company, albeit the success story of an organization having a relatively high BPM maturity. This study provides new insights into the human aspects associated to the BPM discipline, and certainly asks for a more extensive academic investigation in different avenues. Including more organizations with different level of maturity as cases can strengthen its generalizability and provide more nuanced findings. Moreover, the presented frameworks serve as a preliminary overview that can be further developed, elaborated, and eventually empirically validated via a possible Design Science Research study. Hence, we are currently conducting additional case studies to broaden our approach to end up with an overview of possible components of process-oriented appraisals and rewards in the form of a practical toolbox from which organizations can choose combinations depending on their needs and business environment. Secondly, we only covered the organizational/management perspective while not addressing the employee perspective. Since this study is a first attempt to create a high-level view and to address management challenges, future work can explore the employee perspective for deeper insights. Also, impact of process-oriented appraisals and rewards on BPM or organizational performance can be researched by means of quantitative study. Despite these limitations, the study is highly relevant for practitioners who face challenges of misfit and conflicting messages between process orientation and their traditional way of appraisals and rewarding system. Academic implications include two different preliminary frameworks (see Figure 4 and 5) that lay the foundation for further empirical and conceptual research on process-oriented appraisals and rewards, which might be a valuable input for our intended toolbox.

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