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ABSTRACT

Studies by Gartner (2010) or McKinsey (2008) suggest univocally that improving business processes is the undisputed number one priority for organizations world-wide. Hence, organizations need adequate capabilities for Business Process Management (BPM). However, these capabilities do not necessarily need to be developed in the organization itself – an inclusion using other sourcing structures (e.g. cooperation/network or market instead of hierarchy) is possible as well. This paper builds upon an understanding of BPM as a dynamic capability and a well-known distinction of governance strategies (market, cooperation, hierarchy) to develop a business process governance framework. Using an extensive case study we initially test this framework in a European PRODUCTION company. Therefore, we make the following contributions: 1) development of a BPM theory that integrates dynamic capability and governance theory, 2) a model for understanding sourcing strategies in BPM, and 3) empirically sound factors explaining sourcing strategies in BPM. Our results suggest that organizations facing a low dynamic market environment do not employ dedicated resources for business process change but rely on ad-hoc measures. Moreover, they gather these resources mostly internally (hierarchical governance). The paper ends with implications for both research and practice, limitations, and potential avenues for future research.

Keywords

BPM, governance theory, business process governance, dynamic capabilities.

INTRODUCTION

Business Process Management (BPM) is a well established approach to manage and improve processes in organizations. Recently, the improvement of business processes was named the number one priority for CIOs around the world (Gartner Inc. 2010). A research study by McKinsey identified the enhancement of both efficiency and effectiveness of business processes as the single most important IT priority for 2009 (McKinsey 2008). These goals can be achieved by means of BPM which is a measure to improve business processes and, finally, to gain and sustain competitive advantage (Broadbent, Weill, & St. Clair 1999). BPM roots in Total Quality Management (TQM) and Business Process Reengineering (BPR). As such, it is a well established approach unifying both incremental and radical measures of process change.

BPM can be seen as a dynamic capability. The dynamic capability framework is an extension of the Resource-Based View (Teece, Pisano, & Shuen 1997; Wade & Hulland 2004). In this light, long-term competitive advantage is assumed not to lie in the stable resource configurations of an organization, but in its capacity to change (Eisenhardt & Martin 2000). The dynamic capability framework distinguishes between operational and dynamic capabilities. On the one hand, operational capabilities are needed for the daily functioning of the firm. On the other hand, dynamic capabilities represent an organization's specialized set of resources and the firm's ability to integrate, build, and reconfigure operational capabilities for the purpose of achieving a fit with changing market environments. Hence, we can see business processes as operational capabilities and BPM as a dynamic capability.

The dynamic capabilities to adapt business processes can be incorporated in the organization using different sourcing strategies. Powell suggests three possible strategies to govern capabilities: market, cooperation, and hierarchy (Powell 1990). It is possible that an organization builds needed BPM capabilities in the company (hierarchy), employs them using collaboration partners, e.g. in their supply chain (cooperation), or purchases these capabilities, e.g. from consultancies (market).

In this paper we pursue three research objectives. First, we strive to deepen the understanding of BPM as a dynamic capability with special regards to governance theory. Here, we elaborate on their relationship and conceptually develop a business process governance framework. Second, we develop a model that helps to understand and analyze sourcing strategies for BPM considering the existence or non-existence of dynamic capabilities for BPM. Third, we empirically verify the governance framework with the help of a case study in a European production company. Here, we analyze the case study organization with regards to the framework and explore factors that explain specific characteristics. Moreover, we discuss their generalizability.

The remainder of the paper is structured as follows. Next, we will present the theoretical background of our study. Here, we will follow our first research objective and argue for an understanding of BPM as a dynamic capability. In the third section, we will develop the business process governance framework. Then, the research method will be presented. Results and findings are shown in section five. Section 6 consists of implications for theory and practice, future research, and limitations. The paper ends with a short conclusion.

THEORY BACKGROUND

Business Process Management

Business Process Management (BPM) is a top business and Information Technology (IT) priority in organizations and, thus, one core topic of information systems research. The roots of BPM are twofold. First, the concept of Business Process Reengineering (BPR) emerged within research program at the Massachusetts Institute of Technology (MIT) that examined the role IT would play in organizations in the 1990s (Peppard & Fitzgerald 1997). Early publications in BPR (Davenport & Short 1990; Hammer 1990) emphasized that this concept was radical, revolutionary, and a one-time undertaking (Zairi & Sinclair 1995; Hung 2006). Second, although having a focus on the improvement of organizational processes, Total Quality Management (TQM) is, in contrast to BPR, considered a rather incremental, evolutionary approach, aiming at continuous improvement (Zairi & Sinclair 1995; Hung 2006). In line with, for instance Kettinger et al. (1997), we view BPM as a management approach that applies concepts of both punctuated and incremental change for the purpose of adapting an organization's business processes to its market environment. Here, BPM may cover both organizational and technical perspectives (Stohr & Zhao 2001; Sun et al. 2006). Today, as Gartner (2010) reports, business process improvement is the #1 business priority on Chief Information Officers' (CIO) agendas. Similarly, McKinsey (2008) identifies the improvement of efficiency and effectiveness of business processes as the top IT priority for 2009.

BPM as Dynamic Capability

The key value proposition of BPM is the adaptation of an organization's business processes to its market environment (Broadbent et al. 1999). Dynamic capability theory is an extension of the Resource-Based View (RBV) of the firm (Wernerfelt 1984) and was introduced by Teece et al. (1997) and Eisenhardt & Martin (2000). While RBV is widely and increasingly applied in the Information Systems (IS) domain for explaining how IS relate to the performance of an organization (Wade & Hulland 2004), it has been criticized for under-emphasizing market dynamics. Eisenhardt & Martin (2000) argue that long-term competitive advantage does not lie in stable resource configurations, but in the ability of a firm to adapt these to a changing market environment. Here, dynamic capabilities have been introduced as "the firm's processes that use resources – specifically the processes to integrate, reconfigure, gain and release resources – to match and even create market change. Dynamic capabilities thus are the organizational and strategic resources by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die." (Eisenhardt & Martin 2000, p1107) Dynamic capabilities do not directly affect the output of the organization in which they reside, but contribute indirectly through an impact on operational capabilities (Helfat & Peteraf 2003). Literature discusses a plethora of concrete dynamic capabilities, such as developing manufacturing processes (Eisenhardt & Martin 2000, p1110), "restructuring" (Zollo & Winter 2002, p340), "re-engineering" (Zollo & Winter 2002, p347), quality improvement (Zollo & Winter 2002, p347), and the ability to adapt "operating processes through a stable activity dedicated to process improvements" (Zollo & Winter 2002, p340). In view of that, we understand BPM as a dynamic capability, including an understanding of operational capabilities as business processes. We define BPM as a set of techniques to integrate, build, and reconfigure an organization's business processes for the purpose of achieving a fit with the market environment (Niehaves et al. 2010). Here, a business process refers to the performing of a coordinated set of tasks, utilizing organizational assets, for the purpose of the operational functioning of the firm.

Process innovation and change can be carried out either in an ad-hoc fashion or as Dynamic Capability (Winter 2003). The core idea of the first approach is that change is solely triggered by external circumstances, for example a shift of market requirements (Winter 2003) and happens through spontaneous acts of creativity and not through resources dedicated for

change. The second way to address shifts in market requirements is establishing Dynamic Capability for BPM. Instead of only reacting on change requirements when it is necessary, the company develops special capabilities that facilitate reacting on changes in a more flexible and efficient manner. Usually, this involves a long-term commitment to the corresponding dedicated resources (Winter 2003). More formally, Dynamic Capabilities claim event-independent resources, whereas ad-hoc solutions by definition are event-dependent. Dynamic Capabilities can of course also use event-dependent resources, for example to compensate peaks.

Winter (2003) emphasizes that the decision which of the two approaches to choose highly depends on the financial commitments incurred by the selection. According to him, there is "no rule for riches", meaning, that it does not necessarily pay off for a company to invest in establishing Dynamic Capabilities. Eisenhardt and Martin (2000) come to the conclusion that for markets underlying moderate dynamics the ad-hoc approach usually is sufficient since changes are less frequent and more predictable. Especially the long-term commitments involved in the establishment of a Dynamic Capability are a good reason for implementing an ad-hoc solution instead. Winter (2003) states that companies "rely[ing] on ad-hoc problem solving to accomplish change when needed are carrying a lower cost burden". Furthermore, "[t]he more pervasive and detailed the patterning of the activity involved, the higher the costs of the commitments tend to be" – "activity" denoting the Dynamic Capability.

Governance

Powell identifies three forms of governance: Market, hierarchy, and network (or cooperation) (Powell 1990). We are going to summarize the characteristics of each in the following:

Market. Economic actions relying on market mechanisms are mainly regulated by prices. Contracts and property rights regulations provide additional guidance. As long as the market structure does not suffer from monopolies or lock-ins, this form enables the highest flexibility since the company is not bound to its partners as it would be in hierarchical or network forms. This means on the other hand, that partners are not necessarily interested in the fate of the company – Powell attests "low commitment" (Powell 1990) among the partners. Even worse, the general atmosphere might be dominated by suspicion and control. Conflicts usually are solved in court. Teece et al. also emphasize the risk of poor asset protection resulting from pure market arrangements (Teece et al. 1997). In the focus of this work, obtaining a BPM capability on the market can for example mean hiring external consultants that help the company carrying out complex BPM projects.

Hierarchy. A hierarchical organization can be seen as the opposite to the previous one regarding many aspects. Here, routines are the primary means of communication. All partners are bound via employer/employee relations which creates a quite stable and reliable work environment. This affects both the commitment among the partners and the handling of conflicts. The downside of this form is the lack of flexibility. Due to contractual bindings, the company is restricted in its choice of partners, at least for short term decisions. It takes time to set up or terminate commitments such as labour contracts etc. A BPM-related example corresponding to this form of organization is a firm that deploys its own employees on a BPM-related task.

Cooperation. The network form represents the third and last possible form identified by Powell. He claims this form to be based on complementary strengths and common interests among the partners. The relations among the members of a network are probably the most important characteristics of a network. They are both the primary means of communications and the mechanism to solve conflicts. The latter is due to member's concerns about the own reputation within the network. Since the network consists of partners sharing a common interest, a firm working against that common interest will probably simply get expelled from the network. This also shows the flexibility of a network. While a firm is generally free to select its partners, its choice is most likely limited by the boundaries of the network.

Key Feature	Market	Cooperation	Hierarchy
Normative Basis	Contract – Property Rights	Complementary Strengths	Employment Relationship
Means of Communication	Prices	Relational	Routines
Degree of Flexibility	High	Medium	Low
Tone or Climate	Precision and/or Suspicion	Open-ended, 'mutual benefits'	Formal, bureaucratic
Actor Choices	Independent	Interdependent	Dependent
Example Actor	Consultants	Value Chain Partner	Employees

Table 1. Stylized Comparison of Forms of Governance

The firm's choice between these three forms – the 'make-or-buy decision' (Walker & Weber 1984) – depends on several aspects. Following Williamson's argumentation (Williamson 1975; 1998), Powell points out that "transactions that involve uncertainty about their outcome, that recur frequently and require substantial 'transaction-specific investments' – of money,

time or energy that cannot be easily transferred – are more likely to take place within hierarchically organized firms" (Powell 1990), whereas "exchanges that are straightforward, non-repetitive and require no transaction-specific investments will take place across a market interface" (Powell 1990). Furthermore he comes to the conclusion that transactions performed within a hierarchy tend to be more inefficient than market transactions; on the other hand, market transactions tend to cause greater costs (Powell 1990). Thorelli adds the network-paradigm to the argumentation of Williamson and explains its benefits. He claims power, influence, and trust to be cornerstones of the network paradigm (Thorelli 1986). Therefore, the downside of this concept is that managing and maintaining a network requires significant efforts for all parties involved (Thorelli 1986). However "effectiveness, efficiencies or risk-reduction gained in [network arrangements] is felt to exceed transaction costs of myriad spot transactions or the major resource commitments, difficulties of performance evaluation, etc. typically associated with all-out internalization" (Thorelli 1986). **Fehler! Verweisquelle konnte nicht gefunden werden.** gives an overview of the major characteristics of the three forms of governance.

BUSINESS PROCESS GOVERNANCE FRAMEWORK

Business Process Governance (BPG) emphasizes alternative sourcing arrangements for the "integration, building, and reconfiguration [of] an organization's business processes for the purpose of achieving a fit with the market environment" (see definition of BPM). While networks and, with it, a plurality of actors from both inside and outside and organisation's boundaries, such as customers, law makers, suppliers, distributors, become important for an organization's business process change efforts (Niehaves & Plattfaut 2011), these activities take place in the context of a plurality of views and interests (Chhotray & Stoker 2009, Becker et al. 2010). Here, a governance perspective focuses on the specific challenges associated with different coordination mechanisms in networks: markets, hierarchies and cooperation (for instance, Powell 1990, Williamson1996, for a brief comparison see **Fehler! Verweisquelle konnte nicht gefunden werden.**). Here, a network is regarded as a broader term that may refer to resources of hierarchy, market, and cooperation.

Dynamic capability theory distinguishes between the assignment of event-dependent resources (EDR) and event-independent resources (EIR) to a BPM project (Winter 2003). The first refers to the idea of instant ad-hoc projects. At this, the need for change is solely triggered by external circumstances, for example a change of market requirements. The company does not actively search for possibilities to improve its alignment but rather just reacts on impulses (Winter 2003). Therefore the solution is tailored to the very problem the company is currently facing – with no intentions of preserving it for future occasions. The resources assigned to a project therefore are event-dependent. Mintzberg (1992) points out that in this mode of operation, there is no organizational unit which is responsible for controlling and managing the actions required to adapt to the changes. The firm does not rely on organized coordination and standardization mechanisms and does not aim for establishing repeatable patterns of problem solutions. The second approach involves establishing a Dynamic Capability for BPM. Here, the organization builds event-independent resources to be able to innovate and change business processes. These resources are a long-term commitment dedicated for BPM (Winter 2003). Organizations can of course also use both EIR and EDR, for example to compensate peaks – however the defining criterion for BPM as a dynamic capability is the involvement of EIR.

In conclusion, a BPG strategy addresses two questions for resource arrangements: 1) Should an organization build and make use of EIR of business process change or should it rather rely on EDR? 2) Should an organization include resources through hierarchy, market and/or cooperation in its business process change efforts? This question refers to the network/governance theory perspective. Both questions stand orthogonal to each other, meaning that the question of network resource positions can be asked for EIR as well as EDR arrangements (see Figure 1 with examples). Together, the two dimensions compose the BPG Framework:
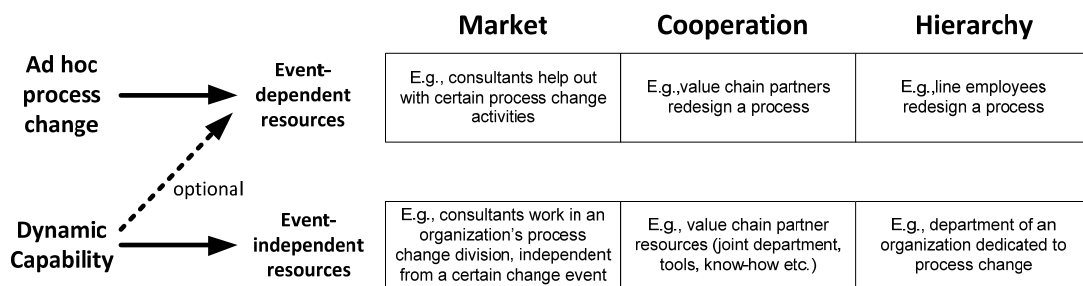

		Market	Cooperation	Hierarchy
Ad hoc process change	Event-dependent resources	E.g., consultants help out with certain process change activities	E.g.,value chain partners redesign a process	E.g.,line employees redesign a process
Dynamic Capability	Event-independent resources	E.g., consultants work in an organization's process change division, independent from a certain change event	E.g., value chain partner resources (joint department, tools, know-how etc.)	E.g., department of an organization dedicated to process change

Figure 1. Business Process Governance Framework

The framework provides a means for structuring the main aspects of a company's BPG strategy. It highlights the use of dependent and independent resources, as well as the source of these resources. In the following we want to empirically answer the following questions:

    (1) How can the case study organization be characterized with regards to the BPG framework?

    (2) What are factors that influence the specific expression of elements in the framework?

RESEARCH METHOD

Method Selection. In order to address our research objectives with regards to the presented theoretical framework, we opted for an in-depth case study tying in with the rich tradition of qualitative IS research (for instance, Kern and Willcocks 2002; Mingers 2003; Remenyi and Williams 1998; Silverman 1998). The advantage of such approach lies in the ability to explore and explain new theory aspects and constructs rather than testing specific hypotheses. Moreover, as the literature on the integration of BPM and governance concepts is rather sparse we chose an explorative qualitative case study approach.

Case Selection. PRODUCTION is a Europe-based, family-owned, medium-sized company founded in 1920 that operates in the area of paper and office supplies. In 2007 the turnover accounted for €100m, of which €80m had been achieved on the domestic market. The company occupies over 750 employees worldwide and operates sales offices in several other European countries and the US. We chose this company as a good example of a low/medium-velocity market that is on the edge to a more dynamic one.

Company name	PRODUCTION
Industry	Paper and office supplies
Year of foundation	1920
Turnover	€100m (2007)
Size	750 employees
Market environment	Low-dynamic

Table 1. Overview of the PRODUCTION case study

Data Collection. The data used to investigate the development of PRODUCTION stems from 21 semi-structured interviews conducted in the time between October 2008 and December 2008, as well as between October 2009 and December 2009. In total, the transcribed interviews contain over 147,000 words with an average length of 70 minutes per interview. The interviewees worked at the departments of materials management, product development, product management, quality management, IT, the purchasing and incoming goods department, and the back office. Table 2 summarizes the data of this case study:

Total number of interviews in this case	21
Time of interviews	2008/10 - 2008/12; 2009/10 - 2009/12
Total number of words	147,000
Average length of each interview	70 minutes
Departments	Materials management, product development, product management, quality management, IT, purchasing and incoming goods department, back office

Table 2. Interviews conducted for the PRODUCTION case study

Data Analysis. To analyze the data took a multi-step approach. Initially, one author coded the data individually for any relation to the BPG Framework, while all interview data was reviewed in the light of available documentary information and with regards to direct case observations. Afterwards, the resulting coded data were contrasted among the authors' perspectives. Only few dissents occurred which could be ruled out by discussion among all authors. Then, the codes were interpreted and structured with the help of the theoretical framework. The interpretation of data and refinement of theory elements were highly recursive and formed a continuous interplay (Myers 2008). Such approach has the advantage that, both the authors' understanding of the case findings and the coherence of the emerging theory improved gradually.

FINDINGS

The interviews revealed that PRODUCTION almost completely bases its BPM on ad-hoc activities instead of establishing Dynamic Capabilities. The head of HR stated that processes are improved only "if someone figures out a way to improve things" – in this case "it's simply done right away". Here, improvements are often carried out in a trial-and-error-manner. Right now, this is the only way the company administers its processes; it did not set up a department that is responsible for BPM tasks yet. Instead, each department takes care of its own processes. According to the head of IT, only the documentation of the processes has been centralized – the quality management department is in charge of documenting all processes. However, even the documentation is done rather on-demand. He also pointed out that once a year selected processes are checked thoroughly. Every three years all processes are checked. Still, the process documentation has not been updated since 2003. Since then, PRODUCTION has changed quite extensively, for example due to the introduction of SAP. The head of Controlling responded to the question whether it is planned to expand the firm's BPM capabilities that even though in his opinion this is a necessity, he does not think that it will happen in the near future. He emphasizes that a project like this is only carried out if there is an actual problem ("it completely depends on the degree of suffering"). Nevertheless, despite the low sophistication of its BPM capability, implementing more sophisticated solutions is not recognized as a crucial task for the near future. PRODUCTION clearly admits that there is room for improvement; however the head of IT argued that they also can "simply stay at this BPM maturity level '2' and be just fine".
PRODUCTION does not source from its network but rather uses its own capacities or buys services over the market. BPM projects are usually carried out in-house by own employees. As pointed out earlier, there is no department being responsible for BPM. The head of IT admitted that "because of [their] size [they] cannot create a department of 2 or 3 people constantly taking care about processes". Thus, the primary governance mode is "hierarchy" in combination with "ad-hoc". Besides, a few projects have been conducted by the help of external consultants. The interviewees state that this is mostly due to a lack of knowledge or manpower. Recently, the firm started to include customers into BPM-related projects as well. Cooperating with competitors however has been refused so far. Figure 2 shows the characteristics of PRODUCTION with regards to the BPG Framework presented earlier (ad question 1).
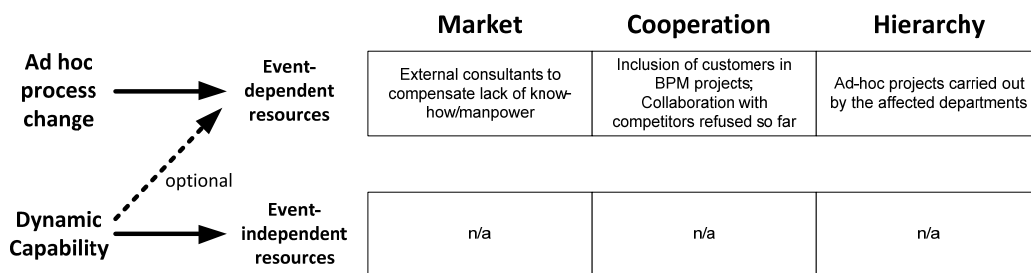

		Market	Cooperation	Hierarchy
Ad hoc process change →	**Event-dependent resources**	External consultants to compensate lack of know-how/manpower	Inclusion of customers in BPM projects; Collaboration with competitors refused so far	Ad-hoc projects carried out by the affected departments
Dynamic Capability → (optional)	**Event-independent resources**	n/a	n/a	n/a

Figure 2. Business Process Governance Framework for PRODUCTION

In order to explain PRODUCTION's governance strategy, first its market environment needs to be considered. The company operates in a relatively static market environment. Their product lifecycle is quite long – some products exist since 30 years. However the head of HR emphasized that 30% of their turnover comes from products which are younger than 5 years. Most of the products are updated frequently and each year there are between 30 and 40 new products put to the market. The market environment is perceived as "manageable and calculable" with only few changes. One reason for that is that PRODUCTION only serves large-scale customers. However, recently the market dynamics have increased. The head of HR stated that it is crucial to find niches by always being "one step ahead". The company is also facing an increased pressure on the part of the customers who are demanding more efficient procedures and tighter couplings of inter-organizational processes. In the past there was almost no need for optimization. The head of Quality Management reported that the focus dramatically shifts towards making processes more efficient due to the economic crisis. He also pointed out that "the focus shifted towards reorganizing the organization". However, some departments simply cannot cope with the new requirements because they did not prepare themselves for this task in the past. Summing up, PRODUCTION is currently on the edge to a more dynamic market for which it does not see itself prepared fully.

Second, the nature of the company assets forms the governance strategy of PRODUCTION. One major issue is the structure of the organization. As indicated by the head of IT, the departments were separated quite rigidly in the past. He reported that departments generally refused working together and taking responsibility for another department's actions, unless management is actually forcing them to. Many interviewees state that the company still suffers from this problem. The problem was also amplified by the fact that prior to the introduction of SAP the old (stand-alone) systems were not integrated

properly. The head of Quality Management gave the example that each department added some extra time to its processes as a security buffer, even though this has already been done by other departments for preceding steps. The result is a tremendous loss of performance for inter-department processes. However, PRODUCTION currently is working on improving the collaboration between the departments. Until today, the company has successfully introduced SAP in 2003 and a system for customer-relationship-management (CRM) 1.5 years ago. Besides, the interviewees indicated the lack of a clear definition of process responsibilities as another problem that limits the options available to the company. They state, that this issue causes change initiatives getting slowed down. Also the management is sometimes the reason why changes are postponed or not carried out at all.

The case of PRODUCTION emphasizes that developing a sophisticated BPM capability might not pay off for every company per se. As pointed out, PRODUCTION does not have a centralized BPM department but rather bets on ad-hoc solutions implemented by the department that is affected by the change. Even though the company admits that there is generally room for improvement for its BPM strategy, it claims that the current one seems to be sufficient for the time being. Improving the current strategy would come along with deploying additional resources, which they claim they do not have at the moment. Also legacy issues like the silo-layout of the organization hinder a quick centralization. However the company recently starts to face a more dynamic market, so this opinion might need to be reconsidered in the near future. Furthermore, it usually hires external consultants for one-off projects that require special know-how or additional manpower (for example the introduction of an SAP system). Despite that, the company primarily relies on their own employees, mostly as ad-hoc addition for current projects. Common reason for that is the fear to reveal critical know-how to competitors. Therefore, collaborating with competitors (the network aspect) is rather sparse and superficial. Besides that, increased competition in an industry comes along with an increased customer focus. Therefore PRODUCTION must start to collaborate with its customers in order to serve their requirements. The customer pressure in this case is even more intense, since the company primarily servers business consumers (Table 3 sums up the major observations and assigns possible factors (ad question 2)).

	Observation	Factors
BPM level of action	Only ad-hoc BPM activities	*Market Environment:* Infrequent, predictable changes Stable product portfolio, only few changes Stable customer relations, serving only large-scale customers
		Company Assets: No resources available, company too small Silo-structured organization, inter-department-collaboration complicated
	Starting to think about developing more sophisticated BPM	*Market Environment:* Pressure from large-scale customers increasing Competition rises, need to look for market niche
		Company Assets: *No relevant aspects*
Sourcing-Strategy	Projects primarily carried out in-house by affected departments	*Market Environment:* Only few, primarily ad-hoc change requests
		Company Assets: Small company Silo-structured organization, changes only implemented by affected department
	Hire external consultants on-demand for particular projects	*Market Environment:* Change requirements posed by market sometimes surpass existing capabilities
		Company Assets: Lack of resources (knowledge, manpower) when carrying out bigger projects
	Starting to include customers in BPM projects	*Market Environment:* Customer pressure increasing
		Company Assets: Processes not aligned to needs of customers
	No collaboration with competitors	*Market Environment:* Competitive atmosphere, even though competition not life-threatening (compared to Phone & Net)
		Company Assets: Distrustful relationship towards competitors Fear to reveal critical know-how to competitor

Table 3. Summary of the findings of the PRODUCTION case study

DISCUSSION

Implications for theory. In this paper we showed that BPM indeed can be understood as Dynamic Capability. This provides a plurality of opportunities for research. We emphasized one particular way of application by combining the newly developed

understanding of BPM with the Governance framework. Thus, we developed a theory that integrates both dynamic capability and governance theory. The resulting BPG framework holistically covers the nature of an organization's BPM strategy regarding its use of EIR and EDR as well as its sourcing strategy. It allows a thorough understanding and analysis of both aspects. Based on a detailed case study, we found evidence for the existence of patterns in the BPG framework and factors influencing the corresponding sourcing strategies. The company of our case study operates in a low-dynamic market. Analyzing its BPM strategy revealed, that its BPM activities completely rely on ad-hoc solutions, i.e. EDR. Furthermore, resources are mainly acquired internally, i.e. via the company's hierarchy. Obtaining resources using market mechanisms is only used on-demand for compensating resource bottlenecks; the company's network is ignored almost completely as a source of resources. However, lately the network perspective gained attention since an increasingly dynamic market environment forces the company to pursue new ideas. Hence, we argue that for companies operating in similar environments, the corresponding usage pattern is similar. As such, more dynamic environments might influence this pattern towards an increased importance of Dynamic Capabilities and the involvement of EIR for BPM activities. Future case studies are planned to investigate this assumption further.

Implications for practice. The BPG framework developed in this paper points out several possibilities for practitioners to design a BPM strategy. It distinguishes between the use of EDR and EIR respectively and explains the advantages and disadvantages of each concept. Furthermore it mentions market, cooperation, and hierarchy as possible sources for resources for BPM projects. In line with Winter (2003) we argue that there is "no rule for riches" here – spending efforts on establishing BPM as a dynamic capability will not pay off necessarily. Sometimes, relying on ad-hoc activities can be sufficient for a company. Our case study supports this argument. We identified the dynamics of the market environment of a company as one of the most important factors for this decision.

Limitations. Our findings are based on the interpretation of a qualitative case study. While this proceeding has several benefits and is well-established in research (see also chapter 0), it admittedly has some shortcomings. Other scholars could come to different results when interpreting the rich body of data. However, due to the collaborative effort of the authors we believe that our reading of the case is valid. Furthermore, our work currently bases on one case study which covers the scenario of a company operating in a low-dynamic market. In order to support our findings additional case studies for low-dynamic markets might be necessary. Moreover, negative examples of companies relying on EIR for their BPM activities while still operating in low-dynamic markets might give valuable insights. Hence, studies of companies in medium- or high-dynamic markets need to be added.

Future research. Given the limitations pointed out in the previous section, several tasks for future research can be identified. First, more case studies for both high-dynamic and low-dynamic market environments are needed. This helps to solidify the argumentation and broaden possible recommendations. Second, quantitative research on BPG is possible. Here, generalized assumptions of development of governance depending on the market environment could be tested. Third, the influence of BPG on the development of BPM capabilities could be of further interest. Such perspective is currently mostly neglected in BPM research (Plattfaut et al. 2011).

CONCLUSION

In this paper we pursued three research objectives and, thus, make the following contributions. First, we argued to understand BPM as Dynamic Capability (in the notion of the RBV) to adapt an organization's business processes to fit the environment. Here, we distinguished between event-dependent (EDR) and event-independent resources (EIR) that can be required by BPM projects. Moreover, we followed Powell (2002) and identified three different sourcing strategies: Market, network, and hierarchy. Combining both approaches results in a theory that integrates and instantiates dynamic capability and governance theory. Second, using this understanding we developed the BPG framework. Here, we aimed at providing a comprehensive means for analyzing the nature of a company's BPM strategy with regards to both EDR/EIR and sourcing. Third, we empirically applied the BPG framework to a European PRODUCTION company. We classified the organization in the framework and explored factors that explain specific characteristics. The data obtained in the qualitative case study resulted in evidence for a first pattern: In low-dynamic markets, companies tend to rely solely on EDR acquired via their own hierarchy. The company of our case study rarely included resources from market or network partners and discarded the establishment of EIR completely. However, the existence of other patterns is possible as well. One could hypothesize that in high dynamic markets organizations tend to develop EIR. Moreover, they could source additional resources from the market. To deepen this understanding, we emphasized the need for further case studies to identify additional patterns in the design of BPG strategies. We concluded our paper by pointing out implications for both scholars and practitioners.

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