Sharing to improve services: a study of shared services capabilities

Mariana Pinho de Almeida

Doctoral Thesis

PhD in Management

UNIVERSITY OF SUSSEX

January 2017

Abstract

Motivation: Shared Services (SS) is a cost cutting and quality improvement strategy, which is receiving increasing attention from academics and practitioners. However, previous research focuses primarily on the potential benefits of these strategies; while very little research explains the role of SS resources and capabilities in the achievement of SS goals. The purpose of this thesis is to address this gap by explaining how SS resources and capabilities influence the achievement of SS goals.

Approach: A multiple-case study approach is adopted, following a qualitative methodology, with data collection occurring at four SS organisations.

Findings: This thesis introduces a taxonomy of SS resources and identifies three SS operational capabilities and seven SS dynamic capabilities, grouped into four areas of competence. Furthermore, this research uncovers the capability development process in an SS context, through the identification of the specific routines that precede each capability. Finally this research extends SS research, not only by identifying additional SS goals not mentioned by previous research, but also by recognising what specific SS capabilities contribute to what goals, thus uncovering the goal achievement process in a shared service centre.

Academic Contributions: This research contributes to the negligible literature focusing on SS resources and capabilities and responds to the claims that a further understanding of shared services is needed in order to provide practitioners with advice and procedural guidelines on how to design, implement and manage SS. It also lays the foundation for future research on resources and capabilities in an SS context.

Managerial Contributions: The findings enable managers to identify and further develop the necessary resources, routines and capabilities to achieve their specific SS goals. Additionally, this research supports managers in identifying additional goals they can achieve, considering the resources, routines and capabilities their SSCs already have.

Acknowledgements

Writing this thesis has been an incredible challenge and I would not have succeeded if it wasn't for the support of many individuals, to whom I would like to express my sincere gratitude.

First, I would like to convey my gratitude to all the companies and individual participants who agreed to be part of this study and shared their stories with me, making this thesis possible.

Then, I have to thank my PhD supervisors Dr Des Doran and Dr Thanos Papadopoulos for taking me as their student, and for the valuable support and guidance during my time at Sussex.

Special thanks goes also to my employer, in the person of Joana Marques and Thomas Messerle. I am deeply grateful for the opportunity to combine my work with this PhD project and I am truly honoured by the trust you devoted in me. I am also particularly grateful to my manager Catarina Paquete, who always gave me her encouragement and believed I was capable of finishing this thesis, even in the moments I did not believe it myself.

I have met wonderful people along this journey at Sussex. I would like to thank all my fellow PhD students and friends. You are my Brighton family and I am sure that without your good vibes, this journey would have been even more challenging.

Finally, I have to thank my family for always being there for me. Thank you.

Statement

WORK NOT SUBMITTED ELSEWHERE FOR EXAMINATION

I hereby declare that this thesis has not been and will not be, submitted in whole or in part to another University for the award of any other degree.

Signature:

Mariana Pinho de Almeida

Table of Contents

Figures

Tables

Abbreviations

BUs	Business Units
DCA	Dynamic Capabilities Approach
ERP	Enterprise Resource Planning
IS	Information Systems
IT	Information Technology
KPI	Key Performance Indicator
OCR	Optical Character Recognition
OM	Operations Management
RBV	Resource-Based View
RCA	Root Cause Analysis
RPA	Robotic Process Automation
SLA	Service Level Agreement
SS	Shared Services
SSC	Shared Service Centre

1.   Introduction

1.1 Chapter introduction

Shared Service Centres are created to bundle services previously performed autonomously by the different units within an organisation, often revealing conflicting goals such as cost reduction, quality improvement or increased customer satisfaction. The purpose of this research is to critically examine the role of shared services resources and capabilities in the achievement of the goals of shared service centres. This introductory chapter discusses the background and motivation for the research, and introduces the research gap to be addressed. The research question and objectives are then presented, followed by the conceptual framework that underpins this study, as well as the methodological approach adopted. The chapter concludes with the thesis outline, describing the remaining chapters of this dissertation.

1.2 Background

The increasingly competitive global business environment has led companies to focus on cost-cutting and efficiency-improving strategies (Lewin and Peeters, 2006, Zeynep Aksin and Masini, 2008). Among these strategies, shared service arrangements are gaining prominence as an approach for companies seeking to achieve such efficiencies and improve service, through standardising and streamlining business processes and tasks carried out across different business units (BUs) of the firm, and centralising them into a shared service organisation (McIvor et al., 2011).

In the context of this research, shared services (SS) is a cost cutting and quality improvement strategy that an increasing number of organisations is pursuing, both in public and private sectors, in order to consolidate processes and tasks previously performed by the different units within the organisation (Zeynep Aksin and Masini, 2008). These quality improvement strategies often involve improving the timeliness and accuracy of services, as well as customer satisfaction in general (Bondarouk and Friebe, 2014).

In this vein Shared Services differ from resource sharing, because the former refers to the extent to which business units share resources such as research and development, plant and equipment, raw materials or a common sales force, while the latter involves

not only sharing resources, but also consolidating and standardising tasks and business processes, leading to both efficiencies and synergies, as well as a clear management focus and accountability over the service delivery (Davis et al., 2000; Janssen and Joha, 2006b).

The American multinational General Electric (GE) claims to have been the first company to establish a Shared Service Centre (SSC) in the 1980s, in order to consolidate accounting tasks, achieve economies of scale and support the implementation of common accounting systems (Davis, 2005). Since then, many other firms have been accruing the advantages of shared services in an increasing number of different functions, including purchasing, credit control, and human resources (ibid). Depicting this expansion in the adoption of SSCs, Accenture (2013) reports that 75% of Fortune 500 companies have implemented shared services. Furthermore, in the public sector, shared services have been promoted as an emerging strategy to achieve efficiencies, with the Cabinet Office in the UK estimating that the implementation of such a strategy in finance, accounting and human resources, could potentially save 20% of the expenditure of central and local government on these services (McIvor et al., 2011).

1.3 Research gap, research question and research objectives

Despite the popularity of these organisational models in practice, academic research focusing on shared services is still at the embryonic stage (Knol et al., 2014). Moreover, although the potential benefits of sharing are well established in the literature, reported cases of failed implementations and disappointing achievements are also becoming more common (McIvor et al., 2011). In addition, although both cost reductions and improved service quality are often referred to as motivations for establishing shared services, it is also argued that both objectives cannot be achieved at the same time and organisations have to choose which strategic goals are more important (Janssen and Joha, 2006b).

Drawing on Operations Management (OM) literature, Peng et al. (2008) suggest that it is crucial for operations managers to understand the firm's objectives in order to build the capabilities that support the achievement of these objectives. Therefore, depending on the specific goal of the SSC, managers should focus on developing the set of capabilities that would enable the centre to achieve such goals. Capabilities in this

context refer to "a firm's capacity to deploy resources, usually in combination, using organisational processes, to effect a desired end" (Amit and Schoemaker, 1993, p. 35). As a result, to explain how the shared service centre can fulfil its goal of providing value to its customers through an enhanced service delivery, academic research has to determine what resources and capabilities are required by the centre to achieve such goals. Furthermore, the capabilities literature highlights that firms may possess operational capabilities, allowing them to "make the daily living", while there are also dynamic capabilities which allow firms to reconfigure their resource base to respond to changing customer and technological opportunities (Agarwal and Selen, 2009, Teece, 2007). The ability to simultaneously exploit operational capabilities and explore dynamic capabilities is also called ambidexterity and it could be a possible solution for SSCs trying to achieve the goals of cost-reductions and quality improvements at the same time. Nevertheless, due to the embryonic stage of shared services literature, the role of resources and capabilities has received very little attention (Knol et al., 2014).

Exceptions are provided by Janssen and Joha (2006a), who investigate the governance of shared services from a resource-base and dynamic capability perspective; Goh et al. (2007) who explore the implementation of an IT shared service centre, aiming to identify what IT capabilities are better managed under an SS model; Maatman et al. (2010) and Maatman and Bondarouk (2014), who examine the value creating capacity of an human resources shared service centre. However, these studies display some limitations. For example, Janssen and Joha (2006a) argue that the shared service centre is completely dependent on the resources and capabilities of the different units and view the deployment of a shared services strategy as a mere way to reconfigure the internal competencies of these units, hence failing to consider the resources and capabilities specifically developed by the centre. Goh et al. (2007), on the other hand, focus specifically on the IT function, and thus consider only the IT capabilities and resources needed to provide IT shared services. Maatman et al. (2010), who, despite acknowledging the central role played by the capabilities of the shared service centre in creating value for the business, fail to explain what capabilities are necessary for the value creation process and, more importantly how and to what extent they contribute to this process. Finally, Maatman and Bondarouk (2014) focus on the specific resources and capabilities of SSCs, but the resources and capabilities they identified are limited to

empirical data collected in a single case study, therefore limiting the generalizability of their findings.

In this context, and because previous research indicates that a possible cause for shared services failure is the impossibility of accomplishing the goals of cost reduction and improved service quality simultaneously (Janssen and Joha, 2006b), the aim of this research is to address this gap by exploring the role of SS resources and capabilities for the achievement of the shared services goals. Specifically, this research aims to address the following research question (RQ):

RQ: How do SS resources and capabilities influence the achievement of SS goals?

In order to answer this question, the following research objectives (RO) shall be addressed:

RO1: Identify and evaluate the specific resources of Shared Service Centres.

RO2: Determine how SS resources are configured to create SS capabilities.

RO3: Explore how the goal of enhanced service delivery is achieved.

Having identified the research questions that this investigation aims to address, it is important to clarify the theoretical lens under which the research will be framed. SS have been described as a means to have access to shared resources or to reconfigure internal competencies to address rapidly changing environments (Jahns et al., 2006, Janssen and Joha, 2006a). This highlights the applicability of both the Resource-Based View (RBV) and Dynamic Capabilities Approach (DCA) in understanding such strategies, especially because the purpose of this research is to explore the role of resources and capabilities in the achievement of shared services goals.

1.4 Conceptual framework

Resources are stocks of available factors that are owned or controlled by the firm, which can be tangible, such as financial and physical assets, or intangible, such as human capital, patents or technology knowhow (Amit and Showmaker,1993; Nath et al., 2010). Barney (1991) classified resources into three categories: physical capital resources, or the technology, plant and equipment of the firm; human capital resources, i.e., the skills of managers and workers in a firm; and organizational capital resources, or the firm's formal reporting structure, planning, controlling and coordinating systems. Therefore, although the shared service centre could receive resources from different business units,

it is also likely that the technologies, people and organisational structure used by the centre are different from the business units. Thus, it can be argued that the technology, human and organisational resources of the shared service centre are developed with inputs from the business units, but are also specific and dedicated to the SSC.

The theoretical background for this definition of resources is the resource-based view (RBV) of the firm which posits that resources are heterogeneously distributed across organisations, and those firms that possess valuable, rare, imperfectly imitable and imperfectly substitutable (VRIN) resources are able to achieve competitive advantage (Ambrosini and Bowman, 2009). Nevertheless, it has also been argued that the ownership of VRIN resources in itself does not bring competitive advantage, but it is rather the firm's ability to effectively deploy its resources and build on its capability platform that determines the achievement of competitive advantage (Nath et al., 2010). At this point, it is important to clarify the difference between the concepts of resources and capabilities, especially because in the context of RBV, the term "capabilities" has been used to refer to different concepts (Ambrosini and Bowman, 2009). Capabilities may refer both to a firm's ability to deploy and combine resources aiming to achieve a certain goal (Amit and Schoemaker, 1993), or to a type of resource and hence are included in a broad definition of resources, leading to an interchangeable use of both terms (Barney, 1991). This research uses Amit and Shoemaker's definition of capabilities, in which resources and capabilities are distinct concepts and capabilities refer to "a firm's capacity to deploy resources, usually in combination, using organisational processes, to effect a desired end" (Amit and Schoemaker, 1993, p. 35). As Nath et al. (2010) put it: capabilities are the intermediates between resources (inputs) and the desired objectives of the firm (outputs).

Additionally, it has been suggested that for the performance of different tasks, different resources are necessary, and as a result different capabilities need to be deployed by the shared service centre (Maatman et al., 2010). Thus, managers should seek to develop capabilities that support the achievement the firm's goals, i.e., depending on whether the goal of the shared service centre is to achieve cost efficiencies, or to improve the service quality, managers will need to focus on developing the set of capabilities that would enable the centre to achieve such goals. Furthermore, Maatman et al. (2010) argued that for the different tasks that the shared service centre has to perform, different resources are required and, since capabilities stem from resources, different capabilities

are employed depending on the task being performed. In other words, it would be expected that during service delivery, the shared service centre would employ its technology, human and organisational resources, depending on the specific task being performed, which in turn, would result in the development of capabilities that would enable the SSC to achieve its goal of enhanced service delivery, when compared to the services previously performed in a non-SSC environment.

However, the literature on capabilities also indicates that certain capabilities, called operational capabilities, only enable the firm to "make a daily living", while there are also higher-order skills, or dynamic capabilities, that enable firms to adapt to changing customer and technological opportunities through combining and reconfiguring their current assets (Agarwal and Selen, 2009, Teece, 2007). In this vein, it is important to define both operational capabilities and dynamic capabilities as different constructs (Ambrosini and Bowman, 2009). Operational capabilities reflect the ability to perform the basic functional activities of the firm, i.e. they allow the firm to earn a living in the present (ibid.). Dynamic capabilities, on the other hand, reflect the firms' ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments and, as such, they reflect the firms' ability to reconfigure their present base of resource and operational capabilities to address change (Teece et al., 1997).

Within such a context, this research contends that, prior to the shared services implementation, each business unit relies on their own technological, human and organisational resources, which, after implementation, are consolidated, resulting in new specific shared services resources. These are employed by the centre to perform routines that lead to the development of operational and dynamic capabilities, which are progressively configured and reconfigured to enable the achievement of shared services goals of enhanced service delivery. Figure 1.1 summarises the conceptual framework of this research.
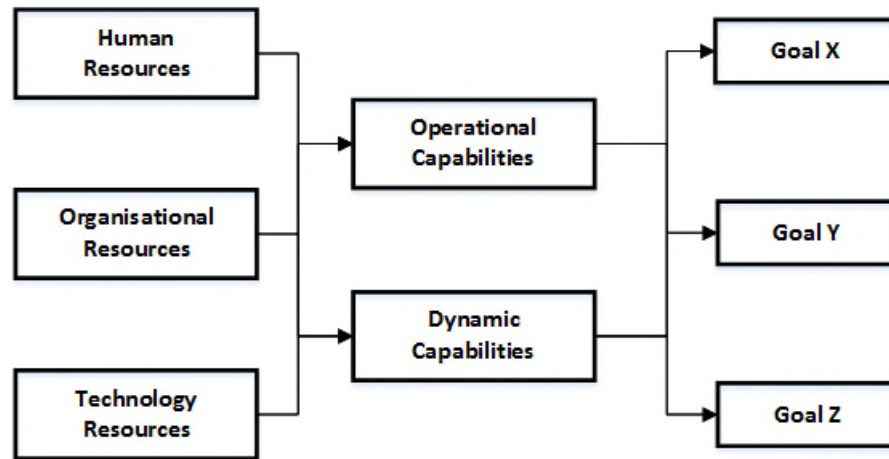
Figure 1.1. Conceptual Framework

1.5 Research approach

This research aims to achieve an in-depth understanding of shared services resources and capabilities and their role in the achievement of SSCs goals, and therefore follows an interpretive paradigm, focusing on exploring meanings, interpretations and people's perceptions of reality (Meredith et al., 1989). Additionally, the primary research purpose is to fill a gap in the shared services literature regarding the role of resources and capabilities. As a result, an exploratory approach is used to identify SS resources capabilities and goals and an explanatory approach is used to explain how SS resources and capabilities contribute to the achievement of SS goals (Yin, 2003). Although the research is based on theory building, the definition of capabilities as a corollary of resources and the distinction between operational and dynamic capabilities enables this research to be framed within the resource-based view (RBV) and dynamic capabilities approach (DCA) theories, which provide a priori constructs that help in shaping the theory building process (Barratt et al., 2011).

Furthermore, the attainment of this in-depth understanding requires a qualitative methodology and a multiple case study strategy, which together enable an exploration of the role of SS resources and capabilities within the case organisations (Silverman, 2001, Yin, 2003). Since the primary goal of this research is to understand the role of resources and capabilities of the SSC in the achievement of the centre's goals, the unit of analysis is the shared service centre. Additionally, despite the fact that differences exist between public and private sector shared service centres, this is an organisational

form that emerged in the private sector (Schulz and Brenner, 2010), and therefore this research focuses on private sector in-house shared service centres.

Given that the particular focus of this research is to understand how the specific SS resources and capabilities contribute to the achievement of SSC goals, informants outside the SSC, such as its users or customers, were not interviewed. These customers would only be able to account for their perceptions of the service delivery by the SSC, and would have a very limited understanding on how the SS resources and capabilities contribute to the achievement of the particular goals of the SSCs. On the other hand, the mechanisms used to govern the relationship between the SSC and its customers, such as Service Level Agreements (SLAs), Key Performance Indicators (KPIs) reporting, as well as Customer Satisfaction Surveys, were part of the documentation analysis conducted, as these reveal both the customers' expectations from the service delivery and goal achievement, both in terms of KPI accomplishment and customer satisfaction.

In terms of context selection, Portugal was identified as an emergent shared services destination, given the availability of a large pool of qualified young people who have different language skills, a distinguished ability to solve problems, the capability to readily adapt to new situations, and high levels of commitment to work (AICEP, 2013). This has led to the recognition of the country as the leader in the development and enhancement of shared service operations, and therefore it is considered an appropriate context to study shared services resources and capabilities (AICEP, 2013). In addition to these factors, also the Portuguese origin of the researcher also contributed to the selection of the country as context of the study, since this would enable an easier access to the case organisations.

The multiple case study strategy is based on four case organisations. The initial case study was selected on the basis of the leadership position of the firm, and snowball-sampling techniques were applied to select the three subsequent cases (Sadler et al., 2010). Data sources include semi-structured interviews, observations and an extensive in-depth documentation review. Interviews were conducted at the SSCs' premises and involved 43 key informants from different hierarchical levels. The observations took place at team meetings, workshops and during the performance of SS tasks by employees. This approach accommodated a richer understanding of the dynamics of the organisation and the sense-making process of the primary stakeholders (Symon and Cassell, 1994). In addition, extensive field notes were taken during the observations and

then expanded into typed notes as soon as possible after data collection. Access to documentation was also granted and included service level agreements (containing the goals of the service centres), Key Performance Indicator (KPI) reports (to compare the performance targets with the achieved results) and customer satisfaction surveys (to assess the extent to which the centre has achieved its goals).

The collected data was inductively analysed to identify the specific goals of the SSCs, what specific shared services resources and capabilities enable each centre to reach its goals and the processes by which these are developed. As this process evolved, memos were used to record the researcher's thoughts, interpretations and directions for further data collection. Once concepts of resources and capabilities began to accumulate, these were grouped into categories (e.g., technology, human or organisational resources), with enough density and saturation that would enable theoretical development (Douglas, 2003). A detailed description of the methodological approach adopted is provided in Chapter 3.

1.6 Thesis outline

The thesis is organised in six chapters. This introductory chapter has presented the background and motivation for the research, the research gap, the research question and the research objectives, the conceptual framework, the methodological approach, and the outline of the remaining chapters of this dissertation.

Chapter 2 provides a review of the literature, allowing for the contextualisation of this thesis in the broader environment of SS research. The literature review enables the definition of the key concepts of this research, and characterises the current status of academic research on shared services. The theoretical lenses through which the research is framed, namely RBV and DCA, are then briefly reviewed, and followed by an examination of the literature focusing first on SS resources, then on SS routines and capabilities, and finally on SS goals.

Chapter 3 details the research design adopted for this study. The chapter begins by reviewing the different paradigms adopted by OM research more broadly and explaining the foundations of the interpretive paradigm that guides this research. The research strategy is subsequently presented, including the reasoning for the adoption of a qualitative case study approach and the respective outline of the case study design. This is followed by a description of the unit of analysis, the context of the study and

case selection procedures. A description of the collected data, including a summary of the characteristics of the four case organisations, as well as an explanation of the data analysis efforts is then provided.

Chapter 4 introduces the findings that resulted from the data collection and analysis. This empirical chapter initially provides a more detailed description of each of the four case organisations, followed by an account of their respective resources, capabilities and goals. Additionally, a cross-case analysis of these findings is presented, enabling a comparison not only of the resources, capabilities and goals exhibited by the four cases, but also of the processes by which they develop their capabilities and achieve their goals.

Chapter 5 provides a discussion and critical analysis of the key findings and links them back to the SS literature. The chapter summarises the contributions of these findings in responding to the research question, and to this end revisits the three research objectives and discusses how they are addressed: identify and evaluate the specific SS resources; determine how SS resources are configured to create SS capabilities; and explore how SS goals are achieved.

Finally, Chapter 6 presents the conclusion of this thesis and elaborates on the academic and practical contributions of the study, identifies its limitations and proposes suggestions for future research.

2.   Literature Review

2.1   Chapter introduction

The goal of this literature review is to introduce the key concepts related to Shared Services and to discuss the current status of academic enquiry on this subject. Additionally, this chapter sheds light on the underlying theories supporting the research framework of this thesis as well as on the specific literature focusing on SS resources, capabilities and goals.

The chapter is organised as follows: first the origins and history of SS is analysed, followed by a definition of shared services and related key concepts, such as outsourcing, centralisation and decentralisation. Then, a characterisation of the current status of academic research focusing on shared services is provided, leading to an identification of the research gap to be addressed and an introduction of RBV and DCA as the theoretical lenses through which this research is framed. This is followed by a review of the literature focusing first on SS resources, then on SS and capabilities, and finally on SS goals. The chapter concludes with a revisit to the research gap introduced in Chapter 1 and a summary of the key topics emerging from the literature review.

2.2 Shared Services: origins and definition of key concepts

2.2.1 Shared Services: origins and history
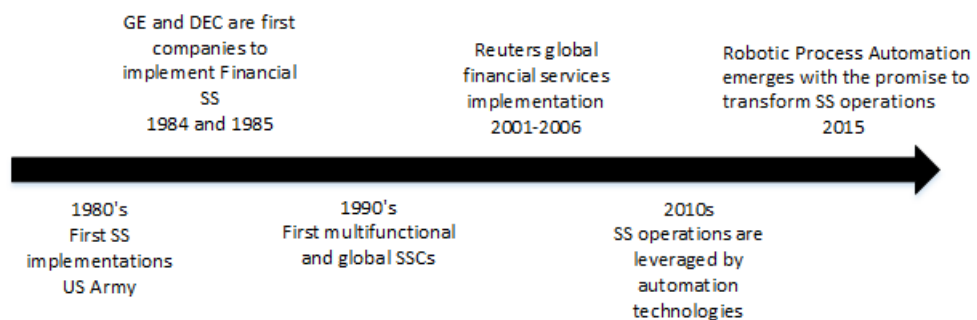
Figure 2.1. Evolution of Shared Services (Source: Author)

The increasingly competitive global business environment has forced companies to improve the efficiency of their operations and to pursue cost-cutting strategies to remain competitive (Lewin and Peeters, 2006). Among these strategies, Shared Services are gaining prominence as a means for firms to achieve economies of scale and scope and

to improve their service levels (Janssen and Joha, 2006b). Figure 2.1 summarises the evolution of SS since the origins of the concept in the 1980's.

The concept of Shared Services emerged in the US in the 1980s and it is argued that the US Army was one of the earliest adopters of the strategy, with the establishment of a Shared Service Centre (SSC) to process travel expenses (Strikwerda, 2014). The American multinational General Electric (GE) is said to be the first company to have established an SSC in 1984. In the origin of the decision were the significant financial services costs and the consequent wish to outsource them and gain further cost savings. However, in the 1980s external suppliers were not able to provide services at the scale and scope that GE needed, leading the company to establish an in-house shared service centre (Davis, 2005). The main goal of the SSC was to consolidate accounting tasks, achieve economies of scale and support the implementation of common accounting systems, which resulted in a 30% reduction of finance support staff (Lacity and Fox, 2008). DEC, the computer manufacturer later acquired by Compaq, followed a similar path, and established an SSC in 1985 aiming to address the extensive duplication and redundancy in financial services. Among the achievements of this SSC are the streamlining of transaction processing, the reduction of finance staff by 450 people and annual cost savings of 40 to 50 million US dollars (Davis, 2005).

Although the earlier SSC implementations come from the finance sector, the sharing is nowadays spread to include a wide range of functions, such as human resources (HR), information technology (IT), and procurement (Tammel, 2015). Furthermore, while initially SS operations were typically focused on transactional efforts of single-functions, in the early 1990s companies like Amoco, Monsanto or Allied Signal started adopting an umbrella approach, and combined all their shared services operations - finance, IT, HR travel expenses, etc. – into single multifunctional shared services business units, allowing for both process re-engineering and internal re-organisation (Forst, 1997, Bergeron, 2002). Similarly, the 1990s also witnessed the emergence of global shared services, mostly set up in the treasury function, to manage the international cash flows of multinational companies. An example of such an implementation is the global SSC of the agricultural equipment producer Deere & Co, which consolidated the foreign currency payment to suppliers in a single centre in the US (Davis, 2005).

Another renowned example of a global shared services implementation is the one of Reuters, portrayed in a case study by Lacity and Fox (2008), who draw on the news agency's five-year journey to implement global financial services to explore lessons for the successful deployment of global Shared Services. With a two-phase approach, that involved initially establishing six regional SSCs, and later a transactional centre in India, Reuters managed to reduce its finance staff by 30% and decrease its finance cost from 2,3% to 1,8% of its revenue. Technology was a critical contributor to these achievements, as it enabled the geographic re-location of tasks and reduced error rates, while ensuring security and control (Lacity and Fox, 2008). In fact, technology has been a crucial enabler of SS since its origins, supporting the geographic re-location of tasks and, as a consequence, eliminating impediments to sharing (Miskon et al., 2011). In recent years, however, this crucial role of technology has been further enhanced, with SSCs leveraging automation technologies to further reduce error rates and increase efficiencies. The current trend in such technologies is the use of Robotic Process Automation (RPA), which refers to software that performs routine work-flowed processes, and can be programed to start and stop at any time, or to run perpetually, enabling a tight control and significantly increasing efficiency levels (ACCA, 2015).

This widespread adoption of shared services leads to the situation where, today, virtually no multinational company or large public organisation has not implemented one or multiple SSCs (Strikwerda, 2014). This further enhances the importance of critically appraising at Shared Services from an academic point of view.

2.2.2 Shared Services: concept definition

Although Shared Services are now widespread in practice, academic enquiry about this topic has not developed at the same pace, leading some scholars to claim that SS literature is still at an embryonic stage (Knol et al., 2014). Considering this developing character of the Shared Services concept, there are a wide range of definitions to be found in the literature - for an extensive review see Schulz and Brenner (2010).

Shared services are defined by Goh et al. (2007, p. 252) as:

> *"A collaborative strategy whereby the staff functions of a firm are concentrated in a semi-autonomous organization and managed like a business unit competing in the open market to promote greater efficiency, value generation and improved service for internal customers."*

Zeynep Aksin and Masini (2008, p. 239), in turn, characterise shared services as the:

> *"Strategy of standardizing, streamlining, and consolidating common business functions and processes in an organization, in order to improve efficiency and effectiveness with both cost reduction and overall profitability in mind."*

McIvor et al. (2011, p. 448), observe that:

> *"Shared services involve consolidating and standardizing common tasks associated with a business function across different parts of the organisation into a single services centre."*

Thus, although some marginal definitional differences exist, the essence behind the shared services concept is the consolidation of business (or staff) functions, in order to avoid a duplication of efforts among different business units (Borman and Janssen, 2013). Additionally, Goh et al. (2007) add the notion of serving internal customers, which is a defining aspect of Shared Services, where unlike the service provision by staff departments, the customers (and not the headquarters) define the services to be provided and pay a price, without having the possibility to control the resources required for the service delivery (Soalheira and Timbrell, 2014).

Furthermore, while some authors specifically mention the "Shared Service Centre" as the organisational unit resulting from the sharing initiative (Goh et al., 2007, Janssen and Joha, 2006b, McIvor et al., 2011), for others Shared Services is a collaborative strategy which may result or not in the establishment of a new business unit. For example, Niehaves and Krause (2010) introduce the concept of Shared Service Networks as a specific type of sharing arrangement, where several units provide and receive services from others, in a decentralised configuration of shared services, without the establishment of a centralised shared service centre. Although this research recognises that Shared Services may not necessarily imply the establishment of a new business unit, i.e. of a Shared Service Centre, the unit of analysis of this study is the SSC. For this reason, the two terms "Shared Services" and "Shared Service Centre" will be used interchangeably throughout this thesis.

Moreover, regardless of which organisational arrangement is adopted, it is important to distinguish shared operations from support operations, i.e. the mere relocation of a specific activity to a foreign subsidiary (e.g. an HR department) would not represent a shared service arrangement, because the goal of this relocation would only be to support

the local subsidiary, but not the global organisation (Rilla and Squicciarini, 2011). Instead, shared service arrangements imply transferring consolidated and standardized business functions and processes, carried out across different parts of the organisation, aiming to achieve effective operation (Janssen and Joha, 2006b, McIvor et al., 2011, Zeynep Aksin and Masini, 2008).

Thus, this research defines Shared Services as the strategy organisations pursue to consolidate processes and tasks previously performed by the different units within the organisation aiming to provide efficiencies, cost reductions and improved service quality to its customers. Conversely, a Shared Service Centre would be a separate and accountable unit created to bundle services that were previously performed autonomously by different units within an organisation, with the goal of eliminating redundancies and providing better customer support.

2.2.3 Shared Services and the concept of Outsourcing

Another difference in the interpretation of the shared services concept is related to the sourcing arrangement for the service provision, i.e., in the relationship between the concept of shared services and the concept of outsourcing.

While for Zeynep Aksin and Masini (2008), shared services is either a step taken before or an alternative to outsourcing, McIvor et al. (2011) argue that shared services can be performed by the organisation, or outsourced to external providers. Conversely, Janssen and Joha (2006b) argue that shared services differ from outsourcing models in the sense that outsourcing arrangements imply the relationship between one client and one or more external vendors, whereas shared services are characterised by many clients and one internal vendor (the SSC), all belonging to the same organisation. Additionally, shared service implementations are sometimes referred to as internal outsourcing, because the services are performed by a third party provider, with the difference (as opposed to pure outsourcing) that the provider is located inside the organisation and shares internal resources (Amiruddin et al., 2013, Ulbrich, 2006). In this context, a clearer analysis of the relationship between the concepts of outsourcing and shared services needed.

Outsourcing consists of the delivery of products or services of the firm by a specialist third-party provider, i.e. a company outside the boundaries of the firm (Manning and Massini, 2008). Jansen and Joha (2006b) argue that Shared Services differ from outsourcing because the latter enables firms to have access new technical talent and

technologies, generate a cash flow, convert capital assets to revenue and free resources for core activities, and the same does not apply to Shared Services, where the firm can only use the existing people, resources and capabilities.

However, McIvor et al. (2011) contend that outsourced shared services arrangements are gaining prominence as firms attempt to benefit from the capabilities of external providers. This opposes the position of Ulbrich (2006), who claim that the main difference between shared services and outsourcing is the location of the service provider within or outside the boundaries of the firm, and the consequent access (or not) to the resources of a contractual partner.

Thus, there is no consensus in the literature about the possibility to outsource shared services, with some authors classifying outsourcing as an alternative to shared services, while others recognise that although shared services and outsourcing are different, SS can also be implemented through outsourcing arrangements.

This research takes the view that considering outsourcing as a mere alternative to Shared Services is very restrictive and can even be contradictory. For example, Zeynep Aksin and Masini (2008) describe Shared Services as either an alternative or a step taken before outsourcing, but also acknowledge that some shared service centres provide services to outside companies as well, as is the case of Shell Services International or Southern California Edison. In these circumstances, the clients of these firms would be making use of an external provider, i.e. their shared services initiative would be outsourced. As a consequence, this research argues that more than being only an alternative to Shared Services, outsourcing is one of the possible sourcing arrangements that firms can use, once they have decided to establish a Shared Service Centre. Figure 2.2 summarises the relationship between shared services and the concept of outsourcing.
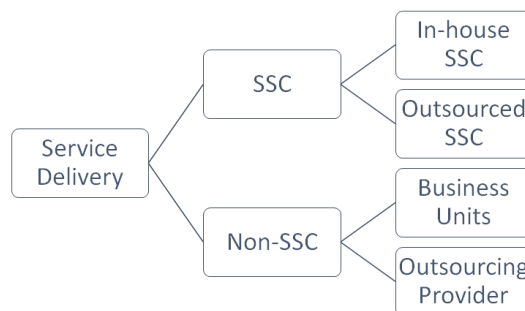
Figure 2.2. Shared Services and the concept of outsourcing (Source: Author)

2.2.4 Shared Services and the concepts of centralisation and decentralisation

Although both cost reductions and improved service quality are often referred to as motivations for establishing SS, it is also argued that not all objectives can be achieved at the same time (Janssen and Joha, 2006b). Knol et al. (2014) argue that achieving efficiencies would be easier for larger SSCs with higher economies of scale, but the number of stakeholders in such centres would also become a challenge that would require careful orchestration. In the same vein, Janssen et al. (2009) claim that the design of shared services is a trade-off, where organisations have to choose which strategic goals are more important, since maximum cost efficiency and customer-orientation or service levels are not achievable at the same time. These often-conflicting goals reflect the need of Shared Services to balance their degree of centralisation and decentralisation.
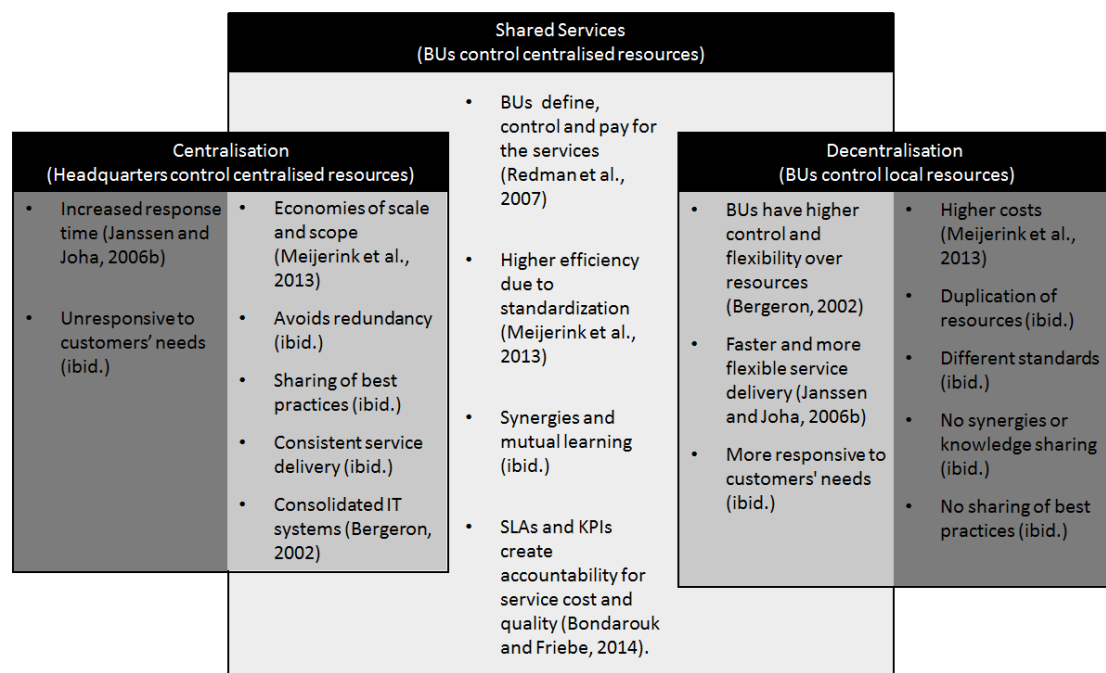
Figure 2.3. SS and the concepts of centralisation and decentralisation (Source: Author)

Shared services are often referred to as a specific kind of sourcing arrangement which can realise the benefits of centralisation and decentralisation, while minimising the limitations of both service delivery models (Janssen and Joha, 2006b). Additionally, it is also argued that the implementation of Shared Services often stems from the decision of whether to centralise or decentralise support functions, i.e. whether to maintain a

high level of corporate control and economies of scale, or to remain responsive to local demands at the expense of redundancies (Farndale et al., 2009, Meijerink et al., 2013). Although these more traditional business models are closely connected to shared services, there are significant differences, which require a clear portrayal of how these concepts relate (Bergeron, 2002). Figure 2.3 depicts the comparison between SS, centralised and decentralised models.

Centralisation occurs when services are provided by a central department, managed by the headquarters, allowing firms to achieve economies of scale and scope and avoiding redundancy and duplication of activities and resources. Moreover, this centralisation of functions enables sharing of best practices and a consistent service delivery, while maintaining decision-making and control at corporate level, i.e. at the headquarters (Meijerink et al., 2013). Additionally, centralised models also allow easier IT integration, merging diverse hardware, software, and communications systems into a consolidated operating unit, with the goal of increasing efficiency and adding value to the organisation (Bergeron, 2002). However, centralised models are also said to increase response time and distance to the clients, overlooking the business unit's priorities (Janssen and Joha, 2006b).

Shared Services, on the other hand, enable the business units to define and control the services they want from the centre and, therefore, customers retain control and power over the centralised resources (Redman et al., 2007). Janssen and Joha (2006b) share the same view, arguing that opposing to centralised models with a high degree of corporate level control, in Shared Service Centres customers have the ownership over the service delivery.

In decentralised models, the services are provided locally by each business unit and therefore the business units have higher control and flexibility over the resources allocated to the service provision (Bergeron, 2002). This is a clear advantage of decentralised models, which also allow organisations to be faster and more flexible to respond to changes, since business units have complete knowledge and choice over the allocation of resources, which allows them to set their own priorities and to focus on their needs (Janssen and Joha, 2006b). However, decentralised models lead to higher costs, due to duplication of resources and prevent synergies and knowledge sharing that would support a strategic alignment and dissemination of best practices (Meijerink et al., 2013). These disadvantages are attenuated in Shared Services, which enable firms to

achieve economies of scale and scope through standardisation and redundancy avoidance.

However, Janssen and Joha (2006b) found evidence that it is not always possible to realise the benefits of both centralised and decentralised governance structures, suggesting that sometimes certain benefits may be achieved at the expense of others. This means that firms should balance the degree of centralisation or decentralisation of their Shared Services, depending on its main goal and scope.

For example, whilst for some firms cost-reduction is the main focus when moving to a Shared Service Centre, for others, improved service quality may play a more important role (Farndale et al., 2009, Howcroft and Richardson, 2012, McIvor et al., 2011, Zeynep Aksin and Masini, 2008). As a result, centres whose main purpose is to carry out a large volume of transactional tasks, or "centres of scale", would focus mainly on standardising and streamlining processes, profiting from economies of scale and collecting the benefits of centralisation. Conversely, "centres of expertise", are tailored to provide professional advisory and technical services and therefore, have to be closer to the customers and focus on meeting their needs, which is achieved through leveraging intellectual capital throughout the organisation, revealing a greater tendency to decentralisation (Quinn et al., 2000).

This required balance between centralisation and decentralisation is well identified in the literature. Janssen and Joha (2006b) argue that the expected benefits of Shared Services rely on the combination of the conflicting advantages of both centralised and decentralised models, and therefore, the Shared Services design should be a consequence of carefully chosen expected benefits. However, the authors also recognise that, frequently, different stakeholders have different expectations towards the SSC, which implies that the Shared Services design should achieve this balanced compromise between the interests and perceptions of all stakeholders, arguing that setting the right level of expectations is of the utmost importance.

To this end, Service Level Agreements (SLAs) play a crucial role, since they detail the service provision, establish the respective cost charges, and determine the performance targets, which are then compared with the actual service delivery, measured by Key Performance Indicators (KPIs) (Bondarouk and Friebe, 2014). In fact, the existence of SLAs, based on set transfer prices between the SSC and the business units, is pointed out as a defining difference between the delivery of services by an SSC, and by central

departments or local business units, promoting the accountability for the costs and the quality of the services (Strikwerda, 2014).

In this context, it can be argued that although Shared Services are not a panacea, they allow organisations to experience the best of two worlds, centralisation and decentralisation, by combining cost reduction through economies of scale, with a flexible alignment and quick response to the needs of the business, promoting synergy and mutual learning as well as a clear management focus and accountability over the service delivery (Janssen and Joha, 2006b).

2.3 Shared Services (SS): current status of academic research

Although it is widely stated that empirical research focusing on shared services is scarce (Farndale et al., 2009, Howcroft and Richardson, 2012, McIvor et al., 2011, Zeynep Aksin and Masini, 2008), scholars diverge in their opinions about the current status of academic enquiry regarding this topic.

Some argue that the scarcity on SSC literature may be caused by the fact that this phenomenon is relatively new (Cooke, 2006). Others simply attribute it to the fact that academic enquiry is not developing at the same pace of practical shared service implementations (McIvor et al., 2011). Also, while some contend that the drivers and motivations for SSC are well established in the literature (ibid.), others claim that more insight into the motives behind these implementations is crucial to have a better understanding of the SSC reality (Janssen and Joha, 2006b). Thus, it can be concluded that there is little cohesion in the current research about Shared Services.

However, and despite the fact that the main research topics differ, some trends can be identified in the literature. In terms of methodology, case studies are among the preferred methodological approach, which could be expected given the fact that exploratory research is justified by the limited body of knowledge on this topic (Fielt et al., 2014). Additionally, Human Resources emerge as the most researched function, which could be justified because shared services have more impact on the Human Resources function than on other functions, and therefore scholars in this area have devoted more attention to the shared services phenomenon (Bondarouk and Friebe, 2014). Finally, although some studies focus on public SSCs, most of the research has been conducted in private firms, and in in-sourced shared service centres, whereas outsourced centres are still relatively seldom analysed (Schulz and Brenner, 2010). Moreover, many authors have emphasised the pivotal role played by IT in the

enablement of Shared Services (Borman and Janssen, 2013, Cooke, 2006, Goh et al., 2007). However, Information Systems (IS) literature has devoted little attention to understand and inform Shared Services (Miskon et al., 2011).

Furthermore, it is also possible to identify that most studies look at Shared Services from a certain perspective, each of one reflecting a different stage in the SS development. Certain studies look at SS from a strategic perspective: scholars analyse the firms' motivations to establish shared services and how they do it (e.g. Zeynep Aksin and Masini, 2008, Janssen et al., 2009, Joha and Janssen, 2014). Others adopt an implementation perspective, where researchers look at the issues emerging during the deployment phase of the Shared Services (e.g. Goh et al., 2007, Lacity and Fox, 2008). Finally, some studies analyse the operations dimension of SS, considering how the shared services are managed and how their operations are run after implementation (e.g. Amiruddin et al., 2013, Meijerink et al., 2013). Although, these perspectives are not always analysed exclusively, with some studies adopting more than one perspective (e.g. Borman and Janssen, (2013) look at strategy and implementation), an holistic approach considering the three stages is lacking, leading Zeynep Aksin and Masini (2008, p. 240) to argue that "there is no academic study to date that examines the link between strategy, implementation and resulting performance in Shared Service Organisations".

Moreover, several scholars have alerted for the fact that it is not uncommon to find failure among shared services implementation, with many firms reporting disappointing results (McIvor et al., 2011). Among the recognised causes for these negative outcomes are poor change management, communication issues (between SSC and its customers), higher-than-expected costs, and performance measurement difficulties (Cooke, 2006, Meijerink et al., 2013). For this reason, Lacity and Fox (2008) suggest that given the effort required to establish Shared Services and the potential risk of not achieving the desired outcomes, practitioners need advice on how to realise the full potential of SS. Miskon et al. (2011) follow the same argument, and advocate the need to develop procedural guidelines on the design, implementation and sustainability of Shared Services, in order to identify best and worse practices for these arrangements.

2.3.1 Academic research focusing on SS resources and capabilities

It has been argued that Shared Services cannot always realise the benefits of both centralised and decentralised governance structures, suggesting that sometimes certain benefits may be achieved at the expense of others. As a consequence, firms should balance the degree of centralisation or decentralisation of their Shared Services, depending on its main goal (Janssen and Joha, 2006b). A similar argument is found in OM research that states that the achievement of the firm's goals depends on its ability to build the capabilities that support their achievement (Peng et al., 2008).

Therefore, depending on whether the goal of the SSC is to achieve cost efficiencies, or to improve the service quality, SS managers should focus on developing the set of capabilities that would enable the SSC to achieve such goals. This follows Maatman et al. (2010) argument that for the performance of different tasks, the SSC employs different capabilities. Nevertheless, due to the embryonic stage of SS literature, the role of resources and capabilities as a potential contributor for the achievement of SS goals has received very little attention.

There are, however, a few exceptions:

o Janssen and Joha (2006a), who investigate the governance of SS from a resource-base and dynamic capability perspective;

o Goh et al. (2007), who explore the implementation of an IT SSC from a resource-based view perspective, aiming to identify what IT capabilities are better managed under an SS model;

o Maatman et al. (2010), who elaborated on the value creating capacity of an HRM SSC;

o Maatman and Bondarouk (2014), who introduce a capability map aiming to describe the value creation process of a transactional HR SSC.

However, this research reveals a number of limitations. For example, Janssen and Joha (2006a) argue that the SSC is completely dependent on the resources and capabilities of the different units and view the deployment of an SSC as a mere way to reconfigure the internal competencies of these units, hence failing to consider the resources and capabilities specifically developed by the centre. Goh et al. (2007), on the other hand, focus specifically on the IT function, and thus consider only the IT capabilities and

resources needed to provide IT shared services. Maatman et al. (2010), who despite acknowledging the central role played by the capabilities of the SSC in creating value for the business, fail to explain what capabilities are necessary for the value creation process and, more importantly how and to what extent they contribute to this process. Finally, Maatman and Bondarouk (2014) set forth research focusing on the specific resources and capabilities of SSCs, but the resources and capabilities they identified are limited to empirical data collected in a single case study, therefore limiting the generalisability of their findings.

Thus, although these studies further emphasise the importance of studying SSC resources and capabilities, a thorough analysis of the resources and capabilities needed by an SSC to fulfil its goal of providing value to its customers through an enhanced service delivery is still missing. More importantly, research has failed to address how these capabilities are developed to contribute to the achievement of such goals.

2.4 Theoretical Background

The conceptual framework introduced in Chapter 1 (Figure 1.1), describes how SSCs use their resources to develop operational and dynamic capabilities. In its turn, these capabilities are progressively configured by SSCs to enable the achievement of their respective goals. In this context, the goal of this research is explain how SS resources and capabilities influence the achievement of SS goals. Given this focus on resources and capabilities, the Resource-Based View (RBV) and Dynamic Capabilities Approach (DCA) are the theoretical lenses underpinning this dissertation. This sub-section further elaborates on the applicability of these theories in framing this research.

A thorough review of shared services literature reveals that only a few studies have adopted a theoretical perspective at all (Fielt et al., 2014). Yet, the same review highlights the value of the resource-based view of the firm (RBV), as a relevant theoretical perspective from which shared services should be analysed, since sharing enables firms both to further develop resources through consolidation and to maintain an enhancing relationship between the shared resources and the remaining firm resources.

The suitability of RBV in explaining shared services has also been advocated by Janssen and Joha (2006a), on the grounds that that when the different units cooperate and share services, they gain access to resources they wouldn't have otherwise. Hence,

RBV posits that a firm's ability to sustain competitive advantage depends on its capacity to develop valuable, rare, imperfectly imitable, and not substitutable (VRIN) resources (Barney, 1991). However, Teece et al. (1997, p. 515) later contend that accumulating VRIN resources would be insufficient to attain competitive advantage, asserting that firms should also "demonstrate timely responsiveness and rapid and flexible product innovation, coupled with the management capability to effectively coordinate and redeploy internal and external competences". Thus, they enhance RBV with the Dynamic Capabilities Approach (DCA), arguing that successful firms not only rely on the employment of the existing resources and capabilities, but should also have the ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments.

Following Maatman et al. (2010), this dynamic capabilities perspective is also useful to understand the value creation mechanism of shared services, because it is this ability to leverage resources that enables the shared service centre to either better satisfy the needs of its customers, or to satisfy the customers' needs at a lower cost.

Considering that the purpose of this research is to explore the role of resources and capabilities in the achievement of shared services goals, and following the same approach as other studies exploring SS resources and capabilities (Goh et al., 2007; Janssen and Joha, 2006a; Maatman and Bondarouk, 2014; Maatman et al., 2010), this investigation takes both RBV and DCA as the theoretical lenses underpinning the research.

Nevertheless, it is also important to acknowledge that both RBV and DCA have been subject to criticism, namely it has been argued that these theories are conceptually vague and tautological and as such are not useful theories for researchers and practitioners (Eisenhardt and Martin, 2000). An additional criticism made to dynamics capabilities literature is that it is excessively focused on conceptual elaborations and lacks empirical support (Ambrosini and Bowman, 2009). The reasons for this scarcity of empirical studies focusing on dynamic capabilities are vast: on one hand the theoretical work on this subject did not start until Teece et al. (1997); on the other hand capabilities have been poorly specified, are largely resistant to observation and measurement, and hence researchers may not know what to look for in their empirical studies (Ambrosini and Bowman, 2009). Additionally, quantitative studies are in large

majority in this field and as such they do not explain the mechanisms of how these capabilities are deployed and how they operate (ibid.).

To address this criticism, this research adopts a qualitative approach (further detailed in Chapter 3), since it has been suggested that this kind of approach are "likely to be more appropriate for understanding the subtlety of resource creation and regeneration processes" (Ambrosini and Bowman, 2009, p. 37). Furthermore, by aiming to identify specific SS dynamic capabilities and explain how they are developed and deployed, this research addressed the criticism of tautology and vagueness pointed out to this theory.

2.5 SS Resources

Resources have been defined as all the tangible or intangible assets controlled by the firm, which can be seen as strengths or weaknesses in the deployment of its strategy (Wernerfelt, 1984). In his seminal paper, Barney (1991) classified resources into three categories: physical capital resources (the technology, plant and equipment of the firm); human capital resources (the skills of the individual manager and workers in a firm); and organizational capital resources (the firm's formal reporting structure, planning, controlling and coordinating systems). In this context, although the SSC may receive resources from different business units within the organisation, it is often the case that the technologies, people and organisational structures used by the centre are different from the individual business units that provided the services now supplied by SSCs. Figure 2.4 summarises the SS resources identified in the literature.

Human Resources	Organisational Resources	Technology Resources
Employees from BUs or Externally recruited employees (Bergeron, 2002) Low-skilled employees (Howcroft and Richardson, 2012) Shared mind-set (Ulrich, 1995)	Clear task separation (Cooke, 2006) Service Level Agreements (Bondarouk and Friebe, 2014) Key Performance Indicators (Bondarouk and Friebe, 2014)	ERP systems (Shang & Seddon, 2002) Approval workflows Invoice scanning applications Electronic employee expenses Language transition workflows (Lacity & Fox, 2008) Robotic Process Automation (ACCA, 2015) Communication tools (Farndale et al., 2009)

Figure 2.4. SS resources identified in the literature (Source: Author)

Human Resources

At the human resource level, it has been argued that people-related issues can hinder the achievement of SS goals, and that in an SSC fewer employees have to do more work, faster and with higher quality requirements than before (Bergeron, 2002, Goh et al., 2007). Nevertheless, previous research has not consistently explained what elements of SS human resources might enable them to respond to these challenges, and a description of the key aspects that distinguish SS human resources is still missing.

In the context of RBV, human resources are defined as the pool of human capital existing in an employment relationship with the firm (Wright et al., 1994). In a shared services environment, human resources are often transferred from the business units to the new shared services organisation; but where internal capabilities are insufficient or resistant to becoming part of the SSC, external recruiting also takes place (Bergeron, 2002). Where internal employees are transferred to the newly created SSCs, the employees are often required to respond to different demands and develop new skills that reflect this new service environment (Banoun et al., 2016).

In this regard, it has been claimed that in an SSC environment, knowledge is codified into software systems, which allow the substitution of specialists by non-specialists, leading to a deskilling of the workforce (Howcroft and Richardson, 2012). The same claim is found by Bondarouk and Friebe (2014) in their review of SS literature, which reveals that while some authors support that SSCs should have high-skilled employees, the majority argue that the standardised and routine work is more suitable for low-skilled employees.

On the other hand, RBV research also argues that the skills of employees do not provide value, unless they are deployed through employee behaviour, and that this behaviour should be encouraged by the firm in order to develop a synergistic work culture, where individuals work together and are aligned with the organisational goals (Wright et al., 1994). In a similar vein, Ulrich (1995) argues that the SS community should develop a shared mind-set defining what the company "wants to be known for", and that this mind-set should be reinforced by internal communication and information sharing. Nevertheless, more than 20 years after Ulrich's paper, little has been said about what this shared mind-set is, to what extent it contributes to the success of SS operations and how it is developed.

Organisational Resources

From an organisational perspective, SS implementations motivated by organisational factors reveal that there is a difference between the resources of the SSC and the resources of the business units (Janssen and Joha, 2006b). Among those organisational drivers is the adjusted reporting structure, since instead of reporting to the headquarters, the centre responds directly to its customers, the business units, thus being better positioned to respond to the client's needs (Farndale et al., 2009). This enables a greater degree of flexibility to respond to business changes and the leverage of resources across regions, promoting synergies and organisational learning, as well as the diffusion of best practices and the leverage specialised knowledge and technology (Cooke, 2006; Zeynep Aksin and Masini, 2008). Ultimately, the consolidation of processes across the organisation allow the use of common IT applications, resulting in a more flexible and effective adjustment to the needs of the business greater information security through business roles and authorisations, that further enhance task segregation and organisational transparency (Janssen and Joha, 2006b).

In this context, previous research has identified different aspects as critical for the success of SS operations (Figure 2.4). For example, a clear articulation of roles and responsibilities is necessary to avoid work duplication, or 'shadow staffing', which occurs when tasks are carried out simultaneously at a corporate level and at the SSC; such duplication undermines the primary purpose of the SSC in terms of cost reduction, control of operations and service delivery expertise (Cooke, 2006, Goh et al., 2007). Furthermore, Service Level Agreements (SLAs), including Key Performance Indicators (KPIs) are seen as indispensable for the SSC to function properly, since they specify the tasks, controls and performance targets to be achieved (Bondarouk and Friebe, 2014). A Service Level Agreement is a contract between the SSC and the business units detailing the service offering that the SSC should provide, as well as the charges for each task and performance measurements for each service. Key Performance Indicators, in turn, are systems to detail measure the performance of the SSC, both of the centre as a whole and of its individual employees (Bondarouk and Friebe, 2014). Additionally these SLAs and KPIs are also seen as tools to ensure that services are performed according to customers' expectations, which is of crucial importance considering that different stakeholders' expectations have been pointed out as one of the challenges SSCs face (Amiruddin et al., 2013, Janssen and Joha, 2006b).

Technology Resources

Finally, from a technology perspective, it is recognised that Information Systems (IS) play a significant role in enabling shared services, since service provision occurs through Information Technology (IT) infrastructure and applications (Fielt et al., 2014). It is widely accepted that the growth of shared services has been facilitated by recent advances in increasingly sophisticated IT (Cooke, 2006). In fact, SSCs need to reduce input costs whilst maintaining or improving service outcomes, for which technologies that enable the automation of basic and repetitive operations are of crucial importance (Shang and Seddon, 2002). Among such technologies are Enterprise Resource Planning (ERP) systems, approval workflows, invoice scanning applications, electronic employee expenses or language transition workflows, all of which accommodate the ability of the SSC to standardise and automate business processes and contribute to the reduction of error rates and to the assurance of security and control (Lacity and Fox, 2008). The same benefits can be achieved by the most recent trend in SS automation technologies, Robotic Process Automation (RPA), consisting of software developed to perform routine work-flowed processes that lead to a significant increase on the efficiency levels of the SSC (ACCA, 2015).

Furthermore, IT is also an important facilitator of communication between the centre and its clients, either via the traditional means, such as e-mail or telephone, but also via self-service applications, such as electronic Human Resource Management (eHRM), or even sophisticated business networking systems such as Inter-organisational Information Systems (IOIS), which may also be used to enable shared services communications (Alt and Fleisch, 2001, Farndale et al., 2009). Therefore, it can be concluded that technology resources are both specific to the shared service centre and critical for the achievement of its goals.

To summarise, the organisational, human and technology resources that constitute the SSC are developed with inputs from the business units, but are also operationally specific to the SSC. Additionally, it has been suggested that different tasks require the employment of different resources, and as a result different capabilities are likely to be required (Maatman et al., 2010). Aiming to support such a claim, the next section explores different types of shared services capabilities.

2.6 SS Capabilities

Capabilities refer to a firm's ability to deploy and combine resources aiming to achieve a certain goal (Amit and Schoemaker, 1993). Maatman et al. (2010) have argued that for the different tasks the shared service centre has to perform, different resources are required, and, since capabilities stem from resources, different capabilities are employed depending on the task being performed. Moreover, OM research suggests that managers should develop the capabilities that support the achievement their firm's specific goals, i.e., depending on the specific goals of the SSC, managers should focus on developing the set of capabilities that would support the achievement of such goals (Peng et al., 2008).

Furthermore, it is widely accepted that the development of capabilities from resources, occurs through organisational and managerial processes, also called routines (Teece et al., 1997). Routines consist of regular and predictable patterns of behaviour, or the way work is done (Peng et al., 2008). As a consequence, it would be expected that during service delivery, the shared service centre would employ its technology, human and organisational resources through certain patterns of behaviour or ways to do work (or routines), depending on the specific task being performed. In turn, the collection of these routines would contribute to the development of SS capabilities.

Additionally, the capabilities literature also indicates that certain capabilities, called operational capabilities, that only enable the firm to "make a daily living", while there are also higher-order skills, or dynamic capabilities, that enable firms to adapt to changing customer and technological opportunities through combining and reconfiguring their current assets (Agarwal and Selen, 2009, Teece, 2007). In their synthesis of the extant literature on dynamic capabilities, Ambrosini and Bowman (2009) argue that there is little empirical research in the field, and that previous studies tended to infer the presence of dynamic capabilities, rather than identify these specific capabilities and understand how they are deployed. The idiosyncratic nature of these capabilities has been pointed out as one of the reasons for such limited understanding; however, Eisenhardt and Martin (2000) contend that although the specifics of any dynamic capability may be idiosyncratic and path dependent; commonalities and best practices exist across firms, highlighting the empirical grounding of this concept. They define dynamic capabilities as "the organisational and strategic routines by which firms

achieve new resource configurations as markets emerge, collide, split, evolve, and die." (Eisenhardt and Martin, 2000, p. 1107).

Specifically, dynamic capabilities are processes that alter the resource base of the firm and that operate through main four processes: reconfiguration, leveraging, learning and creative integration (Ambrosini and Bowman, 2009). In their thorough review of dynamic capabilities literature, Ambrosini and Bowman (2009) explain how these processes affect the resource base: reconfiguration occurs when firms transform and recombine their current assets and resources, for example as a consequence of the consolidation of resources resulting from SS implementations. Leveraging consists of replicating a system or process that is operating in a business unit into another and is similarly identifiable at in Shared Services, since their main goal is to consolidate (and such leverage) processes across the organisation. Learning is a consequence of experimentation and reflection on success and failure, which leads to a more effective and efficient performance of tasks, critical for SS strategies. Finally, creative integration refers to the firm's ability to integrate its assets and resources to achieve new resource configurations (Ambrosini and Bowman, 2009). In this context, the four processes by which dynamic capabilities operate seem to be of paramount importance in a SS context.

Moreover, Pavlou and El Sawy (2011), argue that dynamic capabilities reflect the firm's ability to reconfigure their existing operational capabilities to match turbulent environments. This ability to simultaneously exploit operational capabilities and explore dynamic capabilities is also called ambidexterity and is recognised as valuable to address turbulent environments with predictable patterns of change (Pavlou and El Sawy, 2010). It has been argued that firms acting in turbulent environments should aim to achieve an ambidextrous organisation, by optimising the trade-off between operational and dynamic capabilities, in order to avoid disruptions of efficiency caused by an over emphasis on dynamic capabilities, as well as rigidities resulting from a single focus on operational capabilities (Pavlou and El Sawy, 2011). In this vein, it could be argued that the challenges faced by SSC when trying to address the dual demands of cost-reductions and quality improvements, or the balance between centralisation and decentralisation, could be overcome if the centre develops ambidexterity.

However, very little attention has been devoted to SS capabilities, and previous research has not addressed what capabilities, neither operational nor dynamic, contribute to the shared services goal of service enhancement.

An exception is, for example, Goh et al. (2007), who explored the implementation of an IT SSC from a resource-based view perspective, aiming to identify what IT capabilities are better managed under an SS model. Although this study highlights the importance of studying SSC resources and capabilities, it is focused specifically on the IT function, and thus considers only IT capabilities and resources, rather than SS capabilities. Likewise, Janssen and Joha (2006a) investigated the governance of SS from a resource-base and dynamic capability perspective, but argue that the SSC is dependent on the resources and capabilities of the different business units and view the deployment of an SSC as a mere way to reconfigure the internal competencies of these units, disregarding the centre's ability to develop resources and capabilities itself.

More recently, Maatman et al. (2010) and Maatman and Bondarouk (2014) explore the notion of value creation by SSCs, and laid the foundations for future research on SS capabilities. Specifically, Maatman et al. (2010) elaborate on the value creating capacity of an HR SSC and acknowledge the central role played by SS capabilities in creating value for the business. Nevertheless, the authors fail to explain what capabilities are necessary for the value creation process and, more importantly, how and to what extent they contribute to this value creation.

On the other hand, Maatman and Bondarouk (2014) introduce a capability map aiming to describe the value creation process of a transactional HR SSC, and identify three categories of SS capabilities: the service delivery category (including care and relieve capabilities), representing how well the centre can respond to its customers' requirements in terms of day-to-day operations; the engineering category (including modifying, expansion and integration capabilities), representing the extent to which the SSC is able to develop solutions repeatedly to improve the quality, cost, functionality and agility of the service delivery; and change-facilitating category (including guarding and implementation capabilities), representing the capacity to identify needed changes in the service delivery and implement them without disrupting the day-to-day operations. Additionally, they argue that the service delivery capabilities constitute operational capabilities, while the engineering capabilities are themselves dynamic capabilities. Moreover, they add that the change-facilitating capabilities act as a link

between the two, since they enable the centre to seize opportunities by implementing engineering capabilities, while ensuring no disruptions in service delivery through the application of service delivery capabilities (Figure 2.5).

Figure 2.5. SS capabilities (adapted from Maatman and Bondarouk, 2014)

Although Maatman and Bondarouk (2014) set forth the research focusing on the specific resources and capabilities of SSCs, the resources and capabilities they identified are limited to empirical data collected in a single case study, therefore limiting the generalisability of their findings. Thus, although these studies further emphasise the importance of studying SSC resources and capabilities, a thorough analysis of the resources and capabilities needed by an SSC to fulfil its goal of providing value to its customers through an enhanced service delivery is still missing. More importantly, research has failed to address how these capabilities are developed to contribute to the achievement of such goals.

2.7 SS Goals

Considering the aim of this research is to explore the role of shared services resources and capabilities in the achievement of the shared services goals, it is of paramount importance to analyse the literature focusing on shared services goals and motivations.

Although shared services research is still in its infancy, the drivers behind shared service centre implementations are broadly documented in the literature (Janssen and Joha, 2006b, McIvor et al., 2011). Among the different goals, the most widely cited are service quality improvements and cost savings, which are said to range between 25% and 30% (Quinn et al., 2000). These are accomplished through performing centrally tasks that were previously conducted independently, but also through the achievement of another important goal of SS: the standardisation and streamlining of business processes (McIvor et al., 2011). Nevertheless, a number of other goals are advanced by scholars as motivations for the implementation of SSCs.

Janssen and Joha (2006b), for example, conducted a case study aiming to identify the initial motives for establishing an SSC in the Dutch public sector and compared them with the benefits achieved after the implementation, and identified that other than the economic motivations, SSCs can also bring advantages on technical, strategic and organisational levels. Although it can be argued that differences between public and private sector exist (Schulz and Brenner, 2010), the compilation of motives collected by Janssen and Joha (2006b) is very comprehensive and the motives identified are consistent with other studies in the private sector. For example, Farndale et al. (2009) collected evidence from 15 companies with HR SSCs in the Netherlands, and identified similar reasons behind the implementations of these SSCs, namely the wish to improve the professionalization of the service delivery, reduce costs and increase quality, as well as promote a better control and transparency of processes. By contrast, while Farndale et al. (2009) points out the improvement of customer orientation as one of the main drivers for SSC implementations; this motivation was not identified in Janssen and Joha's (2006b) case study in the public sector.

This increased customer satisfaction, is not only a consequence of the service quality improvement, but also results from the better management between customer's expectations and service delivery (Cooke, 2006). For example, the shared service centre also allows greater cost transparency, because customers pay according to the service provision, on a charge back basis, enabling an easier budget monitoring and a better accounting for the relationship between costs and services (Janssen and Joha, 2006b). This is enhanced by around-the-clock support and an integrated solution approach, where the shared service centre is a one-stop shop, where customers can have access to multiple products and services and where staff are more sensitive to their needs (Cooke, 2006). Therefore, shared services allow firms the possibility to "save costs, increase available time for value-added activities in line positions, improve measurement capability, and achieve better service quality due to a more focused management attention" (Zeynep Aksin and Masini, 2008, p. 240).

Furthermore, the enhancement of the strategic role of the retained function is also mentioned as a motivation for shared services, because when the administrative tasks are transferred to the SSC, the retained function can focus on more value-adding activities (McIvor et al., 2011). For example, in the case of a purchasing shared services centre, this would mean that the retained function would be able to focus on strategic

issues, such as supplier management, because the centre would release them from transactional tasks, such as purchase order issue (Forst, 2001).

SS Goals	Author
Cost-Related	
Reduce cost	Quinn et al., 2000
Quality-Related	
Improve service quality	Quinn et al., 2000
Improve professionalization of service delivery	Janssen and Joha, 2006b; Farndale et al., 2009
Process-Related	
Standardise and streamline business processes	McIvor et al., 2011
Increase control and transparency of processes	Janssen and Joha, 2006b; Farndale et al., 2009
Continuous improvement of processes	Forst, 2001
Strategy-Related	
Increase customer orientation and satisfaction	Farndale et al., 2009
One-stop-shop with round-the-clock support	Cooke, 2006
Release business units for value-added activities	McIvor et al., 2011

Figure 2.6. Key SSC Goals (Source: Author)

Additionally, it has been recognised that the specialisation achieved by the shared service centre enables it not only to promote efficiency, but also to improve the service itself, making continuous improvement an important additional motivation of shared services (Forst, 2001). In fact, the shared service centre can promote service improvements not only during implementation, when firms can reengineer, standardise and streamline processes, but also once the centre is already running, because it becomes the owner of the business processes and gets a better overview of how activities are performed across the whole organisation. This puts the shared service centre in a much better position than the individual units to conduct process improvements (Forst, 2001).

Although cost-reductions and improved service quality are often mentioned as the main goals of SSCs, a number of other strategies are identified as possible ways to achieve enhanced service delivery, namely: standardisation and streamlining of business processes, improved professionalization of service delivery, increased control and

transparency of processes, increased customer orientation and satisfaction, one-stop-shop with round-the-clock support, releasing business units for value-added activities, or continuous improvement of processes. In fact, as figure 2.6 shows, the SSC goals identified in the literature promote enhancements to the service delivery in different areas. As such, these are not only cost-related (reduce costs) or quality-related (improve service quality and improve professionalization of service delivery); but also process-related (standardise and streamline business processes, increase control and transparency of processes and continuous improvement of processes); as well as strategy-related (increase customer orientation and satisfaction, one-stop-shop with round-the-clock support and release business units for value-added activities).

Drawing on Operations Management literature, Peng et al. (2008) argue that it is crucial that operations managers understand the firm's objectives in order to build the capabilities that support the achievement of these objectives. Therefore, depending on what enhanced service delivery means for the SSC (i.e. cost reduction, process improvements, etc.), managers should focus on developing the set of capabilities that would enable the centre to achieve such goals.

Therefore, in this context, to explain how the shared service centre can fulfil its goal of providing value to its customers through an enhanced service delivery, academic research should explore what resources and capabilities are required by the SSCs to achieve their goals.

2.8 Research gap

This literature review has by now established that despite the increasing adoption of SSCs in practice, academic research on this topic focuses mostly on the motivations behind SS implementations, and neglects how these motivations are actually achieved by the SSC. Consequently, this research focuses on a gap in SS literature, regarding the particular role of SS resources and capabilities in the achievement of SS goals.

While OM literature argues that managers should develop the resources and capabilities that enable them to achieve their specific goals, an examination of SS resources and capabilities and their role in the achievement of the SSC's goals is still absent (Peng et al., 2008). The purpose of this research is to address this gap in the SS literature, by answering the following research question (RQ):

RQ: How do SS resources and capabilities influence the achievement of SS goals?

In turn, to answer this question, the following research objectives (RO) should be addressed:

RO1: Identify and evaluate the specific resources of Shared Service Centres.

RO2: Determine how SS resources are configured to create SS capabilities.

RO3: Explore how the goal of enhanced service delivery is achieved.
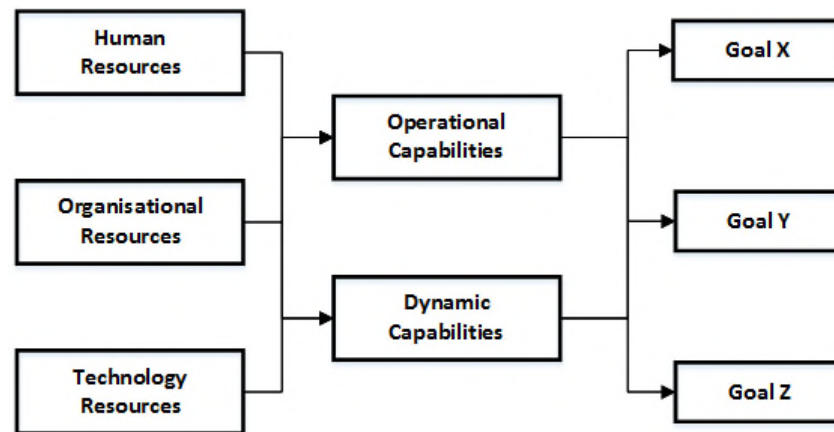
Figure 2.7. Conceptual Framework

Furthermore, to address these objectives, this research adopts a conceptual framework developed for the purpose of this research, and theoretically supported by the resource-based-view of the firm and by the dynamic capabilities approach. This conceptual framework (Figure 2.7) contends that prior to the shared services implementation, each business unit relies on their own technological, human and organisational resources, which are then consolidated, resulting in new specific shared services resources after implementation. These are employed by the centre to develop operational and dynamic capabilities, which are progressively configured to enable the achievement of shared services goals of enhanced service delivery. A more detailed explanation of this conceptual framework is included in the Introduction chapter (1.4 Conceptual Framework).

2.9 Chapter conclusion

The goal of this chapter was to present the key concepts related to Shared Services and to review the literature focusing on this topic, in order to better understand the research gap to be addressed and to characterise the research context.

To this end, this chapter first introduced the history of shared services, an organisational form that originated in the USA in the 1980s, as a strategy organisations pursued to eliminate redundancies and generate cost savings (Davis, 2005). After a review of different definitions to be found in the literature, the SS definition proposed by this research is introduced as: "the strategy organisations pursue to consolidate processes and tasks previously performed by the different units within the organisation aiming to provide efficiencies, cost reductions and improved service quality to its customers." This is followed by an analysis of how the concept of shared services relates to outsourcing, centralisation and decentralisation: this concluded that outsourcing is both an alternative to SS but also a possible arrangement to implement SS; while centralisation and decentralisation are opposing strategies with contrasting advantages and disadvantages. The benefit of Shared Services is that it can realise the advantages of centralisation and decentralisation, while minimising the disadvantages of both service delivery models.

After clarifying the definitions of these concepts, a characterisation of the current status of academic research on SS is introduced, enabling the depiction of a research gap regarding the role of SS resources and capabilities in the achievement of SS goals. As a result, RBV and DCA are introduced as the theoretical lenses under which this research is framed and an analysis of the literature focusing on SS resources, capabilities and goals is provided. This analysis indicates that little attention has been devoted to understanding the specific resources and capability requirements of SSCs, and a consolidated taxonomy of SS resources and capabilities is still missing in the literature. On the other hand, while the possible goals of SS are well established in the literature, there is little explanation on how these goals can be achieved. Hence, the research gap introduced in the Introduction Chapter is revisited, along with the research question, objectives and conceptual framework. Aiming to address this research gap, the next chapter continues with the introduction of the research approach that this thesis adopts.

3.   Methodological Approach

3.1 Chapter introduction

The literature review detailed in chapter 2 has established that there is a gap regarding the role of resources and capabilities for the achievement of shared services goals. A key finding from the review was that it is particularly challenging to achieve the dual demands of continuous cost reduction and improved service quality, indicating that firms need to develop a specific set of capabilities which enable them to achieve their specific strategic and operational objectives (Janssen and Joha, 2006b, Peng et al., 2008). However, previous research has not explained how resources and capabilities contribute to the achievement of SS goals, and how these capabilities are developed to enable the achievement of such goals. This research therefore contends that it is of critical strategic and operational importance to address this gap in the literature.

This chapter outlines the methodological approach undertaken to address this gap and is structured as follows: first the research paradigm is introduced, followed by the research strategy, including the description of the case study design. The data collection and analysis procedures are then introduced, followed by a discussion of the strategies adopted to ensure research validity and reliability. The chapter concludes with a summary of its key outcomes.

3.2 Research Paradigm

Differences in paradigm assumptions have an impact in both the conduction of inquiry and in the interpretation of research findings (Guba and Lincoln, 1994). For this reason, it is important to clarify the research paradigm that guides this research.

Paradigms are basic belief systems that determine the assumptions of the researcher about the physical and social world, and about knowledge and how to acquire it (Hirschheim and Klein, 1989). These assumptions may be implicit or explicit, and have been grouped by Burrell and Morgan (1979) into four dimensions: ontology, epistemology, human nature and methodology (Table 3.1).

Table 3.1. Paradigm assumptions, as described by Burrel and Morgan (1979)

Dimension	Assumptions
Ontology	Assumptions related to the very essence of the phenomenon being investigated; whether "reality" is of an "objective" nature, or the product of the individual mind.
Epistemology	Assumptions about the nature of knowledge; what forms of knowledge can be obtained and how one can sort out what is "true" or "false".
Human Nature	Assumptions regarding the relationship between human beings and their environment; whether human beings are products of the environment or creators of the environment;
Methodology	Consequence of the ontological, epistemological and human nature assumptions of the researcher; determine the way in which one attempts to obtain "knowledge" about the world.

These basic beliefs are interconnected in such a way that the assumptions a researcher holds in a certain dimension constrain the assumptions they hold for the remaining dimensions, thus determining the approach they will take to conduct their research, i.e., their research paradigm (Guba and Lincoln, 1994). This implies that paradigms are mutually exclusive in the sense that by accepting the assumptions of a certain paradigm, one is rejecting the world-view proposed by an alternative paradigm (Burrell and Morgan, 1979).

In this context, Guba and Lincoln (1994) initially advanced four research paradigms, that, they argued, were competing for acceptance as the paradigm of choice in informing and guiding inquiry: positivism, postpositivism, critical theory and constructivism. Also, they advocate that the positivist and postpositivist paradigms were predominantly influential, while the postmodern paradigms (i.e., critical theory and constructivism) were still seeking recognition and acceptance (ibid.). However, some years later, they recognised that the matters of paradigmatic hegemony and legitimacy were blurring, with the various paradigms beginning to interbreed (Lincoln et al., 2011). Yet, considering the impacts that differences in paradigm assumptions have in the

conduct of inquiry and interpretation of findings, it is important to clarify the differences between the alternative inquiry paradigms (Guba and Lincoln, 1994).

Positivism, as a research paradigm, assumes a mechanical conception of the universe as a closed structure, encouraging a concern for objective knowledge, based on the precise nature of laws, regularities and relationships among phenomena (Morgan and Smircich, 1980). For positivists, reality is assumed to be what is apprehendable and knowledge can be summarized by time- and context-free generalisations. Epistemologically, the assumptions are dualistic and objectivist, i.e., the investigator and the object of research are independent entities without influence over each other, leading to a methodology focused on the verification of hypotheses (Guba and Lincoln, 1994).

In an effort to respond to the criticisms raised to positivism, postpositivism emerged, advocating a more critical realist ontology: its proponents assume that reality can never be apprehended perfectly due to the flawed human intellectual mechanisms, and therefore claims about reality must be subjected to critical examination. In terms of methodology, the focus on verification of hypothesis is replaced by falsification of hypothesis (Guba and Lincoln, 1994).

Critical theory is a term used to refer to an additional set of alternative paradigms, such as neo-Marxism, feminism, materialism and participatory inquiry (Guba and Lincoln, 1994). Its ontology is based on historical realism, since the apprehension of reality is constrained by historical structures that confine what is "real". For this reason, knowledge is intertwined with the interaction between the researcher and the research, leading to a methodology that requires a dialogue between the investigator and the subjects of the inquiry, to generate reconstructions of previously held constructions.

Finally, constructivism is based on the assumption of ontological relativism, which embraces multiple, apprehendable social realities that are a result of human intellect. Followers of this paradigm, also called interpretivism, assume that to understand a particular social action, the inquirer must grasp the meanings that constitute that action, and that the inquirer and the object of research are interactively linked (Schwandt, 2000). Its subjectivist epistemology posits that findings are not only value mediated (similarly to what happens in critical theory), but are also created as the investigation proceeds. In this context, methodological choices normally involve interaction between the investigator and respondents and findings are interpreted, compared and contrasted

through a dialectical interchange, aiming to generate more informed and sophisticated social constructions (Guba and Lincoln, 1994).

Despite the prominence of Guba and Lincoln's (1994) work, other frameworks have been offered for classifying research paradigms, an example of which is advanced in the field of Operations Management (OM) by Meredith et al. (1989), to provide a review and critique of research in operations. This framework is organised under two axes: the rational/existential dimension, concerning the nature of truth and whether it is purely logical and independent of man, or whether it depends on individual interaction; and the natural/artificial dimension, concerning the source and kind of information used in the research (Figure 3.1).
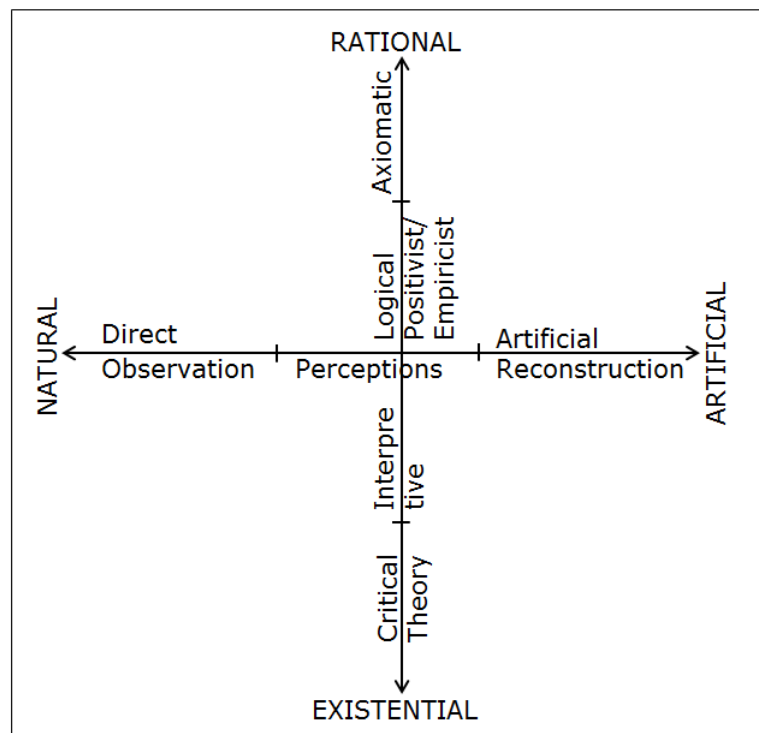
Figure 3.1. Meredith et al. (1989) framework of paradigms in Operations

Meredith et al. (1989) argue that research in OM has tended to lie in the rational artificial quadrant, what is translated by the large number of journal articles adopting an axiomatic or logical positivist perspective, which uses logic theorems, analytical models and computer simulations to artificially reconstruct object reality. However, it is also their contention that OM is an applied discipline, not a pure science and that the gap between industry and academia in OM is caused by an inadequate fit between the problems addressed and the paradigm used by researchers. Thus, they call for research adopting more interpretive paradigms, since the newer topics in OM research are more

interrelated, as well as situation- and people-dependent, and therefore require more interpretive methodologies (Meredith et al., 1989).

Despite these calls, 20 years later it is still argued that although OM research appears to be moving in the direction of more interpretive types of research, there seems to be considerable scope for further movement towards the interpretive side of the spectrum (Craighead and Meredith, 2008, Taylor and Taylor, 2009).

This research contends that shared services capabilities result from the centre's ability to deploy its technology, organisational and human resources, through complex processes and interactions that are firm-specific (Amit and Schoemaker, 1993). In this vein, a paradigm that includes context as part of the object of study is required, in order to achieve in-depth understanding of shared services resources and capabilities and their contribution to the centre's goals. Thus, this research adopts an interpretive paradigm, responding to the calls for more research using naturalistic and existential paradigms in OM, as these are more concerned about the correspondence of their findings to the real world, rather than with their coherence with existing theories or laws (Meredith et al., 1989, Craighead and Meredith, 2008, Taylor and Taylor, 2009).

Additionally, the source of information to be used in this research occupies the natural quadrant, since the exploration of shared services resources and capabilities is based both on direct observation, but also on the perceptions of people working on Shared Service Centres. This responds to Craighead and Meredith's (2008) critiques to OM researchers who do "not leave their offices", relying merely on artificial reconstructions and surveys to understand reality. They argue that the complexity of OM phenomena requires direct observation and interaction to understand the processes being investigated, thus challenging OM researchers to apply methods such as case and field-based studies, especially for developing rather than testing theory. In this context, the next section describes the case study design that will guide the line of inquiry for this research.

3.3 Research Strategy

Given the embryonic stage of shared services literature, particularly the scarcity of studies analysing the role of shared services resources and capabilities, an exploratory approach will be adopted to identify SS resources, capabilities and goals; and an explanatory approach will be adopted to explain how SS resources and capabilities contribute to the achievement of SS goals. This follows on from the need to adopt a

theory building rather than a theory testing strategy, which is recommended for emerging areas of research, such as Shared Services literature (Barrat et al., 2011).

Yet, although the goal of this research is to generate theory, the definition of capabilities as a corollary of resources and the distinction between operational and dynamic capabilities, enables this research to be framed within the context of the resource-based view (RBV) and dynamic capabilities approach (DCA) theories. These provide a priori constructs that help to shape the theory building process (Barratt et al., 2011).

Furthermore, in order to understand what capabilities contribute to the achievement of shared services goals, and how they are developed to enable the achievement of such goals, a qualitative methodology will be adopted (Silverman, 2001), following a case study strategy (Yin, 2003). A case study can be described as an empirical form of research that investigates a phenomenon within its real-world setting, employing multiple methods to collect contextually rich data, with the purpose of building or extending theories, exploring emergent phenomena or better understanding contemporary issues in their natural settings (Barratt et al., 2011). Therefore, the case study approach is a suitable strategy to address the goals of this research, which enables the achievement of in-depth understanding of the role of shared services resources and capabilities within case organisations.

Yin (2003) recognised that case study strategies have been viewed as a less desirable form of inquiry, with some scholars raising concerns over the lack of rigour and the little basis for generalisation that these strategies provide. However, he also contends that the criticism of lack of rigour may be addressed if the researcher follows systematic procedures in conducting and defining the case study, and that generalisation can also be achieved if multiple case studies are conducted following replication logic, that would enable a higher degree of external validity. In this context, and in order to reach a stronger base for theory building, multiple cases will be selected in order to replicate previous findings and extend theory (Yin, 2003).

3.3.1 Unit of Analysis, Context Selection, Initial Case and Access Strategy

Since the primary purpose of this research is to understand the role of resources and capabilities of the SSC in the achievement of the centre's goals, the unit of analysis is the shared service centre. More specifically, this research focuses on private-sector

shared service centres, because this is an organisational form that emerged in the private sector (Schulz and Brenner, 2010). Also, this research focuses on in-house SSCs, since outsourcing SSCs are normally bound by non-disclosure and confidentiality agreements with their customers, which would prevent the access to important archival data, such as Service Level Agreements or KPI reporting.

A study conducted in 2013 identified Portugal as an emergent shared services destination, with an increasing number of European firms implementing their in-house shared service centres in the country, resulting in two-digit growth of the sector over the last 4 years (AICEP, 2013). The same study, focusing on the shared services and call centre industry, reports that Portugal has 450 companies operating in this sector, which represents 2% of the country's GNP, as well as 2% of the global shared service centre market.

This report specifically argues that the attractiveness of Portugal is based on the availability of a large pool of qualified young people, with different language skills, and a distinguished ability to solve problems, adapt to new situations and commit to work. This has led to the recognition of the country as a top performer at worldwide level, in key areas of the sector, such as technology innovation, centre design, customer service and community spirit (ibid). Considering that these key areas, along with the qualified and flexible human resources, can be identified as capabilities, Portugal seems to be an appropriate context to study shared services resources and capabilities. Additionally, the fact that the researcher is originally from Portugal also contributed to the selection of the country as context for this study, since it was expected that this would facilitate the access to case studies and the data collection process.

Since the AICEP study does not disaggregate the number of shared service and call centres, desk research was performed in Orbis' database, to identify the specific number of shared service centres operating in Portugal. In stage one, the search strategy included two research criteria: companies operating in Portugal and with names matching "servicos partilhados" (shared services in Portuguese) or "shared service" or "business service". This step returned 152 instances, which after removal of duplicate company names resulted in 103 firms. In a next step, companies whose status was identified as dormant, in insolvency process, dissolved, in liquidation or inactive were also removed, leading to the identification of 76 shared service centres actively operating in the country.

From this population, a high profile and established shared service centre was contacted to further the research. This first centre is the sixth largest in the country in terms of number of employees and is recognised for having a pioneering position in the shared services sector in Portugal (AICEP, 2013). Thus, this initial case study, Case 1, was selected on the grounds of the leadership position of the firm, which makes it a useful benchmarking case (Barratt et al., 2011).

Prior to establishing contact with this firm, this research went through ethical approval by the Social Sciences & Arts Cross-Schools Research Ethics Committee. The first contact with Case 1 was established through the Director of the shared service centre, to ensure the commitment of the organisation in the study, as well as to align the data collection process within the case organisation. Case 1 Director was part of the professional network of the researcher and, therefore, an e-mail was sent with a presentation of the study's goals and a request for participation of the firm in this research. This initial e-mail was sent in English, and when necessary a follow up call was made to schedule a first meeting. Additionally, this first meeting allowed the researcher to further explain the goals of the project, as well as to determine what data needed to be collected, and how. Furthermore, the Director of Case 1 was asked to provide contacts of other information-rich cases, which enabled a combination of purposive sampling and snowball sampling techniques, since contact with further case sites was only established if the centres matched the theoretical sampling criteria, i.e., if they are likely to replicate or extend the emergent theory (Sadler et al., 2010). This matching was made by screening the pool of contacts obtained and collecting data from an archival source (e.g. company's website), which indicated, among others, the year of establishment of the centre, the functional areas it services, and the country of origin of its clients. In this vein, the goal was to have a sample incorporating SSCs with different maturity levels (different years of establishment); different functional scopes and different geographical scopes. This follows the logic outlined by Miles and Huberman (1994) who argue that samples in qualitative case studies are not wholly pre-specified and evolve with data collection.

Furthermore, a selection of 4 cases was defined, to achieve a balance between depth of observation and some degree of external validity (Barratt et al., 2011). In this context, a similar access strategy to Case 1 was followed in the three subsequent cases, with data

being collected between January 2015 and January 2016. Table 3.2 summarises the characteristics of the 4 cases.

Table 3.2. Overview of case characteristics (at the time of data collection)

	Case 1	Case 2	Case 3	Case 4
Date established	2003	2009	2002	2001
Headcount	160	90	60	160
Average age of employees	31	28	38	42
Employees from BUs?	No	No	Yes	Yes
Shared service functions	Finance, Purchasing, HR and IT	Finance, Travel and Expenses, E-commerce and Retail	Finance, HR and IT	Finance, HR and IT
Headquarters	Germany	Germany	Portugal	Portugal
Number of clients	33 (10 in Germany, 15 in rest of Europe, 8 in America)	22 clients in Europe and North America	23 clients in Portugal, Germany and UK	109 clients mostly in Portugal
SSC Mandatory?	Yes	Yes	No	No
Drivers	Cost efficiency, standardisation	Cost efficiency, standardisation, control and visibility	Integration of a new company within the group	Harmonization as a consequence of a merging process
Type of services	Mostly transactional standardised services, but also some expert and customised services	Transactional standardised services	Transactional services with some degree of customisation	Transactional services with some degree of customization, but also some expert services
Governance mechanisms	SLAs, Process Documentation, Performance management, Customer satisfaction surveys, Regular customer business reviews.	SLAs, Process Documentation, Performance management, Customer satisfaction surveys, Regular customer business reviews.	SLAs, Process Documentation, Performance management, Customer satisfaction surveys, Regular customer business reviews.	SLAs, Process Documentation, Performance management, Customer satisfaction surveys, Regular customer business reviews.

Table 3.2 shows that despite having different characteristics in terms of maturity level, size country of origin and mandatory or non-mandatory character of the SSCs, the four cases share several commonalities and there is no critical case that would justify a single case study. On the contrary, the similar nature of the four case organisation favours a replication logic enabling a prediction of results which allows for a more robust generalisation of the findings (Yin, 2003).

The names of the companies taking part in the study were changed to ensure anonymity. The main data collection occurred through three main sources: interviews, observations and documentation review. Using multiple sources of evidence allowed for data triangulation which, in turn, contributed to construct validity, since multiple sources of evidence provide multiple measures of shared services resources and capabilities (Yin, 2003). The data collection efforts are described next.

3.3.2 Interviews

A total of 43 interviews were conducted at the premises of the shared service centres, with key informants from different hierarchical levels, to ensure further triangulation and to mitigate respondent bias (Yin, 2003). These include the SSC Director, Managers and Team Leaders of the different functional areas, as well as Clerks from the different functional areas. Additionally, in Cases 1 and 2 the Heads of the SSC at the Headquarters were also interviewed. Although it could be argued that these respondents belong to the Headquarters, and not to the SSC, they play a crucial role in determining the strategy of the SSC, and therefore their interviews provided valuable insights on the strategic issues behind the SS implementations and on the overall expansion strategy of the SSC. In fact, because the focus of this research is to understand how the specific SS resources and capabilities contribute to the SSC goals, a conscious decision was made not to interview informants outside the SSC, as their views would shed light mostly on their perceptions of the service delivery by the SSC, rather than on the SS resources, capabilities and goals. Furthermore, in the centres that have Project Managers or Quality and Continuous Improvement Specialists with responsibilities across functional areas, they were also interviewed. The details of the interviews and informants at the four cases are specified in table 3.3.

All informants were given an information sheet (Appendix A) explaining the purpose of the research, and informing that their participation is voluntary, that they can withdraw at any time, as well as the advantages and disadvantages of their participation.

Additionally, this information sheet explained that the data in the study would be kept confidential and that it would not be possible to attribute any published views or quotations to particular individuals or firms. This information sheet was sent to each respondent by e-mail twenty-four hours before the interview. Additionally, before starting the interview, respondents were asked to sign a consent form (Appendix B), stating that they understand the purpose of the study, as per the information sheet sent to them previously, they agree to participate in the study, to have their interview audio-recorded and to be contacted for validation of the interview transcript. Interview transcripts were only identified by a code to guarantee the anonymity of respondents. The list of company names and respective code names, as well as interviewees and code transcripts was stored electronically in a password protected database, separately from the research data.

Table 3.3. Overview of the interviews conducted at the four case studies

Informants	Case 1	Case 2	Case 3	Case 4
Head of SSC at HQ	1	1	-	-
Director	1	1	1	1
Manager	4	1	4	6
Team Leader	3	3	3	2
Project Leader	2	-	-	-
Quality & Continuous Improvement Specialist	1	1	-	1
Clerk	-	2	3	1
Total	12	9	11	11

Semi-structured interviews are one of the most important data gathering tools in qualitative research (Myers and Newman, 2007). In this vein, this research conducted semi-structured interviews, i.e., there was an incomplete script, that enabled the exploration of different lines of research, through flexibility and improvisation (ibid.). The interviews covered topics that specifically related to the resources that resulted from the SS implementation, the goals of the shared service centre, and the centre's endeavours to achieve such goals. Direct questions relating to shared services capabilities were avoided to prevent bias and instead, questions such as, how differently the work is done by the centre, when compared to the business units, and how does the centre leverage opportunities and address challenges were preferred. A comparison between how work is done at the SSC and how it was previously done at the BUs was

possible because the majority of informants had either been involved in the transfer of activities (mostly in Cases 1 and 2), or had even been transferred from the BUs into the SSC after implementation (mostly in Cases 3 and 4).

Additionally, questions were framed in a positive way, moving from a personal to a collective focal frame, and from a reflective to a prospective orientation (Schultze and Avital, 2011). Thus, interviews began with a reflection on personal experiences, in what could be called the retrospective phase, to uncover personal and organisational goals and capabilities. To compare between the shared services and the business units, an additional comparative phase was added, followed by a prospective phase, which gradually developed into the envisioning of an ideal environment, and attempts to explain how it could be achieved. These three different stages of the interview allowed the depiction of how the shared services goals were achieved over time (Avital, 2003). This staged approach. evolving from a retrospective to a prospective phase is inspired by appreciative inquiry, an approach that is particularly suitable for studies that investigate capabilities in the context of personal and organisational life (Cooperrider and Srivastva, 1987). The interview protocol is included in the appendices (Appendix C).

Interviews lasted on average approximately one hour, were audio-recorded, transcribed and submitted to the respondents for verification, to increase the validity of data (McCutcheon and Meredith, 1993). In Cases 1 and 2, the official working language of the SSCs was English, and therefore the interviews were conducted in English. In Cases 3 and 4 the interviews were conducted in Portuguese and the transcripts were translated to English during data analysis.

3.3.3 Observations

In addition to the interview data, observations were conducted at the four case studies to allow triangulation and ensure construct validity (Yin, 2003). These observations account for 95 hours in total, and took place at team meetings, workshops and during the performance of SS tasks by employees.

These observations allowed the researcher to come into contact with multiple stakeholders at the same time, and to analyse the interaction between these different parties, especially in terms of identifying shared values and meanings. The goal was to enable a better understanding of the dynamics of the organisation, to understand the

sense-making process of the stakeholders, and to observe them in a different context other than the interview (Symon and Cassell, 1994).

During the observations, the researcher was "absent", i.e., there was no expression of opinions or any comments were made. However, it was explained to the observed stakeholders that the presence of the researcher was motivated by academic purposes.

The principal means to record data was through note-taking, since tape-recording would lead to an extremely vast pool of data (Symon and Cassell, 1994). These notes included the description of the sequence and duration of the events, the setting, the participants, their conversations and discussions, as well as the researcher's impressions about what was going on (ibid).

These brief field notes were then expanded into typed notes as soon as possible after data collection to improve data reliability and analysis (Voss et al., 2002).

3.3.4 Documentation Analysis

Yin (2003) argues that documentation analysis is an important tool to corroborate and augment evidence from other sources of data. As an additional source of information, it also further supports the pursuit of triangulation and construct validity (ibid.). In this context, access to documentation was requested at the four SSCs.

 The documentation provided included Service Level Agreements (SLAs), contracts between the SSC and the business units, which specified the services to be provided, the respective charges, as well as the expected service levels and corresponding performance measures (Bondarouk and Friebe, 2014). These SLAs offered an overview of the goals defined to the centre and an outline of the expectations defined towards the service delivery. Additionally, Key Performance Indicator (KPI) reports were also analysed, to assess both the performance levels being achieved by the centres, but also the focus of the performance measurement efforts, since different indicators and targets reveal different customers' expectations from the service delivery. Finally, access to Customer Satisfaction Surveys was also granted, enabling an evaluation of the customers' perceptions of the service delivery, which can also be seen as an indicator of goal achievement.

This examination of archival data provided evidence not only of the goals of the centre, but also of the targets and monitoring mechanisms of the service delivery, as well as customer satisfaction levels. This evidence was then compared to the data obtained from

the interviews and observations, to identify similarities and contradictions, and to gain further insight about the centre's operations.

3.3.5 Data Analysis

The collected data (including transcribed interviews, observation notes and documentation) was then coded, using QSR NVivo software. The process steps taken during data analysis are detailed in a flow chart included in the appendices (Appendix D). The goal of data analysis was to build theory through emergence, meaning that concepts emerged from inductively analysing the data as it evolved, thus enabling the researcher to make decisions about further data gathering and evolution of theory (Strauss and Corbin, 1998). Nevertheless, this research is framed within the resource-based view (RBV) and dynamic capabilities approach (DCA) theories, and therefore these theories provide a priori constructs that helped in shaping the theory building process.

In practice this means that interview transcripts, observation notes and documentation were imported to NVivo and organised per type of source and per case (Figure 3.2).

Figure 3.2 Data organisation per case and type of source

The data collected in the first case study was subject to open coding, i.e., it was analysed to identify specific shared services resources, capabilities and goals. This involved reading through the data and categorising excerpts of it, either using concepts

already identified in the literature (e.g. SLAs, KPIs, etc.) or using new concepts emerging from the data (e.g. cross-functional knowledge, SSC mind-set, etc.). As this process evolved, each code (or node in Nvivo), started accumulating references and gaining more density (see example for node "Documentation" in Figure 3.3).

Figure 3.3 Examples of references in node Documentation

Furthermore, whenever possible these nodes were grouped into the broader categories they referred to. For example, while for capabilities and goals it was not possible from the beginning, to categorise the nodes into different categories of capabilities or different categories of goals (this happened later on in the analysis process and involved and going back and forth between the literature and the data); for the resources it was possible at the early stages of analysis to categorise the different nodes into employee skills related, IT tools related or organisational resources related categories (Figure 3.4). The process of relating categories to subcategories by linking their properties and dimensions is called axial coding (Strauss and Corbin, 1998). As analysis evolved, both coding processes occurred simultaneously, and were supported by analytic tools such as making questions to the data and making theoretical comparisons, i.e., comparing

incident to incident to classify data so as to find similarities and differences that can give density to categories.
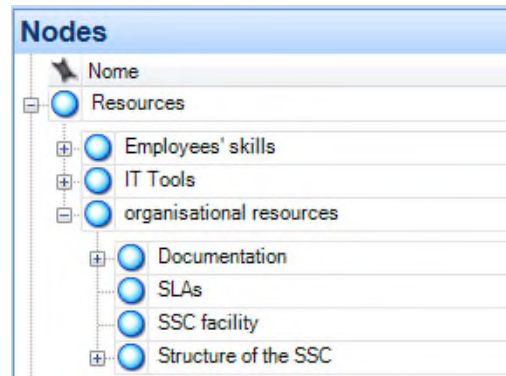
Figure 3.4 Grouping of nodes into different categories of resources

Additionally, coding also enabled the emergence of other themes related to SS operations and strategy, which were not identified as resources, capabilities or goals *per se*, but that appeared recurrently in the data, and therefore were subject to coding as well. These include high level categories, such as "contributors for goal achievement", "challenges", "strengths", "how work is done at SSC" or "differences between SSC and BUs" (Figure 3.5).
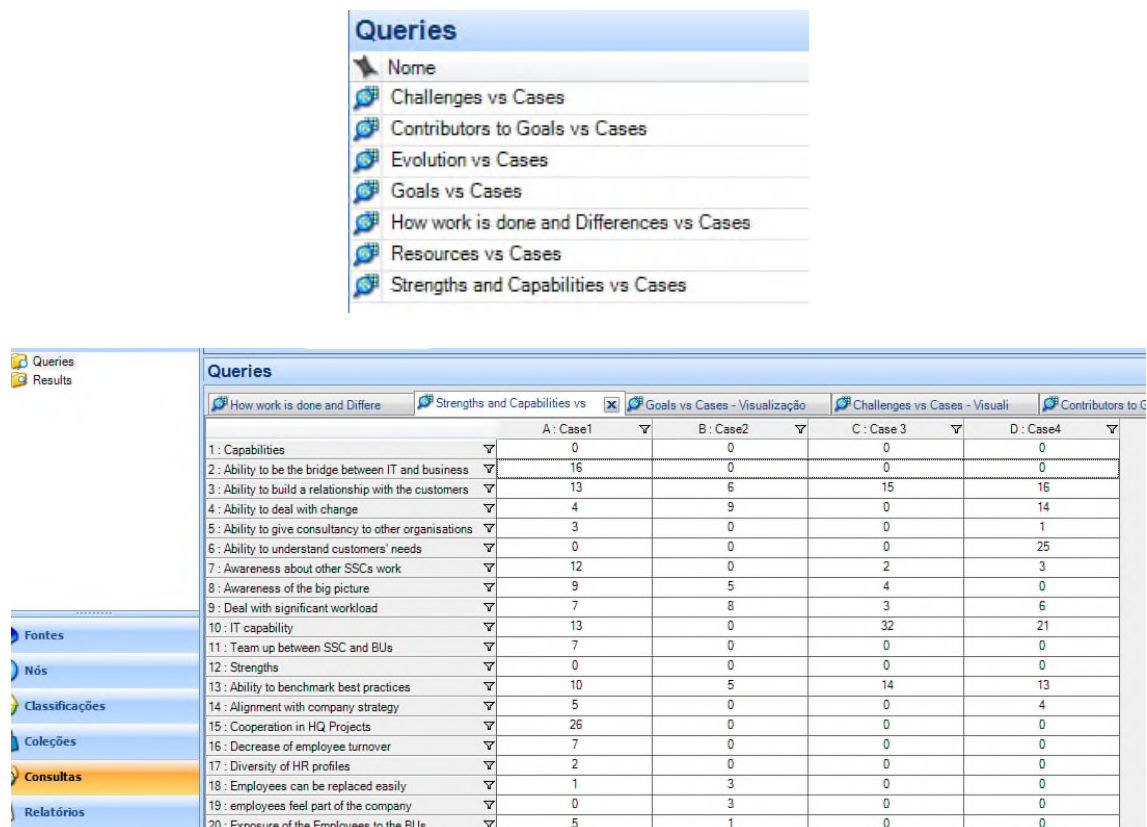
Figure 3.5 High level node categories

Although data analysis started right after data collection at Case 1, as soon as possible the researcher started making comparisons across case studies, since instead of exhausting one single case before moving on to the next one, the goal was to understand what a specific case can teach about other cases. Thus, coding was conducted for the

four cases in an iterative process, since coding from subsequent cases led to the identification of themes that were overlooked in previous analysis and required the return to the initial cases, in a permanent immersion in the data until saturation was reached. Saturation occurs when no new relevant data appears to particular categories and subcategories, when categories are conceptually dense, and when all variations in categories are explained (McCann and Clark, 2004). As this process evolved, memos were used to record the researcher's thoughts, interpretations and directions for further data analysis. NVivo allows that these memos are linked to specific nodes and, as such, they supported the entire data analysis process.

Additionally, NVivo Query functionality was used to compare the number of references of each node under the high level categories across cases. The goal of these query analysis was to compare and contrast the results across the cases and identify patterns. Therefore certain high level categories representing similar concepts (e.g. Strengths with Capabilities or How work is done with Difference between SSC and BUs) were grouped in the queries to enable an easier and more consistent comparison (Figure 3.6).

Queries

Nome
Challenges vs Cases
Contributors to Goals vs Cases
Evolution vs Cases
Goals vs Cases
How work is done and Differences vs Cases
Resources vs Cases
Strengths and Capabilities vs Cases

	A : Case1	B : Case2	C : Case 3	D : Case4
1 : Capabilities	0	0	0	0
2 : Ability to be the bridge between IT and business	16	0	0	0
3 : Ability to build a relationship with the customers	13	6	15	16
4 : Ability to deal with change	4	9	0	14
5 : Ability to give consultancy to other organisations	3	0	0	1
6 : Ability to understand customers' needs	0	0	0	25
7 : Awareness about other SSCs work	12	0	2	3
8 : Awareness of the big picture	9	5	4	0
9 : Deal with significant workload	7	8	3	6
10 : IT capability	13	0	32	21
11 : Team up between SSC and BUs	7	0	0	0
12 : Strengths	0	0	0	0
13 : Ability to benchmark best practices	10	5	14	13
14 : Alignment with company strategy	5	0	0	4
15 : Cooperation in HQ Projects	26	0	0	0
16 : Decrease of employee turnover	7	0	0	0
17 : Diversity of HR profiles	2	0	0	0
18 : Employees can be replaced easily	1	3	0	0
19 : employees feel part of the company	0	3	0	0
20 : Exposure of the Employees to the BUs	5	1	0	0

Figure 3.6 Queries used to compare nodes across cases

The following steps in the data analysis process occurred somehow simultaneously and involved: on one hand reducing the number of nodes by streamlining and consolidating categories (e.g. ability to be a bridge between IT and business and IT capability were grouped into one single category); and on the other hand linking nodes and categories to each other and to their "child" codes, by creating relationship nodes indicating how these codes relate (e.g. a code in category "how work is done at SSC" would be linked through a relationship node to one or more nodes in category "capabilities"). To create these relationship nodes, the researcher needs to read through the data again to identify connections between the concepts identified. Subsequently, NVivo functionality Models was used to create conceptual maps that enabled the visualisation of the relationships between nodes, which in turn supported the inferences that certain routines contribute to certain capabilities that lead to certain goals.

Using the capability Customer Relationship Management as an example for illustration of how this process occurred: different relationship nodes (Figure 3.7) had been created to link resource nodes as well as nodes in category how work is done at SSC (later called routines) to these capabilities (e.g. regular meetings with customers contributes to ability to understand customers' needs); but also these capabilities to goals (e.g. ability to build a relationship with customers contributes to achieve customer satisfaction).
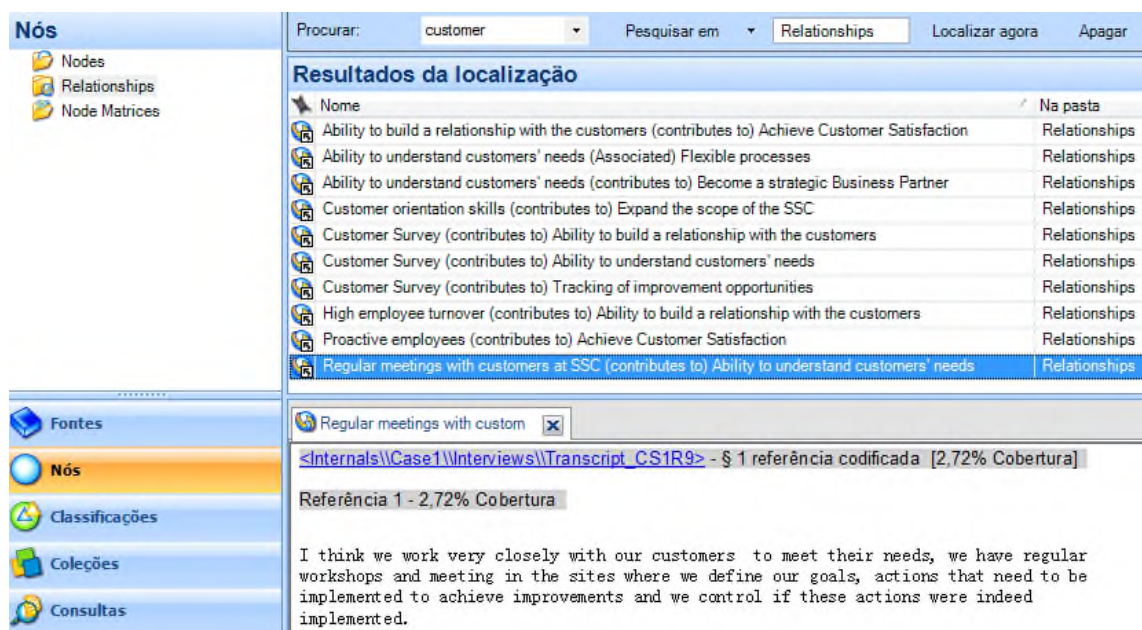
Figure 3.7 Relationship nodes

Based on these relationship nodes, a conceptual map was created using Nvivo functionality Models (Figure 3.8), representing the links between the capability Ability

to Manage Customer Relationships and nodes in the categories How work is done at SSC (such as regular and structured communication with customers), and respectively the links between these nodes (also developed via relationship node coding) and nodes in the category resources.
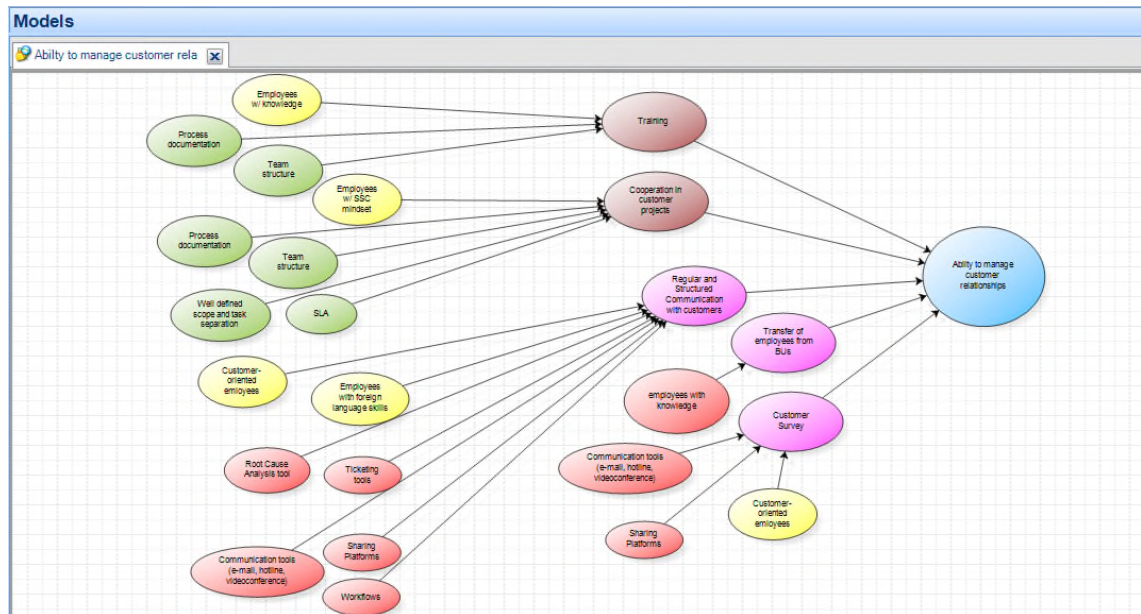
Figure 3.8 Conceptual map for capability Ability to Manage Customer Relationships

Additionally, to streamline and consolidate the capabilities that had emerged from coding, the different nodes related to customers under the categories Capabilities or Strengths (e.g. ability to manage customer relationships and ability to understand customers' needs, etc.) were grouped into one new single node "Customer".

This process (including identifying relationship nodes, creating a conceptual map and consolidating nodes) was conducted for all nodes in the categories Goals, Capabilities and Strengths, since this enabled the establishment of connections between capabilities and goals and routines and capabilities, thus uncovering the goal achievement and capability development processes in the four cases. At the same time, the researcher kept going back to the literature to compare and contrast the findings that were emerging from this analysis with previous research.

This close contact with the literature was of extreme importance, namely to support the grouping of capabilities into areas of competence and in the naming of the capabilities. Specifically, given the absence of a generalisable categorisation of capabilities in previous SS research, the streamlined nodes in the category Capabilities were compared

with Feeny et al.'s (2005) naming and categorisation of outsourcing providers' capabilities, and whenever these capabilities matched, the same designation as in Feeny et al.'s (2005) capabilities was used. As a result, the name of the node "Customer" was changed to Customer Development, adopting the same capability naming as Feeny et al. (2005).

Once this iterative process was concluded, 10 SS capabilities were identified (grouped in four areas of competence), as well as 11 SS goals and the respective links between both. Likewise the specific routines that led to the development of these capabilities were recognised. The detailed findings resulting from this data analysis process are introduced in Chapter 4.

3.3.6 Research validity and reliability

Yin (2003) lists four criteria needed to ensure the quality of case study research: internal validity, external validity, construct validity, and reliability.

Internal validity refers to the establishment of causal relationships between conditions, i.e. it is applicable when a researcher wants to explain that event x led to event y (Yin, 2003). In this research, internal validity is ensured by pattern matching, since the data collected at the four case organisations is compared with the conceptual framework developed from the literature. Additionally, initial propositions of causal relationships between resources, capabilities and goals are proposed after the initial case study and subsequently revised as further cases are examined, enabling, an iterative explanation building process that also contributes to internal validity.

External validity relates to the extent to which the study's findings can be generalised (Yin, 2003). External validity is ensured by this research through the collection of data at four case organisations, following replication logic, but also by the establishment of a conceptual framework, which provides theoretical grounding for the case study deployment.

Construct validity consists on the establishment of correct measures for the concepts being studied (Yin, 2003). The strategies adopted by this research to ensure construct validity include: the use of multiple sources of evidence (interviews, observation and documentation analysis) to enable triangulation of data; as well as the validation of interview transcripts by the key informants themselves. Additionally, the creation of a case study database, that includes all the relevant data (interview transcripts, observation notes, documentation, research memos, etc.), and the respective analysis

with QSR NVivo, supported the establishment of a chain of evidence, enabling the establishment of connections between the research questions, the interview protocol and the respective evidentiary sources, something which is highlighted through the use of citations in the case study report (Chapter 4).

Such a case study database is also an important tool to ensure the reliability of the research. Reliability denotes the replicability of the study's findings, if the same methodological procedures were to be applied (Yin, 2003). In addition to the case study database, this research adopted a case study protocol to ensure that the same data collection and analysis procedures were adopted for the four case studies.

3.4 Chapter Conclusion

This chapter presented the methodological approach adopted by this research, which involved initially clarifying the paradigmatic assumptions of the researcher, and then introducing the research strategy. This is based in both an exploratory and explanatory approach, following a qualitative methodology, based on multiple case studies. Consequently, the case study design was presented, the SSC was defined as the unit of analysis, and the context and case selection, as well as access strategy were described. The main characteristics of the four case studies were then introduced, followed by a description of the data collection and analysis procedures, as well as the strategies adopted to ensure research validity and reliability. The findings resulting from these four case studies are presented in the next chapter.

4. Findings

4.1 Chapter introduction

The goal of this research is to determine how SS resources and capabilities influence the achievement of SS goals. To this end, data was collected at four SSCs in Portugal, a location that has been recognised as a leader in the development and enhancement of shared service operations.

This chapter describes the findings that result from the analysis of the empirical research, which was performed according to the research framework presented in the introduction chapter (Figure 1.1). Figure 4.1 summarises the resources, capabilities and goals identified at the four case studies, following the research framework. This framework contends that, prior to the shared services implementation, each business unit relies on their own human, organisational and technology resources, which are then consolidated, resulting in new specific shared services resources, post implementation. These resources are employed by the centre to develop operational and dynamic capabilities, which are progressively configured to enable the achievement of shared services goals of enhanced service delivery.
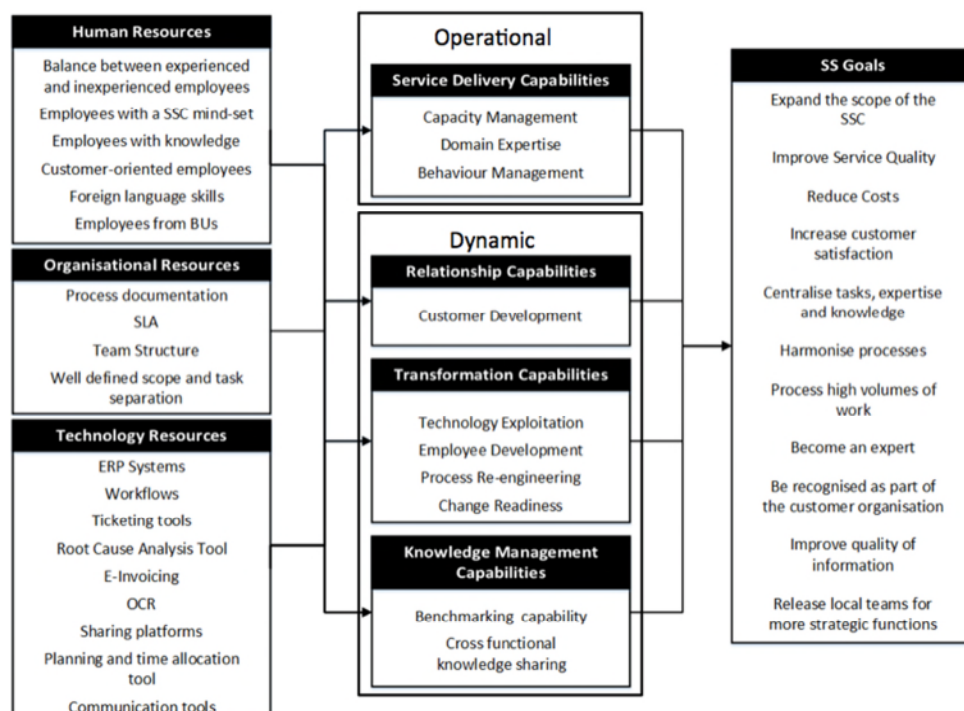
Figure 4.1. Resources, capabilities and goals identified at the four case studies

Figure 4.1 highlights that all the centres present human, organisational and technology resources that were not available prior to the development of the shared services environment. Additionally, it outlines three specific SS operational capabilities and seven SS dynamic capabilities, which are grouped into four areas of competence: service delivery, relationship management, transformation management and knowledge management. Furthermore, it presents the eleven goals recognised at the different SSCs (Figure 4.1).

The remaining sections of this chapter are organised as follows: firstly, a description of the four cases is provided, including an account of their resources, capabilities and goals. This is followed by a cross-case analysis of the findings, and the chapter concludes with a summary of key results.

4.2 Case description

Case 1

Case 1 SSC was established in 2003 to perform Finance and Accounting services for the European entities of a German multinational company in the semiconductor industry. In 2002, the company initiated a large-scale project to reduce costs; and among other measures, decided to implement a Shared Service Centre in Portugal. Portugal was chosen because the company already had a production site there, which could accommodate the project, and which had an available pool of University graduates in the areas of Business Administration, Economics and Accounting, with knowledge of English and German, who therefore had the expected skills to provide these services.

The decision to establish an SSC was mandatory for all the European locations of the company, including the headquarters, 4 production sites, and 11 sales and R&D sites. This means that the business units were not allowed to keep in-house the tasks included in the initial functional scope (General Ledger, Fixed Assets, Inter-Company, Accounts Receivable and Accounts Payables). The first expansion of the service scope happened in 2008, when the SSC began to provide accounting services to the North-American business units. In the following years, the expansion of the SSC continued, with new functions being transferred: Audit and Export Control in 2010; Purchasing in 2013 and Human Resources in 2014. At the time of data collection, the SSC had over 160 employees, to provide services to 33 legal entities, with multiple business units. From its Finance and Accounting origin, the centre has expanded its service portfolio and

includes now Purchasing (including Travel and Expenses), Internal Audit, IT, Contract Management, Human Resources, Controlling and Export Control tasks.

a. Case 1 Resources

Human Resources

When Case 1 SSC was established, there was no transfer of employees from the business units to the SSC, and therefore all employees were newly recruited. Most of the newly recruited employees were recent graduates with little job experience, which along with the lower labour costs in Portugal, provided an opportunity for competitive salaries. Although a certain level of employee turnover was recognised, a lot of the initially recruited employees are still working at the SSC, and are now seen as service experts. Additionally, new employees are regularly recruited, enabling a balance between experienced and inexperienced employees, which allows the centre to capture both youthful dynamism and specialist knowledge. This is reflected in the current average age of the employees, which is 31 years.

Another important aspect of Case 1 human resources is a set of attitudes that is described by a number of the respondents as an "SSC mind-set." This mind-set is characterised by a motivation to perform better, along with an eagerness to "strive for excellence". An example of this attitude is the fact that employees always try to perform the activities "right first-time", as one of their KPIs could be the number of corrections they had to perform.   In fact, the SSC is not only measuring the KPIs of the different teams, but also the individual employee has their own personal KPIs focusing on quality and process improvement. Together with a more qualitative evaluation, the result achieved by the employees in their individual KPIs is part of their annual assessment, which in turn, has an impact on the review of the employee grade and salary.

However, this attitude would not *per se* bring a more efficient or higher quality service delivery, if the employees do not have the skills to exhibit this behaviour. In this context, the deep knowledge of the processes and guidelines enabled by the process documentation and handbooks plays an important role. In fact, once the post-implementation difficulties were overcome and the SSC team became more senior, employees gradually became process experts, who are consulted by the business units

for support and advice. Also contributing to this process knowledge is the employee mobility within the SSC teams. Job rotation enables the employees to learn different functions, become more aware of the challenges their colleagues face, and get an overview of the end-to-end process. This cross-functional knowledge is an important strength when it comes to promote cooperation between departments and suggest process improvements. As a project leader explained:

> *"I think that as we are now multifunctional, people are closer and it is easier to share information. It's even easier to train people, because you are covering different areas. Even a guy from finance, for instance, today he can sit together with a pure IT colleague, who sits also in the SSC, and understand better how the system works, and all the dependencies in the system. Of course this is not an official training, but after one or two years working like this, the employee that is working in finance, will realise that he knows already some things about IT."*

Additionally, the management of the SSC is consciously promoting the development of organisational knowledge among the employees, by sending them on business trips or international assignments to the different locations, where they can experience the corporate culture. This enables them to understand how the company works, not only in formal terms, but also in terms of the informal networks that allow them to identify who they need to contact in which location, whenever they need support. These experiences, aligned with contact with colleagues from all over the world, promote both the language and the intercultural knowledge of the employees, which is crucial to develop customer orientation skills. These customer orientation skills are evidenced in the permanent focus on providing the best service and anticipating problems, in order to build customers' trust. As the quality control analyst explained:

> *"We are always worried to grow and meet what has been agreed with the customer, to provide a faster service, to be proactive. If we receive a request, we try to do it as fast as possible and with as much information as possible, and we also try to anticipate the problems. We try to investigate even in areas that might be in the responsibility of the local units. We want to be prepared and we want to show to the customers that we know what we are doing. And the customer can count on us if some issue arises."*

It is evident, therefore, that the human resources at Case 1 are critical for the centre's success. The importance given to the employees is highlighted by the management team, who recognise that "people are our most valuable asset". In line with this

statement, there are different management policies to promote employee engagement and well-being, for example in the context of the "Great Place to Work" program, aiming to improve the working environment and conditions in general. This is complemented by an investment in people development, not only in terms of offering job opportunities that will open career prospects, but also in terms of formal training and learning encouragement. Finally, the centre has an internal team whose main goal is to develop training material both for the centre and for the corporate departments, highlighting the importance given to developing employees' skills.

Furthermore, it was noted during the interview phase that respondents often characterise SS resources in comparison to the resources available at the business units. For that reason, table 4.1 summarises the characteristics of Case 1 human resources and how they differ from the business units.

Table 4.1. Case 1 Human Resources

SS Resources	Equivalent at Business Units	SS benefits
Balance between experienced and inexperienced employees	Mostly experienced employees	Youthful dynamism and specialist knowledge
Employees with SSC mind-set	Passive employees	Focus on improvement
Employees with knowledge	Knowledge is BU specific	Consolidation of expertise
Customer-oriented employees	Customer-orientation is not enforced by customer surveys or KPIs	Focus on meeting and anticipating customers' needs
Foreign language skills	Not mandatory	Provision of services to clients in multiple countries

Organisational Resources

The literature review established that organisational resources can be critical for the success of SS operations and this was evidenced in Case 1.

Specifically, comprehensive process documentation has been identified as one of the main contributors for process harmonisation and improvement, and a significant difference between performing the tasks at the SSC and at the business units, where there was little or no process documentation exists. At the SSC, all services must have an associated process description or handbook. This detailed process documentation serves the purpose of providing support to employees when undertaking their tasks, and ensuring that process knowledge is not lost if an employee leaves the SSC. One of the team leaders explained:

> *"We were always trying to have documentation and assure that the knowledge is transferred in an effective way. This assures that, even if I move to another company, or to a different department, my knowledge will be kept for the next person. And with the handbooks the people are able to perform the tasks. We have a really good description of what to do; it is really print by print and transaction by transaction, and so on."*

In a similar vein, another aspect of the SSC organisation that was highlighted as an advantage is the clear task separation between the centre and the business units. Along with the Service Catalogue, included in the Service Level Agreement, the clear task separation approach specifies not only the tasks that should be performed at the centre, but also establishes clear boundaries relating to what parts of the process should be carried out at the SSC, and what parts are under the responsibility of the business units. As a result, the work at the SSC becomes more structured, and the agents can focus only on what they have to do, thus promoting their specialisation and efficiency. Additionally, the SLA also stipulates the performance targets that the SSC should achieve (KPIs), thus supporting the match between the customers' expectations and the SSC service delivery.

Finally, the team structure, with clearly defined roles and responsibilities, is also recognised as an important aspect of SS operations. In Case 1, the teams are organised hierarchically, with the clerk employees reporting directly to team leaders, who in turn report to a functional manager. The management team is completed with the SSC director, located at the centre, and the SSC head, located at the headquarters, where a closer contact with the business units and the company board can be maintained. This structure enables the permanent assignment of back-ups within the teams in case of absence due to holiday or sickness, and allows the SSC to always ensure a consistent

service delivery. Additionally, it sets clear expectations to each role, and everyone understands what they are supposed to do, which further contributes to employee specialisation and efficiency. Table 4.2 summarises the characteristics of Case 1 organisational resources and highlights how they differ from the previous scenario at the business units.

Table 4.2. Case 1 Organisational Resources

SS Resources	Equivalent at Business Units	SS benefits
Process documentation	Processes are not documented	Harmonisation; knowledge protection
SLA	Normally no SLA	Agreement and monitoring of expected service levels
Team structure	Back-ups not always defined	Consistent service delivery
Well defined scope and task separation	Responsibilities vaguely defined leading to "grey areas"	Structure, specialisation and efficiency

Technology Resources

Although, some of the technologies used in the daily activities of the centre are not substantially different from those used by the business units (e.g. ERP systems, Microsoft Office, communication tools, etc.); technology plays a paramount role in the daily activities of Case 1.

The amount of additional technologies that have been incorporated by the centre for the performance of the tasks is significant. The first example of such a technological enhancement is the Purchase to Pay Workflow, which was introduced early in 2003, when the centre was still in its ramping-up stage. The idea of this workflow was to facilitate the communication between accountants, invoice requestors and the purchasing department. In addition, the workflow approach also avoided the manual work of scanning the invoices and sending them for confirmation by e-mail. With this approach it was now possible to monitor the status of an invoice, thus allowing the accountants to provide accurate information to suppliers' inquiries, and also to calculate the cycle time of an invoice booking, which is central for KPI evaluation.

Similarly, a ticketing tool was also implemented to facilitate the communication between the centre and its customers, to monitor work-in-progress and to measure the centre's performance. This ticketing tool allows the customers to submit a service request to the centre, which is then handled by the SSC agent, with the advantage that all the communication related to a particular service request is archived together with the related ERP document (e.g.: the specific purchase order or invoice to which the service request refers). Thus, it enables a better monitoring of incoming work, a tracking of the service requests, as well as KPI measurement, since it records the time when the request was submitted by the requestor and when the agent resolved it. Additionally, this ticketing tool approach offers the possibility to submit Root Cause Analysis (RCA) tickets. These tickets are intended for when the customers encounter some type of problem in the service provided, and initiate an escalation to the agent's manager, who should then identify the cause of the problem and implement an action to prevent the same situation from occurring in the future. In this way, both the communication and the agreed corrective action are documented and can be tracked later on, enabling the centre to build a collaborative relationship with the customers and involving them in the improvement of its processes. One of the Managers explained:

> *"When we have a problem, we have this Root Cause Analysis tool to see what the root cause of the problem is. There is the description of the problem, and we have to propose an action to solve the problem. There is a template and there is a compromise of the managers to implement the proposed action to solve the issue."*

Keeping a trustworthy relationship with its customers is very important at the SSC, therefore apart from the ticketing tool, other technologies are also used for communication purposes. These include instant messaging systems, video-conferencing systems or even a hotline to direct the customers to the correct department that should support them. These are complemented by sharing platforms to archive the results of the tasks (e.g. evidence of controls performed), enabling the SSC and customers to monitor which periodic tasks were completed and which are due.

Finally, the centre has implemented different technologies to promote process automation. One of them is optical character recognition (OCR) software, a technology that automates the invoice booking process, by enabling the data entry of certain fields from suppliers' invoices into the ERP system. Additionally, Case 1 implemented an e-

invoicing solution, which consists of having the suppliers transmit their invoices electronically through a web platform. The main advantage is that when a Purchase Order is created at the local ERP system, it is already transmitted into this platform, and the suppliers can use it to generate their invoices. Therefore, there will be fewer mismatches between the Purchase Orders and the invoices, thus increasing the efficiency and productivity of accountants and improving the quality of the services provided. The technology resources of Case 1 and their equivalents at the business units are summarised in Table 4.3.

Table 4.3. Case 1 Technology Resources

SS Resources	Equivalent at Business Units	SS benefits
ERP systems	ERP systems were not harmonised	Process harmonisation, efficiency
Workflows	Not available	Efficiency (automation); performance measurement; archiving.
Ticketing tools	Not available	Efficiency (automation); performance measurement; archiving
Root Cause Analysis tool	Not available	Process improvement; archiving
E-invoicing	Not available	Efficiency (automation); less human errors (improved quality)
OCR	Not available	Efficiency (automation); less human errors (improved quality)
Sharing Platforms	Also available at Bus	n/a
Communication tools	Also available at Bus	Regular and structured communication with customers

b. Case 1 Capabilities

Capabilities are the result of a firm's successful deployment of resources and an important antecedent of goal achievement (Amit and Shoemaker, 1993). Ten SS capabilities emerged from the data, which were grouped into four competency areas: service delivery, relationship, transformation and knowledge management. All the 10 capabilities that emerged from the data were identified in Case 1.

Service delivery

Service delivery capabilities refer to the centre's ability to perform its daily operations, including activities relating to capacity management, domain expertise and behaviour management. Case 1 is focused on processing high volumes of information (i.e. invoices, purchase orders, etc.) therefore, one of its main challenges is to deal with a significant workload. Service delivery capabilities play a significant role in addressing this challenge, since they enable the centre to provide services consistently, regardless of volume increases.

Capacity management within the shared services context consists of the ability to allocate the required resources for effective service delivery and is facilitated by employee specialisation, by a high degree of service modularisation, and standardisation of work practices and procedures. This enables team leaders to allocate resources interchangeably to tasks, but also requires a careful workload allocation in order to ensure consistent service delivery. In Case 1, although each employee has their responsibilities clearly defined, whenever necessary the team leaders are able to make adjustments in the workload distribution, because within the same team, all employees are trained to do the same tasks.

Ultimately, this capability enables the centre to ensure that all services are provided in a timely manner and to the expected quality standards. This can be quite challenging, as the Quality Analyst explains:

> *"It is a challenge because constantly we have so many things to do, and we have to give an answer to so many things, that we have to focus on delivering the requests on time, but also with the quality that needs to be delivered."*

To address these challenges, the centre needs to generate and retain process and technical knowledge to enable consistent service delivery. This refers to the domain

expertise capability and is enabled on one the hand by the employee rotation across tasks (resulting from capacity management), and on the other hand by employee training and specialization. This knowledge generation is also promoted by the bundling of tasks and resources, as a team leader outlines:

> "All this sharing of knowledge, not only sharing but also this building of knowledge, I think it is much easier in an SSC, where we have so many people, who can talk, who can discuss."

Finally, behaviour management is the third capability in the service delivery category and is critical in ensuring that employees have the right set of skills and attitudes that allow them to provide efficient and consistent services. Behaviour management involves the capacity to manage and motivate people, for example into developing an SSC mind-set, and is promoted not only by employee training, but also through the immersion in the SS culture where KPIs and errors are monitored, and where controls are implemented to ensure quality and services are delivered in a timely manner and 'right the first time'. A manager describes it as 'brainwash':

> "I feel that whenever we have newcomers into our organisation, they are really absorbing all this energy, almost like being brainwashed, you know. They immediately see, ok, now I am part of the SSC, I have to focus on the customer, I have to deliver an excellent service, because if I don't do it, they will go away, they will probably take their activities to another country, to another location, so I really have to put a lot of commitment in delivering things well. And this is something that is then coming out naturally, I would say."

Relationship Management

In the relationship management competency area, customer development is the only capability identified. Customer development consists of the SSC's willingness and ability to align with client needs and goals over time (Feeny et al., 2005). to understand and meet customers' needs. It is developed not only through employee development and specialisation, but also through this constant focus on quality and improvement, as well as through the regular and structured communication with customers and the conduction of periodic customer surveys. In terms of quality and operational excellence, a team leader states:

> *"I think we work very closely with our customers to meet their needs, we have regular workshops and meeting in the sites where we define our goals, actions that need to be implemented to achieve improvements and we control if these actions were indeed implemented."*

Furthermore, it was noted during the data collection phase that employees of Case 1 are frequently invited to participate in corporate projects as internal consultants, for example for the roll-out of processes and tools already in place at the SSC, to other parts of the organisation. These participations are not only a recognition of Case 1 expertise, but also enable the centre to deepen its knowledge about its customers' organisations, and consequently to allow the use of that knowledge to better address their specific business needs.

Transformation management

The transformation category involves technology exploitation, employee development, process re-engineering and change readiness. Technology exploitation refers to the capacity to deploy technology to support and improve the service delivery and is exemplified in Case 1 by the implementation of e-invoicing or the ticketing tool by an internal team.

Employee development denotes the ability to enhance employees' skills and knowledge and is promoted not only by employee training, specialization and job rotation, but also by the individual performance appraisals, including the definition of career paths, avenues which might even involve temporary assignments in the BUs. These appraisals allow the employees to develop a better understanding of customer needs, and enhance their process and organizational knowledge, thus becoming better equipped to bring improvements to the service delivery. Employee development was highlighted by the Quality Analyst as one of the main contributors for goal achievement:

> *"An important thing is the career development of the people who work in the SSC, and the training to develop their skills. And there is a clear focus on the people, to understand what their main capabilities are and to allocate those people to the tasks that are more suitable for their skills, and also to understand in what [area] they want to improve their skills, and help people to do that."*

Process re-engineering consists of the ability to bring improvements to the processes. Respondents in Case 1 highlight that becoming a multifunctional SSC played a crucial role in boosting process re-engineering activity. The centre has now an overview of the

end-to-end Purchase-to-Pay process, giving it the ability to leverage these improvements in multiple areas, increasing the quality of the process overall. Additionally, process improvements are also promoted by a close cooperation with customers, with whom the centre has frequent workshops and jour-fixes, to define goals and actions needed to achieve improvements. This cooperation with customers enhanced the reputation of the SSC, which is now often invited to participate in corporate projects, in order to bring its expertise to other parts of the organisation. As a team leader explains:

> *"We have been involved not only in projects focused on a specific entity, or entities, but in some cases with a global impact, the BR&A that I participated, was already a global impact project."*

In turn, participation in these projects creates a virtuous circle, because it also helps SSC employees come in contact with other parts of the organisation and develop their knowledge, putting the centre "*in the front of innovation, or front of change, that we can then use and leverage this across the group as whole",* as the SSC Head highlights.

Additionally, this permanent exposure to projects and changes in the service delivery, promotes the development of change readiness, the last capability in the transformation category. Change readiness refers to the aptitude to deal with change without compromising the daily operations, and is somehow related to the SSC mind-set, which along with the focus on excellence, also promotes the acceptance or even the pursuit of change. A project leader explains that change is seen as part of the daily work at the SSC:

> *"We are much more flexible to change, to pick up challenges, to implement new tools, which we have done over the past years. And actually we see it as natural, the change of tools, or implementation of tools or processes, we just feel it is part of our daily job or daily work, which at the business units is not the case."*

Knowledge management

The knowledge management category encompasses benchmarking capability and cross functional knowledge sharing. Benchmarking capability refers to the ability to compare processes within and outside of the SSC, to apply best practices. Case 1 promotes benchmarking internally by job rotation and cooperation in customers' projects, and

externally by participating in benchmarking projects with other SSCs. As pointed out by one of the Managers:

> *"We are always trying to identify better approaches for processes, either by comparison within the different teams; although in those terms I think nowadays we are quite harmonised; but also doing some benchmarking with other SSCs. We are somehow having frequent networking and communication, and we do some occasional benchmarking to identify some improvement opportunities."*

Cross functional knowledge sharing denotes the capacity to develop the knowledge base of the centre by sharing knowledge across teams, particularly through job rotation across teams. This was explained by a team leader:

> *"The fact that we are now a bigger centre enabled people to move from one team to another, and this enabled a combination of knowledge, for example, between Finance and Purchasing. And today we have people with knowledge in these two areas."*

This capability is particularly important because the cross functional knowledge gives SSC employees a better understanding of the complementarities between functions, thus enabling them to bring about process improvements.

c. Case 1 Goals

Since the SSC resulted from a corporate project to reduce costs, cost reduction is unanimously recognised as the main goal of the centre when it was first implemented. As one of the team leaders points out: "*we wanted to decrease the cost, we even had a control on the number of copies we were doing*". Apart from this, control measures and the more attractive labour costs in Portugal, also contributed to this cost reduction; however, there were other influencing factors. The centralisation of activities brought about synergies and economies of scale, which enabled the centre to have less people doing the same tasks that were previously done locally. In this context, the harmonisation of processes and the centralisation of tasks, expertise and knowledge are frequently mentioned as goals of the centre.

Furthermore, it is widely accepted that once the cost reduction goal was achieved, other goals gained increasing importance and the centre started focusing on other value propositions to its customers. As the same team leader stated: "*we passed the phase for*

the cost reduction, now we are on the second phase, we are seen like experts." In fact, different respondents pointed out that becoming an expert and a strategic business partner for its customers is now one of the main goals of the centre. They believe that being recognised as a strategic partner will contribute to another significant goal: to expand the scope of the SSC to other functions, and therefore devote their efforts to achieving this recognition. One of the managers explains:

> *"One of the goals nowadays is to expand our services, so the opportunities as we become more experienced, more known, and we get the confidence of our customers; we are getting more opportunities to expand our services to other areas."*

Similarly, although the focus on quality was present since the origin of the SSC, it was only recognised as an important goal for the centre after a certain stabilisation period, since until then ensuring a service delivery without disruptions was the first priority. Thus, in the first years, the centre was mainly focused on processing high volumes as quickly as possible. However, once this stabilisation was achieved, some methodologies to assess the quality of the services were implemented, such as quality controls, performance dashboards or customer satisfaction surveys. The participation in sharing sessions with other SSCs contributed largely to this increased focus on performance and quality monitoring, as it enabled benchmarking both quality management methodologies and performance levels in general. As a consequence of this quality focus, the centre managed both to improve the quality of information and to achieve customer satisfaction, which is seen by one of the managers as the main goal of the SSC:

> *"Our main goal I think is customer satisfaction. And we have invested a lot on that, on quality, and quality will mean that the customer will be satisfied with the service delivered. I think this is our main goal."*

Additionally, and in line with previous research, the release of local teams for more strategic tasks was recognised as a significant goal in Case 1. Once the SSC started performing the administrative tasks that were previously carried out by the business units, they became more available to focus on other tasks that could add more value to the core business of their organisations. The SSC Head explains:

"If I am able to bring more tasks to the SSC in Porto, then I can also reduce the tasks in the business units. And then also shift the focus of those people to other topics, more the higher quality, or topics that nobody took care so far."

In summary, although cost reduction and processing high volumes of work are very important goals to Case 1, the knowledge and experience developed over the years enabled the centre to shift its focus to other value propositions such as improved quality and increased customer satisfaction. Ultimately, the centre aims to be recognised as a centre of expertise that can support the business units in whatever challenges they have. This recognition, they believe, will support the expansion of the centre's scope to other functions, which in turn will further enhance the centre's ability to generate efficiencies related to scale, but also promote knowledge and expertise development. Figure 4.2 depicts Case 1 resources, capabilities and goals.
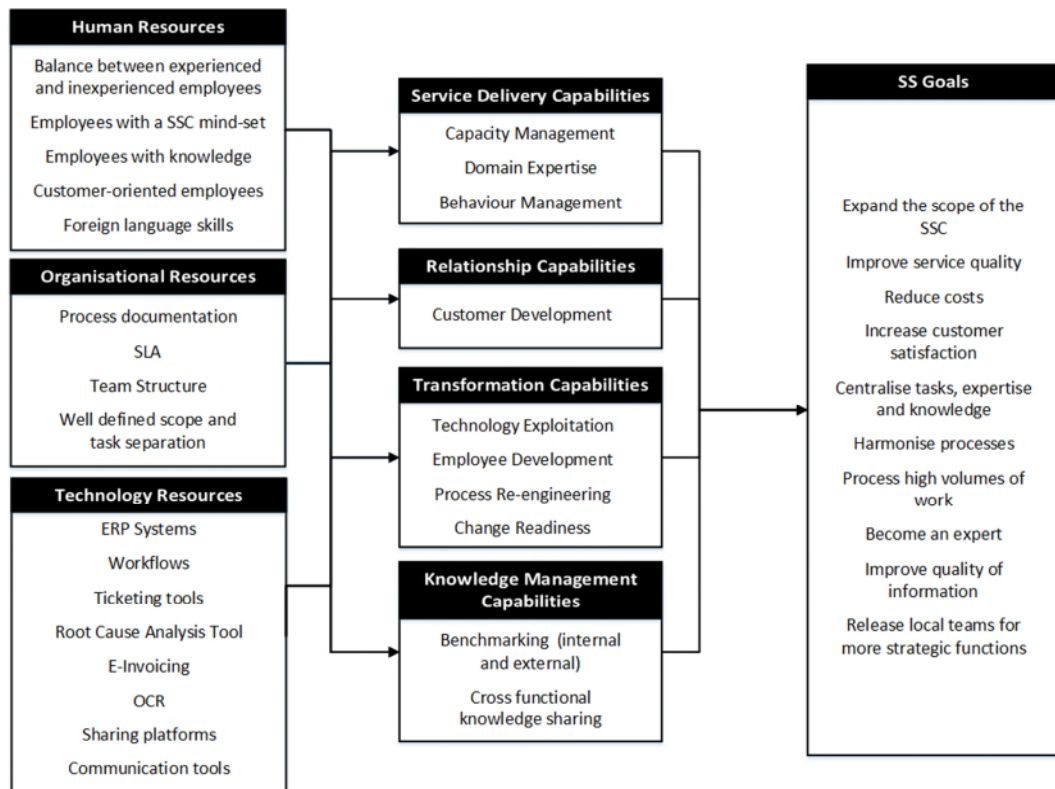
Figure 4.2. Case 1 resources, capabilities and goals

Case 2

The Case 2 SSC was established in 2009 to provide Accounts Payables and Accounts Receivables services to the European locations of a German multinational in the sport and apparel industry. Following the acquisition of a major competitor in 2005 and the

global financial crisis in 2008, the finance organisation at Case 2 headquarters started studying the possibility of establishing an SSC to improve their cost efficiency and effectiveness. At the time, the company had already some pooled offices, i.e. offices where resources and tasks were already centralised and teams were working together and providing services to different business units, but the concept of shared services, with a deep focus on harmonisation and efficiency had not been fully implemented.

Apart from the cost drivers, the finance organisation was also interested in increasing their level of standardisation, control and visibility: there were inconsistencies in terms of financial reporting and a shared services strategy was seen as a solution to improve the quality of reporting data. Although Portugal was not the best location in terms of cost competitiveness, it was selected due to the stability and availability of labour, lower levels of corruption and inflation, as well as the support of a governmental agency that attracts foreign investment.

Similar to Case 1, the decision to establish an SSC was mandatory for the functions and locations in scope, meaning that all the European locations had to transfer their Accounts Payables and Accounts Receivables activities to the centre, without the option to keep them in-house or outsource them. Furthermore, both the geographic and the functional scope of the centre had been expanding over the previous years, with the provision of Accounts Payables services for the American locations of the company and the inclusion of services in the area of travel and expenses, retail and e-commerce. Despite this functional expansion, the centre is still predominantly a Financial SSC, with around 90 employees serving 22 clients in Europe and North America.

a. Case 2 Resources

Human Resources

Youth and dynamism are the main characteristics of Case 2's employees. Like Case 1, all the employees were newly recruited to work for the SSC and there were no transfers from the business units. As a result, the average age is 28 years old, and this was in fact pointed out as an advantage, as highlighted by an accountant respondent:

> *"I think that we are young and that is an advantage for us because we see things differently, we are open minded, we can learn faster, adapt faster, we see*

change but we don't fear it, and think that's one of the advantages of our Financial Shared Services."

This ability to learn and adapt is inherent in the SSC mind-set previously described. Also in Case 2 this mind-set is pointed out as one of the main differences between the SSC and the business units, as the HR manager explains:

"I think we have something that is not usual in the other parts of the company, which is this mind-set towards processes, efficiency, consistency and continuous improvement; I think that is actually our employee value proposition; it's a kind of mind-set that you learn here, and you don't have that in other parts of the company."

Again, the individual KPI system and performance appraisals play a significant role in developing this mind-set. However, Case 2 additionally promotes this mind-set by developing an extremely relaxed and informal culture among the employees: there is a buddy scheme to receive the new employees and engage them in non-work related activities, such as playing table football; or the sport hour, where once a week the employees can go play sports during working hours. Internal communication is also a key element in developing this culture and mind-set, and in that regard Case 2 implemented a daily meeting with all the employees of the centre called "the huddle". The SSC Head explains the role of internal communication in the development of this culture:

"So an important thing is definitely communication. So, for example, we have morning meetings where people talk about what is going on, but it is really so that people have a feel of what's going on in the overall business. So, communication is key, and the regular huddle is part of that; the team has regular team meetings and so on, to get feedback, to problem-solve, to track progress on solutions, to challenge people, to put improvement ideas forward."

In a similar vein, the SSC Head explains that, complementing the culture, the employees of the SSC have skills and knowledge that are not available at the business units, and that allows them to bring value to the company:

"You want to join us because you want to learn a lot about processes, about quality control, about working in a team, about taking responsibility and ownership, documentation, all those things that are often weak in the business units, and that's a skill set that's valuable."

In this context, the knowledge of the employees is also seen as an important aspect of Case 2 human resources. Additionally, this process knowledge has to be complemented with foreign language skills, since the official language of communication of the centre is English, given its client base in different countries in Europe and North America. Table 4.4 summarises Case 2 human resources and how they differ from the human resources at the business units, according to the respondents.

Table 4.4. Case 2 Human Resources

SS Resources	Equivalent at Business Units	SS benefits
Inexperienced employees	Mostly experienced employees	Youthful dynamism, ability to learn and adapt quickly
Employees with SSC mind-set	Passive employees	Focus on improvement
Employees with knowledge	Knowledge is BU specific	Consolidation of expertise
Foreign language skills	Not mandatory	Provision of services to clients in multiple countries

Organisational Resources

The organisational resources at Case 2 are very similar to the ones previously described at Case 1. Process documentation is again highlighted as one of the main differences between the SSC and the business units, and a significant driver towards ensuring a consistent service delivery. Once the tasks are transferred into the SSC, they are documented, and the business units handing over the tasks have to sign off this process documentation. In this way, the centre ensures that if there are inconsistencies in the understanding of the processes, they get cleared up at a very early stage, which promotes clarity for the employees providing the services, and enables an easier resolution of issues emerging during the operations. Additionally, in Case 2, process documentation is seen as an important tool to ensure knowledge is not lost when employees move to another function or simply leave the company. Furthermore, a very well-defined scope and a clear task separation between the centre and the business units is described as a central characteristic of the SSC, as the HR manager describes:

"What we have here is a very well-defined scope, and it's defined also by the SLA. So, what we do, from this part of the processes till that part of the process, this is our scope, this is what we do, we have to comply with SLAs. And of course our mind-set is how we can do that with more efficiency, being more efficient and having more quality. And this, for me, is what defines our Shared Services."

As the respondent states, in Case 2, the scope is defined by the SLA, which also specifies the service level target expected (e.g. supplier invoices have to be processed within 2 business days). To ensure that these customers' expectations are met, the centre constantly measures employee performance (through KPIs), to identify if corrective measures are necessary to meet the targets.

Likewise, the team structure, with team leaders and coordinators is seen as a contributor to the SSC success, as the SSC Director explains:

"One of the things that I said to the teams directly is that I want to structure the teams from the base, to give them team leads and people who will lead them and then within this process open their minds to think."

Finally, this structure also ensures the assignment of back-ups within the teams to guarantee a consistent service delivery. The organisational resources of Case 2 and their equivalents at the business units are summarised in table 4.5.

Table 4.5. Case 2 Organisational Resources

SS Resources	Equivalent at Business Units	SS benefits
Process documentation	Processes are not documented	Harmonisation; knowledge protection
SLA	Normally no SLA	Agreement and monitoring of expected service levels
Team structure	Back-ups not always defined	Consistent service delivery
Well defined scope and task separation	Responsibilities vaguely defined leading to "grey areas"	Structure, specialisation and efficiency

Technology Resources

Technology resources also play a crucial role in the provision of services by Case 2, since ERP is the main tool used in the daily activities of the SSC, to book invoices, process payments or update vendor master data.

Similarly to Case 1, the invoice booking process is supported by a workflow, which enables the invoice reception, clarification or request for approval (if necessary) and booking. Furthermore, Case 2 also implemented a ticketing tool, which their customers use to submit service requests. As highlighted by the Head of the SSC, these tools were not available at the business units and enable the centre to provide standardised and consistent services:

> *"We use tools that support keeping it standardised and sustainable, or consistent, such as the ticketing tool, such as the workflow. Many of our business partners didn't have a workflow in place."*

Likewise, these technologies enable monitoring and allocating the workload among employees, as well as measuring the time it takes to process each item, which contributes to KPI calculation and identification of improvement opportunities.

Both these technologies are used to keep structured and documented communication with the customers. They are complemented by other communication technologies, such as instant messaging systems or video-conferencing systems, used for the regular jour-fixes with the business units, and which support the centre in building a supportive relationship with the customers. Table 4.6 summarises Case 2 Technology resources, and compares them to the technology resources previously available at the business units.

Table 4.6. Case 2 Technology Resources

SS Resources	Equivalent at Business Units	SS benefits
ERP systems	ERP systems were not harmonised	Process harmonisation, efficiency
Workflows	Not available	Efficiency (automation); performance measurement; archiving.
Ticketing tools	Not available	Efficiency (automation); performance measurement; archiving
Communication tools	Also available at BUs	Regular and structured communication with customers

b. Case 2 Capabilities

From the 10 capabilities that emerged from the data, only 8 were identified in Case 2: capacity management, domain expertise and behaviour management in the service delivery category; customer development in the relationship category; employee development, process re-engineering and change readiness in the transformation category; and benchmarking capability in the knowledge management category.

Service delivery

Similar to Case 1, Case 2 is focused on processing high volumes of work, for which service delivery capabilities are critical to deal with the significant workload. In particular, capacity management is of paramount importance, and is achieved through the development of weekly plans of work allocation, where each employee is assigned to a task on a weekly basis. One of the team leaders explains:

> *"I created the plan, so every person is assigned to a task every week. For example, we have the ticketing system: for these 10 people there are lots of tickets, so I have every week one person only doing tickets. And this changes every week, to avoid doing the same every week. Then I have one person that is doing master data, so it also changes every week. Then I have two or three*

people that only focus on posting invoices. There were lots of attempts, but at the moment I am at this stage: one person is concentrated on one task, and is going faster."

Moreover, the team leaders allocate the work in such a way that the whole team is focused on the same kind of task (e.g. posting invoices) at the same time, which brings about efficiencies, as another team leader highlighted;

"Usually we try to be working on invoices at the same time; it's more efficient, it's a big volume, it's not like a small team with few invoices, it's a big volume, and then we try to specialise people, so not everybody doing everything."

This specialisation enables the centre to generate and retain process and technical knowledge, i.e. to develop the domain expertise capability. Domain expertise is also developed in Case 2 through employee rotation as part of capacity management, as well as through the centralisation of activities, as the SSC director describes:

"We have a concentration of people that work with the same tasks all the time, across different markets, and we have certain good people in key roles, often we are able to bring more value from an expert point of view."

Furthermore, Case 2 places significant importance on keeping the employees motivated and in developing a culture of accountability, something that can be seen as an effort to develop behaviour management capability. The enablers of this behaviour management capability are strong leadership and internal communication, training and performance appraisals, along with individual KPIs. The SSC Head elaborates on how the SSC culture is built within the teams:

"One of the critical things in a service business is strong management. It´s a service business, it's not a product or a commodity, so you need strong management in order to build and train your team around the right service culture. So that´s critical, it starts with your people and your team. Culture. If you have the right culture in place, a lot of the controls and mechanisms that we otherwise need, we don't necessarily need. So the real thing to say is what are the tools we use to create the right culture? An important thing is definitely communication, training, performance appraisals, feedback. Partly through what I'll say is accountability, so if the management team sees situations where people are not taking ownership, they go back to the employees and talk about it."

Relationship Management

Although customer orientations skills were not particularly evident in Case 2 human resources, the SSC is clearly focused in understanding and meeting its customers' needs. In 2015 the centre deployed its first customer satisfaction survey to assess their customers' perceptions on the services provided: this generated positive results. Additionally, the centre keeps monthly jour-fixes with the customers, to discuss potential issues in the service delivery and determine action items on both SSC and customer sides. Furthermore, the focus on quality promoted by the culture of accountability led the centre to be seen as a reliable business partner, as the SSC Head outlines:

> *"It's really about relationships. Regular calls, plus strong management, plus culture of ownership and quality standards, all of that helps contribute to your business partner having trust that you are able to deliver the needed quality consistently and not expose them to risk. Know that if they call you, they'll get an answer. And ultimately, even though we are internal, so in a way they have to use Shared Services, we want them to use FSS by choice. And so maintaining relationships with them, not just being friends, but being a reliable business partner, it's an important part of that."*

In this context, customer development promotes the development of a trustworthy relationship with the business units, and even though the centre is mandatory, the customers are able to recognise the value-add brought about by the SSC.

Transformation management

Employee development, process re-engineering and change readiness were the capabilities identified in Case 2 in the transformation management category. Employee development consists on the ability to broaden the skill set of the employees and to provide them with opportunities to grow. As previously mentioned, individual performance appraisals play a significant role in Case 2. In these biannual sessions, each employee has its performance assessed, with an impact on their grade and salary increase, but also career development plans are developed, in order to promote strong performance. Additionally, training is of paramount importance for the integration of employees within the centre, as the HR manager explains:

> *"We give high priority to training. We always say when somebody enters a team, this is our main priority, the rest is secondary, so this person counts, we want the person to be autonomous and work alone as soon as possible and helping the team."*

Both the training and the performance appraisals contribute to the development of the SSC culture or mind-set, which also plays an important role in process re-engineering capability. This capability enables the centre to bring improvements to the processes and is, in a first instance, driven by the employees' wish to reduce manual work and become more efficient. One of the accountants describes:

> *"For example if I am doing a job and it takes me tons of time, and it is very time consuming and my colleague next to me realises, maybe I could do something in excel to improve this. And suddenly we can do in 15 minutes what usually took us 3 hours."*

Additionally, the focus on standardisation promoted by process documentation, the use of quality controls to ensure quality and decrease error rates, as well as the general focus on continuous improvement, embodied in the role of the quality and continuous improvement manager, enabled the centre to bring about process improvements that significantly improved its efficiency. As the SSC Head reports:

> *"We have got this focus on continuous improvement and harmonisation, and in the last few years we have implemented over 250 improvements. And those can cover many things, but for those that specifically saved time, that has saved us over cumulatively 14.000 hours per year of time."*

Furthermore, due to the high dynamism of Case 2 employees, change readiness was also identified as an important transformation capability. The employees denote a significant ability to adapt to change, and they often seek change, both in terms of how they do things in order to create process improvements, but also in terms of the things they do, looking for new challenges in different functional areas, as the HR manager highlights:

> *"We have a lot of people that actually want to drive difference, and want to drive change. While we can maintain these people motivated and engaged with this exact mind-set, we can take every challenge that they [the clients] give us."*

Although Case 2 supports its operations in different technologies (such as ERPs, or workflows), technology exploitation was not identified as a capability at this centre. The SSC lacked an internal team with IT capability that could support them in the development of new technologies or in the adaptation of their current technologies to address emerging challenges or needs. In fact, IT issues emerged as one of the key challenges faced in Case 2, with one of the team leaders revealing: *'We struggled a lot with IT and it impacted our work really hard.'*

Knowledge management

In terms of benchmarking capability, Case 2 respondents placed significant importance to their ability to compare processes across teams and, consequently, apply the best practice. One of the team leaders explains:

> *"We have a different overview, because we work with a lot of countries, we work with almost 30 countries. And by working with different countries, we are able to have the best process in place, and do it differently from how the people in those countries were doing, because they only had that limited information. We have much more information available, we have different departments here, and that way, comparing different countries, different information, we are able to be more efficient than they were."*

As a consequence of this internal benchmarking of best practices, the centre is able to increase its efficiency and bring additional value to its customers.

Finally, also cross-functional knowledge sharing was absent in Case 2. There is some degree of job rotation across teams as well as cross training in Case 2, which promote some knowledge exchange. However due to the narrow functional scope of the centre, this knowledge exchange is very much focused on purely finance topics, and has not enabled the centre to develop a better understanding of the complementarities between functions.

c. *Case 2 Goals*

Although Case 1 and Case 2 reveal very similar goals, the emphasis given by the centres to the individual goals is different. For example, cost reduction was only cautiously mentioned by a few respondents at Case 2, who highlighted other goals such as harmonisation of processes and service quality improvement. However, the importance of cost reduction at Case 2 is revealed in some less evident comments, such as this, provided by one of the accountants:

> *"The team that was performing the work that we started to perform here had more than 20 people, and currently the team here are 8 people."*

This statement underlines the effect of the efficiencies gained, that led to headcount decrease, which in turn led to cost reduction. Additionally, the SSC Head revealed that cost reduction was never mentioned in the SSC business case, and that achieving a

better quality of information in terms of financial reporting was one of the main benefits that the CFO wanted to achieve. Furthermore, there was a clear focus on improving the service quality. This focus on quality is achieved by having all the employees engaged in developing the SSC mind-set but also with very deep process and technical knowledge, in order to be able to bring forward quality improvements. For this, the individual performance appraisals, as well as quality controls and error monitoring, play a significant role, as another accountant explains:

> *"Everything we do is audited, so I will not just be booking invoices because it is my task, I will have to book them and have in mind that I have to do it correctly, not just because the other people in the other companies will need it, but because I will also be audited in that, and if I do it wrong then it will go in my KPIs."*

Additionally, customer satisfaction is mentioned as an important goal to Case 2, with the senior manager even arguing that it is the most important goal of the SSC:

> *"For me it is customer satisfaction, so [it is important to] continue to provide the best customer service that we can, in terms of the financial back office operations and never neglect the quality of the work that we're doing."*

The importance of this goal is highlighted by the SSC conducting, for the first time in 2015, the customer satisfaction survey. In fact, although the quality and customer satisfaction focus were present since the origin of the centre, several respondents highlighted as well that processing high volumes of work was their main focus when the SSC started providing services. As one of the team leaders describes:

> *"In the beginning the main concern of AP was the volume, volume, volume, volume. We took over a lot of volume. The main concern was showing the customer we can take care of all those invoices. We are able, we are fast, we manage. After a while it was ok, we took care of it, then we started to focus on quality and that's when everything started, when audits started, when KPIs were set up."*

In this context, similarly to Case 1, Case 2 also had to go through a stabilisation period after implementation, to ensure a consistent service delivery, and only afterwards was able to focus on more qualitative goals such as improved service quality and customer satisfaction. Likewise, the SSC believes that being able to show that they can ensure a

consistent service delivery and customer satisfaction, will promote the expansion of the scope of the centre, as the SSC Head outlines:

> *"When we demonstrated pretty quickly that we could successfully take over what was part of the plan, so the basics, like AP and AR and so on, we took it over, we were working, we were getting the needed stability and everything, it created opportunities for us to then expand the scope and very quickly get senior management support for other areas that were in some way connected, including retail, including T&E, including some support for our procurement system."*

Additionally, similarly to Case 1, Case 2 focus its expansion on the functional scope, rather than on the geographic scope, and the SSC Director explains why:

> *"Geographic expansion has a limit, and functional expansion not really. We already have two teams and will have another one that are not financial, that opens the scope a little bit or the door as I normally say. The growth comes from there, the opportunities do not come geographically, well, they do as well, but I want to lose the F on Financial Shared Services."*

This scope expansion yields multiple advantages to the centre, such as access to knowledge from different parts of the organisation that can then be leveraged on a bigger scale. In particular, functional expansion allows the centre to have an overview of the end-to-end process, identify its gaps, and develop the knowledge to address them and improve the process, bringing a value-add to the company overall. In this context, it is also a goal of the SSC to centralise knowledge and expertise, find synergies, in order to achieve the quality and efficiency gains that can be leveraged across sites. Figure 4.3 represents Case 2 resources, capabilities and goals.
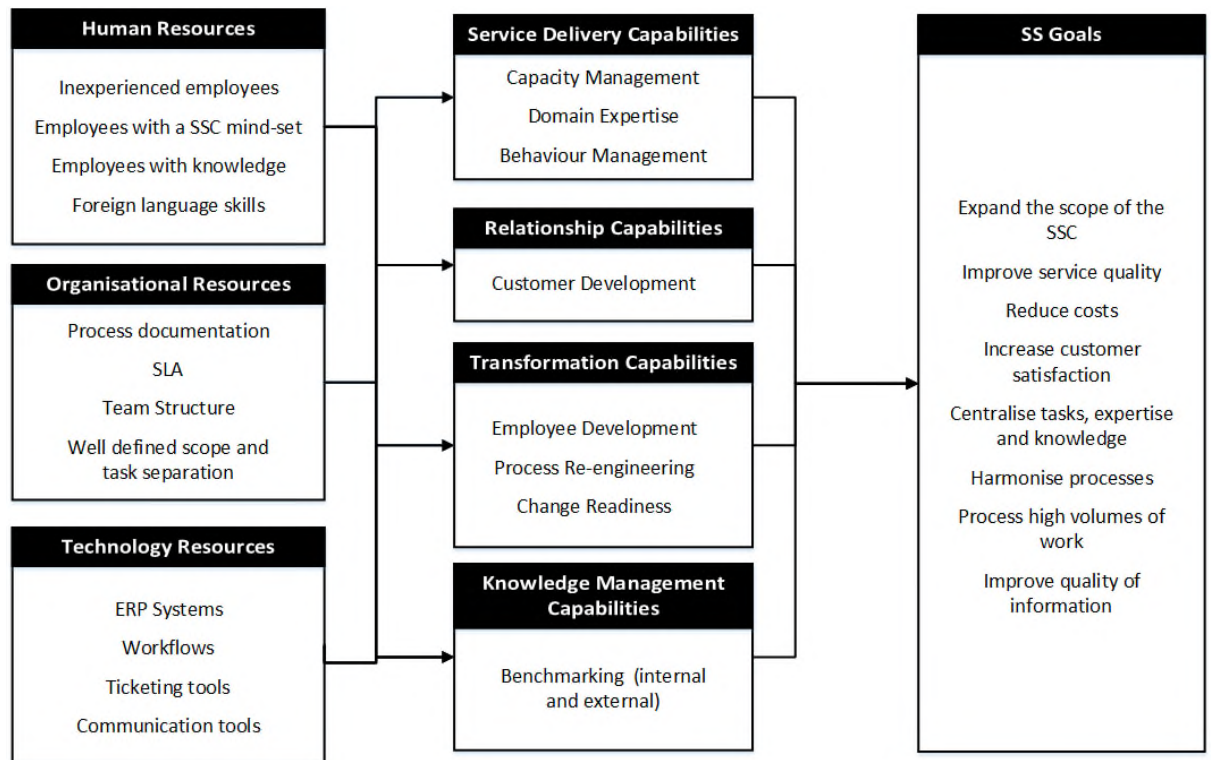
Figure 4.3. Case 2 resources, capabilities and goals

Case 3

Case 3 SSC was established in January 2002 to provide Finance and Accounting, Human Resources and IT services to a Portuguese group operating in diverse business areas (Food, Packaging, Real Estate and Services) in diverse locations (Portugal, Spain, UK, Germany, Poland, Netherlands, Brazil, Mexico and UAE). Despite this international presence, when the SSC was established, only the Portuguese locations of the group were included in the service scope, in order to minimise the risk of failure by the shared services operations.

The decision to establish an SSC was in part motivated by the acquisition of a major player in the packaging industry in Europe, but also by the growing trend among the large companies in the country, which were increasingly adopting shared services. At the time, the group developed a project with the support of external consultants to assess the financial viability of a shared services strategy, and in 6 months the centre was set up, using both existing facilities at the headquarters, but also employees who were transferred from their original business units into the SSC.

Unlike Case 1 and Case 2, the adoption of SS was not mandatory. This means that the business units had the possibility to keep services in-house, or outsource them to an external service provider, if they considered it to be more beneficial than using the SSC. Here, the centre does not have the mandate from the headquarters and needs to prove its value to keep its current customer base. Additionally, due to the dynamic nature of the group itself, involving mergers and acquisitions, but also sale of some companies, the client scope of the centre has been changing over the years, with the inclusion, in 2008, of a client with operations in the food industry in Portugal, Spain and the UK; followed by the loss of another key client in the tourism industry in 2009, acquired by a competitor group. The loss of this client had a major impact in the operations of the SSC; because of it, the development of a commercial strategy was triggered, to attract clients outside the group into the SSC. This strategy, however, was not successful, with the centre failing to acquire external clients. Nevertheless, it generated the need to map and budget the processes behind each service the centre provided, which was used later on to identify bottlenecks and promote process improvements.

Furthermore, although attracting external clients proved challenging, Case 3 managed a significant scope expansion in 2014, by transferring Finance and Accounting services from the German locations of the packaging client to the centre. This was a significant achievement and the SSC plans to use it as business case to attract other internal clients in different locations. At the time of data collection, the centre had approximately 60 employees to serve 17 clients in Portugal, 5 clients in Germany and 1 client in the UK. While the Human Resources and IT functions only provide services to the Portuguese locations, the scope of the Finance and Accounting area is larger, entailing clients in all the three countries.

a. Case 3 Resources

Human Resources

When the Case 3 SSC was established, the employees working in the same functions at the business units were transferred to the centre. For this reason, not only is the average age of Case 3 employees higher than in Cases 1 and 2 (38 years old), but it was also significantly more difficult to promote the change in mind-set that the shared services delivery model required. The SSC director explains:

"Another challenge was to change people's mind-set. The younger ones, who joined later, was easier, they didn't have any old habits, they didn't have any experience, it was easy to shape them into this mind-set. For the ones that were coming from other companies in the group, it was a bit more difficult. They came from a back-office situation in their respective departments and moved to a front-office situation, where they had to provide services to a customer. And quite often the customer was their former colleague, and therefore there was a certain degree of proximity that was not desirable. Because we have to be professional and we cannot do everything they ask us to do. First because it has to be in the contract, then because there are deadlines. So, this shift in the mind-set was quite challenging."

In this context, although the importance of an SSC mind-set is recognised by Case 3, it is not as evidently recognised as it is in Cases 1 and 2. Nevertheless, new employees have been recruited over the years, and the centre is progressively renewing its employee base, which enables a better balance between experienced and inexperienced employees, and as a consequence, access to both dynamism and expertise.

In fact, deep process and technical knowledge is one of the most important assets of Case 3 human resources, which is a consequence of having experienced employees bringing knowledge from the business units. However, this knowledge is then enhanced at the SSC because these specialists share information and best practices among themselves and better solutions overall are found, as one of the team leaders outlines:

"When the SSC was implemented, there was this idea of getting the key employees in each client. So we got key elements in Treasury, who transmitted the knowledge, we got key elements in Accounts Payable, in General Ledger, and so on. And then, because they were coming from different realities, each one of them gave inputs to the processes. And then all the ideas got together and we looked for the best practices in the different clients. And then we harmonised and were able to take out the best that each client was doing."

Additionally, this process and technical knowledge is complemented with a high degree of customer orientation, which compels the employees to go the extra-mile to meet their customers' needs, as described by one of the accountants:

"I think we have a very committed team. I think if we provide a good service and make all the efforts to solve the customers' problems; if we make their lives easier, if we always have this concern, then we do a very good job. And we always try to meet their needs. Of course we cannot do everything they ask us,

because not everything is agreed in the SLAs. But for everything that is agreed in the SLA, we always try to perform in the best way possible."

This combination of expertise with customer orientation, along with the balance between experienced and inexperienced employees, gives Case 3 the human resource base to ensure a consistent service delivery. It was noted also in Case 3 that respondents characterise SS resources in comparison to the equivalent resources at the business units (table 4.7).

Table 4.7. Case 3 Human Resources

SS Resources	Equivalent at Business Units	SS benefits
Balance between experienced and inexperienced employees	Mostly experienced employees	Specialist knowledge, but also some dynamism from newcomers
Employees with knowledge	Knowledge is BU specific	Consolidation of expertise
Customer-oriented employees	Customer-orientation is not enforced by customer surveys or KPIs	Focus on meeting and anticipating customers' needs
Employees come from BUs	n/a	Consolidation of expertise

Organisational Resources

Case 3 reveals the same organisational resources that were identified at Cases 1 and 2, but with slight differences in their implementation. For example, all the processes performed at Case 3 are documented in what is called the "processes file", which includes information to support the daily activities, such as information about invoice approvers or cost centres. However, the level of detail is limited, as one of the managers describes:

"But this is a very simple tool, because we want it to be very practical. Because if we do something very detailed, when we finish it, it is already out-dated. Formerly we used to do that, document everything. But I think it is an inglorious task, because when we finish, it is completely obsolete. So now we have this excel file, where we have everything we need."

This differs from Cases 1 and 2, where the level of detail is higher, including screen shots of every process step, and involving the sign off of the documentation by the clients.

Also, the clearly defined scope and task separation, included in the SLA, are seen as important contributors for the success of the SS operations. One of the managers considers that the inclusion of this task separation in the SLAs was a significant step forward for the centre:

> *"A think a big evolution we had was when we changed the structure of our SLAs. Today, the client looks at the SLA and he knows exactly what we have contracted, in terms of tasks. Before, they did not know this, they had a global view, but they did not know exactly what it involved. For example, what is included in invoice booking? What is exactly my responsibility? They did not know that, and know they know, so it was a big evolution."*

The SLA itself is thus also an important organisational resource of the centre, not only because it details the tasks under the responsibility of the SSC and under the responsibility of the clients, but also because it outlines the deadlines for service execution. In fact, while for Cases 1 and 2 the service levels determined in the SLA are mostly related to quality (e.g. number of corrections needed to perform or error rates), in Case 3 the service levels are determined in terms of deadlines for execution, which highlights the importance of timeliness for Case 3 customers.

Additionally, the team structure with clerks, team leaders and managers, as well as the assignment of back-ups are crucial to ensure a consistent service delivery, and are described by one of the managers as an important difference between the SSC and the BUs:

> *"From my point of view, one of the greatest advantages of shared services is the use of back-ups. Back-ups are extremely important, because we have some parts of the process that are with the customer and we depend on them to proceed with our work, and quite often we cannot proceed because the people at the clients are on holidays and they don't have back-ups."*

Likewise the assignment of back-ups is only possible due to the standardisation of processes, which allow the employees to be interchangeably allocated to tasks. Table 4.8 consolidates Case 3 organisational resources and their equivalents at the business units.

Table 4.8. Case 3 Organisational Resources

SS Resources	Equivalent at Business Units	SS benefits
Process documentation	Processes are not documented	Harmonisation; knowledge protection
SLA	Normally no SLA	Agreement and monitoring of expected service levels
Team structure	Back-ups not always defined	Consistent service delivery
Well defined scope and task separation	Responsibilities vaguely defined leading to "grey areas"	Structure, specialisation and efficiency

Technology Resources

Similarly to the other SSCs, Case 3 bases the majority of its operations in ERP systems. However, while the other cases use a single ERP system, namely SAP, Case 3 has some clients working in SAP and some clients working in IFS. This is a clear disadvantage because it prevents not only an absolute harmonisation of processes, but also the roll-out of certain enhancements developed for SAP by the internal team, to the clients using IFS. One of the mangers explains their difficulties:

> *"Unlike other shared service centres, the ERP system we use is the ERP system of our client. If our client uses SAP, very good; if our client uses IFS we have some difficulties because it is not our main ERP, and our internal IT team cannot give us support in that ERP system."*

In fact, the enhancements made in SAP by the internal IT team are seen as a clear benefit to the SS operations, as they enable certain tasks that were previously performed manually (e.g. treasury reports) to be performed automatically by the system.

Table 4.9. Case 3 Technology Resources

SS Resources	Equivalent at Business Units	SS benefits
ERP systems (not harmonised)	ERP systems (not harmonised)	ERP validations/controls leading to higher quality and efficiency
Workflows	Not available	Efficiency (automation); performance measurement; archiving.
Ticketing tools	Not available	Efficiency (automation); performance measurement; archiving
Planning and time allocation tool	Not available	Workload distribution, performance measurement.
Communication tools	Also available at BUs	Regular and structured communication with customers

Additionally, different workflows were implemented, either within ERP or running as parallel systems, to enable a more automated and efficient service delivery. These include, for example, the invoice workflow, which enables the mass scanning of invoices, communication with the different requestors and approvers, as well as the posting of invoices and archiving of all related information in ERP. Also, the cash collection management tool, which supports the Accounts Receivables, enables the submission of automatic payment reminders to customers with due invoices, and also the planning and resource allocation to cash collection efforts, thus promoting both automation and planning. Additionally, the centre developed a specific tool for planning and time allocation, used for the daily workload distribution. This tool also allows the measurement of processing times by each employee, thus enabling performance monitoring as well.

Furthermore, most of the communication with Case 3 customers is done via traditional tools, such as e-mail or telephone, apart from the IT function, which complements this traditional communication tools with a ticketing system. This ticketing tool was also developed internally, and enables the submission of service requests by the customers, and the archiving of all the related communication. Besides, it also facilitates the monitoring of work in progress by the team, as well as the control of the timeliness in the execution of service requests. Table 4.9 consolidates the technology resources at Case 3 and contrasts them with the technology resources at the business units.

b. Case 3 Capabilities

From the 10 capabilities that emerged from the data, only 7 were identified in Case 3: capacity management, domain expertise and behaviour management in the service delivery category; customer development in the relationship category; technology exploitation and process re-engineering in the transformation category; and benchmarking capability in the knowledge management category.

Service delivery

Capacity management capability at Case 3 is very closely associated with the planning and time allocation tool developed to enable the daily allocation of resources to tasks and to monitor the effective time spent by each employee on each task. In this context, the tool enables both the work allocation, as well as the cost calculation of the tasks a posteriori, which in turn allows the centre to identify bottlenecks in the process, if for example, certain tasks take longer to execute than it was initially planned. One of the managers explains how this planning tool works:

> *"We are using this tool for planning. Now we have the chance to take all the invoices that were scanned yesterday, and divide them by the people in the team, for example 50 invoices for one person, 50 for another and 80 for another. And I know that, for example for client x it takes 3 minutes to book an invoice, while for another client it takes 2.5 minutes. And this tool shows me the workload, so normally I allocate each of them with 7,5 hours of work."*

Additionally, the tool enables the management of back-ups within the team, as it will only show the resources effectively available on that day to perform the tasks. Similar to the other cases, the capacity management capability promotes the interchangeability of tasks, i.e., everyone can do everything, which in turn promotes the development of

domain expertise capability. In fact, both this interchangeability, and the specialisation that the employees develop, enables the centre to generate and retain process and technical knowledge to enable consistent service delivery. The SSC director gives an example:

> *"The employees that we transferred from our clients, they brought a lot of knowledge and they knew how to do a little bit of everything. When they came here, we had to allocate them to a specific area: Receivables or Payables, and then they became specialists. When we hire someone new, a recent graduate, we normally look for graduates in Economics, Management or Accounting, because they bring some background that might help us. Then we put them in the area we need, and they naturally become specialists. We have people here in Treasury, for example, when they came they didn't know anything. And now we trained them and after a few months, they know all about the financial products."*

To this end, training of the employees plays an important role in developing domain expertise capability. Furthermore, training contributes to the development of the centre's behaviour management capability, since it has been providing different kinds of behavioural training over the past few years, for example related to customer service or internal and external communication. Also, the individual performance appraisals contribute to behaviour management, especially because the achievement (or not) of the performance targets defined for each employee will determine if the employee will receive a salary bonus. Finally, a lean intervention conducted by external consultants boosted the behavioural management capability of the centre. One of the accountants highlights:

> *"Since the lean implementation, there was this awareness, we did and we still do several trainings, and also what we call raids. Normally the lean team makes inspections, to check those kinds of things, if there are documents scattered on the desks, if everything is well archived, if we keep the desks clean…"*

In this context, this lean intervention contributed not only to the re-engineering of processes at the SSC, but also to developing a set of attitudes among the employees that allow them to provide efficient and consistent services. However, this behaviour management is very much focused on lean practices of waste elimination, and lacks the broader degree of "striving for excellence" and "right first-time" attitudes related to the SSC mind-set, that were more evident in the other cases.

Relationship Management

Given that the SSC is not mandatory for the companies in Case 3, customer development is probably the most important capability for the centre since the SSC has to ensure that the clients are satisfied and do not consider to take their services somewhere else. To this end, the centre conducts a customer survey annually to assess their level of satisfaction, but also to collect inputs on what can be improved. Similarly, the different teams conduct regular jour-fixes with the customers, to identify improvement opportunities and follow up on action items. This enables the centre to build a trustworthy relationship with the customers, to better understand their needs, and to adapt their service delivery accordingly, as one of the managers explains:

> *"We need to think, what is important for our client? If it is to book the invoices as quickly as possible, that's what we are going to do, have the costs reflected in the books as quickly as possible. For example in Germany it was very important to pay timely. So we made an effort to understand what were the problems, why were we not paying timely? We were not paying timely because the payment terms were not correctly maintained in the system, so we asked them to change and they changed it. But this took a lot of time and effort to achieve. But we are persistent and we made it."*

Transformation management

Technology exploitation and process re-engineering were the capabilities identified in Case 3 in the transformation management category. Technology exploitation refers to the ability to develop IT solutions to assist and improve the service delivery, and is achieved in Case 3 by the close cooperation between the IT team and the remaining functional areas, as one of the team leaders explained:

> *"The workflow is a tool that was developed by our Information Systems team. It is not an expensive tool and it is not very complex, but it is very efficient, and it is definitely a very important tool for the Accounts Payable team. The fact that we have an Information Systems and an SAP team in the centre is very helpful. Whenever need a technology or an SAP development, we can use the internal Information Systems team."*

This proximity enabled the development of several IT solutions that promote a more automated and efficient service delivery. These include: developments in SAP to automate certain reports that were previously done manually in excel; the invoice

workflow, which enables scanning, communication and posting of invoices; the cash collection management tool to support accounts receivables; and the planning and time allocation tool. Similarly, technology exploitation is strongly related to process re-engineering, since the technology developments are used to make the processes leaner, faster and more accurate, for example by avoiding human errors.

Nevertheless, it is important to acknowledge that process re-engineering in Case 3 was achieved mostly through the lean intervention conducted by independent consultants. This need to make use of external consultants to promote process re-engineering in Case 3 may be related to the absence of change readiness capability, which prevents the SSC employees to actively seek change and process improvements. Change readiness refers to the aptitude to deal with change without compromising the daily operations, and while in the other cases it was seen as an important asset of the SSC, which promotes the chase for process improvements and enlargement of the centre's scope, in Case 3, as the SSC Director put it, "*People show a lot of resistance in doing things in a different way.*" Given that Case 3 is the centre where the employees reveal less propensity for adopting an SSC mind-set, it may be argued that change readiness is positively influenced by an SSC mind-set among the employees.

Similarly, employee development capability was absent in Case 3. While some training and development initiatives were identified, for example following individual performance appraisals, they do not encompass the scope and strategic relevance recognised in the other three cases, where a greater importance was given to career development plans. Therefore employee development capability is considered absent at this SSC.

Knowledge management

In the knowledge management category, benchmarking was the only capability identified in Case 3. Similar to Case 1, the centre is able to benchmark best practices internally by job rotation, which enables the employees to compare processes across the different clients, and externally by participating in benchmarking projects with other SSCs, as one of the managers explains:

> "*Because for example in Accounts Payable, the accountants book invoices for all the companies, and they rotate. And as they rotate they question themselves "why are we doing it this way in this company, and not in the same we do in the*

other company?" Because that other way is less time consuming, or faster, or brings more quality. So it's the accountants themselves who question, not the team leaders or the managers. Then, we occasionally participate in benchmarking projects with other SSCs to understand if the way we are working is the best practice."

Thus, benchmarking capability at Case 3 is achieved both internally and externally. Finally, although Case 3 is a multifunctional SSC and there is a close cooperation between IT and the other functions, cross-functional knowledge sharing was not evident at this centre. IT and Finance do work together to develop technological solutions to support the service delivery, but there is little cross-functional knowledge exchange in this process, which would be desirable, in order to enhance the employees' understanding of complementarities between functions.

c. *Case 3 Goals*

Although the motivations to establish the Case 3 SSC were mostly the acquisition of a big company by the group and the increasing adoption of SSCs by their competitors, cost reduction is recognised as the central goal of the SSC. In fact, the pressure to reduce costs imposed by the clients and headquarters was so substantial, that the centre was in loss during several years, as the SSC Director explains:

"There was a huge pressure from the beginning to achieve cost savings and therefore the agreements we defined with our clients were extremely penalising for the centre. What we were receiving from our customers was not enough for the costs and workload that we had, and it took us a while to bring these agreements to the right level. On one hand, we optimised processes and decreased costs, but we also had to show our customers that the amount they were paying had to be revised."

Thus, cost reduction was achieved through the optimisation of processes, for which the planning and time allocation tool played a crucial role: both in terms of identifying the real cost of performing a task, and in understanding where this cost could be reduced. Also, the harmonisation of processes and the centralisation of tasks contributed to cost reduction, since they promoted both efficiencies but also economies of scale. Again, the SSC Director illustrates what happened:

"When we centralised activities, we started analysing the activities of each company, we selected the best practice and harmonised in all the other companies. When we harmonise, we start working all in the same way, we become much more efficient in terms of time and we gain a certain scale. It is different to process, 2 thousand invoices, 5 thousand invoices, or 70 thousand invoices, as we are processing now. So scale is very important in this kind of business because it allows us to invest in technology and processes that make us more efficient."

The importance of achieving economies of scale is also revealed in another goal of Case 3: to expand the scope of the SSC. However, because the Case 3 SSC was created to provide finance, HR and IT services, the focus is primarily on growing their client base within these functions, rather than to expand to other functional areas, like Cases 1 and 2. In this context, by growing their client base, they are generating appropriate economies of scale. It is important to note that while the SSC is mandatory for the clients of Cases 1 and 2, it is not mandatory for the clients of Cases 3, which explains the higher focus of this centre in reaching new clients. In fact, another important goal found in Case 3 is the motivation to be recognised as part of the client organisation, which further highlights this higher orientation towards the customer, as one of the managers explains:

"The client must feel that we are part of them, we do not want to be seen as a service provider. No. We want our clients to understand that if they need anything, they can call us, as if we were a department sitting next to them. That's it; we want proximity between the centre and our customers, that's our main goal."

Likewise, achieving customer satisfaction is also an important goal of the SSC. However, while Cases 1 and 2 saw customer satisfaction as a means to expand the scope of the SSC; Case 3 highlights that customer satisfaction is crucial to avoid losing clients. As one of the team leaders explains:

"Our clients are not forced to work with the SSC, they can look for alternative providers in the market. For this reason, we have a constant pressure. I can tell you that right now this pressure is significant, because we cannot lose clients. Therefore, customer satisfaction is essential."

In this context, there is a permanent effort of the centre to show to the customers that they are adding value and focusing on satisfying their needs. This satisfaction is also

partially promoted by another goal of the SSC, which is to release the local teams for more strategic tasks. The SSC Director uses this argument to convince clients to bring functions to the centre, as he describes:

> *"Normally my argument is that they should focus on their core business. I tell them "why do you bother with these tasks that are not related to your business? Processing invoices has nothing to do with your business. Get rid of it!"*

The additional advantage for the clients, but also for the group overall, is that the centre can improve the quality of information reported, by harmonising the reporting procedures and increasing consistency, which makes it easier to compare across companies in the group. For this reason, improving the quality of information is also an important goal of Case 3 SSC. Figure 4.4 portrays Case 3 resources, capabilities and goals.
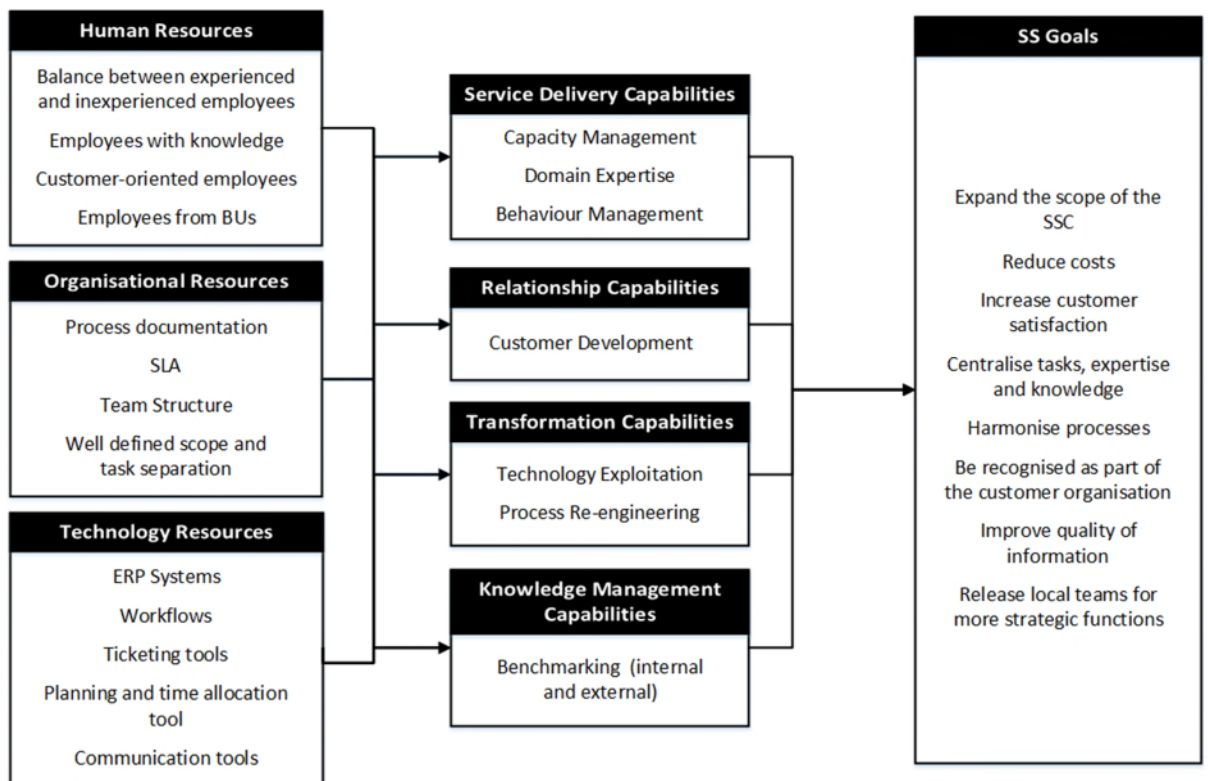

Figure 4.4 Case 3 resources, capabilities and goals

Case 4

The Case 4 SSC was established as a consequence of the merging process of two key players in the Portuguese construction sector. This was initiated in 1999, when the takeover bid was first issued, followed by the set-up of the group in 2000, leading to a complex legal process of mergers and equity capital increases, which was only concluded in 2003. Currently the group is the leader in the construction sector in Portugal, and is among the 30 largest construction groups in Europe, with business also in the environment, transport, and tourism sectors, in Europe, Africa and Latin America.

During the merging process, the companies decided to centralise their back-offices, to promote the harmonisation of processes between the two organisations, but also to support the implementation of SAP as the common ERP system to be used by the group. In this context, in 2001 the employees working in the Finance and Human Resources departments of both firms were relocated to the SSC, but continued working separately for each company. Only when the SAP implementation was concluded in 2002/2003, was the functional structure re-adapted and redundancies eliminated, transforming these back-offices into a true shared service centre. Although both companies had international operations at the time, this centralisation of back-offices included only the operations in the Iberian Peninsula.

When the merging occurred, the IT departments were centralised in the largest company of the group, to provide services to all the locations where the group was operating worldwide. When the SSC was first created in 2001, the scale of the IT operations was so large, that the headquarters decided to keep it out of the scope of the SSC. However, in 2005 the IT function was transferred into the SSC, and the centre started providing services to locations in 22 countries.

In 2008, the headquarters decided to expand the shared services strategy in the Finance and HR areas to all the geographical areas where the group was operating, and established an SSC in Poland to provide services to the Central European locations, for which the support of the Portuguese SSC was crucial. At the same time, the Finance and HR services for the African locations were brought into the centre. However, in 2015 a new shift in the SS strategy occurred: the African operations were moved into a separate SSC, leading to a significant decrease in the scope of operations of Case 4 SSC. At the time of data collection, the centre had 160 employees and was providing Finance and

HR services to the Iberian Peninsula locations, as well as Latin America (brought in temporarily in 2015); and IT services to all the locations of the group worldwide. This shift in the strategy involved also a change in the ownership of the SSC, i.e., the centre is no longer a branch of the holding company (i.e. the group headquarters), but an affiliate of the construction company (i.e. one of the clients). This involved also a readjustment in the service provision logic: rather than being a global provider of very standardised services, the centre is now more focused on supporting the specific needs of the construction sector business. Nevertheless, and although the adoption of SS is not mandatory, the centre continues to provide services to the companies in the other sectors where the group operates.

a. Case 4 Resources

Human Resources

Case 4 SSC was established to centralise resources from the two companies that were merged, to start harmonising processes and to implement a common ERP system. On this basis, there was a transfer of employees from the BUs to the SSC, who brought about a deep knowledge about the companies and their operations. Throughout the years, new employees have been recruited, which helped to balance knowledge and experience with youthfulness and dynamism. Nevertheless, Case 4 employees are the oldest in the sample with an average age of 42 years old, which suggests great experience, but also implies losing some dynamism, as one of the managers explains:

> *"Our employees are very experienced, but normally I say that there is a trade-off between experience and dynamism. And we are feeling a bit of that. Maybe we could be a bit more dynamic if we had younger employees. But on the other hand, we have a lot of knowledge about the group, and we learned from the experiences of the past."*

In fact, the knowledge of the employees is pointed out as the most important asset of Case 4's human resources. For example, the change in the focus of the SSC, from being a global provider of very standardised services, to supporting more closely the construction sector business, is based on the deep knowledge that the employees hold about this particular business. This business knowledge is developed with time and experience, and is complemented with a profound understanding of the processes and

tools (i.e. ERP), that enables the centre to adapt its service provision to its customers' needs, without compromising efficiency and standardisation of processes.

Additionally, this adaptation to customers' needs is also enhanced by the strong customer orientation skills revealed by the employees. Strong customer orientation is also a consequence of the focus on the business, rather than on very standardised services, which encourages employees to develop a collaborative relationship with their counterparts at the BUs, as the SSC Director describes:

> *"Our people need to communicate very carefully. It is very important that our customers, who are mostly engineers, recognise areas like HR, Finance and Accounting as strategic partners, and for that we need to know how to communicate with them. We need to explain what we are doing well and how we are contributing to the business, and how available we are to help. Hear what the clients say and be able to develop a collaborative model, where the centre is not the protagonist, but a solution to their problems."*

In a similar vein, this customer orientation contributes to the development of the SSC mind-set among the employees. Employees constantly have to deal with changes in the customers' organisations, but also with the pressure of having to solve all the challenges that emerge on a daily basis. This promotes the development of a certain attitude that welcomes pressure and welcomes changes, as other manager highlights:

> *"At the SSC we know we live permanently under pressure, but in a good way. We know we can't relax, and we get used to constant changes, either because new clients are transferred, or because there were changes in the organisation, or because there were new interfaces and we had to interact with them to proceed with our work. And I think that was something people got used to with time, we got the necessary experience to be able to address all the challenges that we have faced over the years."*

Hence, despite the more experienced employee base at Case 4, the fast-changing reality at the centre promoted the development of the SSC mind-set, exemplified in the employees' flexibility to deal with changes and new challenges. These characteristics represent a clear distinction between the SS resources and their equivalents at the business units, as depicted in table 4.10.

Table 4.10. Case 4 Human Resources

SS Resources	Equivalent at Business Units	SS benefits
Experienced employees	Mostly experienced employees	Specialist knowledge, consolidated at the SSC
Employees with SSC mind-set	Passive employees	Focus on improvement
Employees with knowledge	Knowledge is BU specific	Consolidation of expertise
Customer-oriented employees	Customer-orientation is not enforced by customer surveys or KPIs	Focus on meeting and anticipating customers' needs
Employees come from Bus	n/a	Consolidation of expertise

Organisational Resources

The organisational resources recognised at Case 4 are similar to those identified at the remaining cases.

Process documentation is extensive, and is enforced by the centre's adoption of ISO 9001, an international certification which attests that an organisation complies with the standards of quality management systems. In this context, not only does this documentation cover all the services the centre is providing, but it also allows the simulation of some of the process, enabling the user to understand the needed steps to perform a task. Thus, process documentation is both a tool to ensure quality, process harmonisation and compliance, but also an instrument to train the new employees joining the SSC.

Also, the adoption of SLAs with the customers is seen as a significant contributor to the success of the SSC operations, and a substantial difference from the performance of tasks by the business units, as one of the managers explains:

> *"When we have a Finance department at a company, it is another department. There is no need to define SLAs. When there are Shared Services, normally this happens. There are two different entities, therefore there has to be a definition of service levels, which have to be contracted and monitored. I would say that was a qualitative leap we took with the implementation of shared services."*

Thus, the agreement on service levels and subsequent monitoring of their achievement by the measurement of KPIs, play a significant role in supporting Case 4 operations. Specifically, Case 4 KPIs focus mostly on volumes and productivity levels (e.g. number of invoices posted by employee), which enables the centre to identify improvement opportunities due to productivity issues, but also to recognise capacity constraints when volumes increase.

Additionally, Case 4 is characterised by a high level of specialisation of its employees, and this is enhanced by the team structure, which follows a process logic, as one of the managers describes:

> *"We have an overlap between our processes and our organisational structure. We have a payroll team, which covers the payroll process. We have an accounts payable team, which covers the supplier's invoices processes. And therefore there are many teams and many processes."*

Besides contributing to specialisation of the different team members, this structure enables a clear task separation between the centre and the BUs, as pointed out by another manager:

> *"The team is formatted to think about the provision of services, in the sense that they know where their responsibility starts and where it ends. And from there it is the responsibility of the client. So we have a clear scope where we operate."*

In this context, the team structure, and the well-defined scope with clearly defined responsibilities, enable the employees to focus on the activities within their scope and therefore become process specialists, who are not only very efficient at the performance of tasks, but also have the know-how to promote process improvements. Table 4.11 summarises the organisational resources of Case 4 and how they differ from the business units' resources.

Table 4.11. Case 4 Organisational Resources

SS Resources	Equivalent at Business Units	SS benefits
Process documentation	Processes are not documented	Harmonisation; knowledge protection
SLA	Normally no SLA	Agreement and monitoring of expected service levels
Team structure	Back-ups not always defined	Consistent service delivery
Well defined scope and task separation	Responsibilities vaguely defined leading to "grey areas"	Structure, specialisation and efficiency

Technology Resources

Technology plays a crucial role in enabling the promotion of efficiencies and quality improvements at Case 4. Specifically, the use of ERP functionalities has enabled the automation of some processes that result in significant efficiency gains. One of the team leaders provides an example:

> *"For example, the development in SAP of a platform to generate automatically a report with the salaries of the employees to send to the insurance companies. Before this was done manually; and I identified the need to make this improvement. It was a task that would take about a week to perform. But SAP can do it automatically, so I asked support to our innovation department and to our IT team. They set up a project, and now we are doing the same task in two hours. We decreased from one week to two hours."*

Additionally, ERP also promotes quality improvements, and over the years the centre has been implementing automatic validations to prevent human errors, but also to increase compliance to corporate guidelines. This helped increase the quality of the service for the group overall, as one of the managers outlines:

> *"We have to ensure that the system helps us, because humans make mistakes, so we have to have a system that is robust, that does not allow us to move forward until all mandatory fields are completed, that will always create an alert to the user. We have warning messages in the system for when the user forgets a step, there is an alert. So this is the guarantee of quality that we can give, because we know that we have a system that supports us in giving that guarantee."*

Furthermore, the ERP system is complemented with an invoice workflow, which enables the communication between accountants, requestors and invoice approvers, and archiving of related documentation and communication in the system. The implementation of the workflow is seen as significant progress in the SS operations, since it also contributes to the avoidance of mistakes and to have a better overview of work in progress, as one of the team leaders illustrates:

> *"This [workflow] enabled a huge decrease of mistakes, and provided a much better control of work in progress. Everyone knows what they have to do, because it's all in the system."*

The efforts to decrease human errors and increase automation are further enhanced by the usage of Optical Character Recognition (OCR) technology. As in Case 1, Case 4 implemented OCR software to enable the automatic recognition of certain fields (e.g. invoice number, date, currency, etc.) when the invoices are scanned, and subsequent insertion of these fields in the ERP system. This decreases the amount of information that the accountants would have to fill in manually, thus improving efficiency and service quality.

These automation technologies are complemented by communication tools that enable the centre, not only to provide a consistent service, but also to develop a trustworthy relationship with its customers. The above-mentioned workflow is one of these tools, which facilitates structured communication between accountants and requestors. In addition, more traditional communication tools, such as telephones, e-mail or video-conferencing systems are used to support the provision of services and to bring the customers spread around the globe closer to the centre.

To sum up, Case 4 supports its operations with different technologies that enable process automation and thus aim to improve quality and increase efficiency. For this automation, ERP plays a central role, but is supported by workflows and OCR technology. Finally, the SSC uses multiple communication technologies to keep a close relationship with its customers during the service provision. Table 4.12 summarises the technology resources of Case 4 and compares them with equivalents at the business units.

Table 4.12. Case 4 Technology Resources

SS Resources	Equivalent at Business Units	SS benefits
ERP systems	ERP systems were not harmonised	Process harmonisation, efficiency
Workflows	Not available	Efficiency (automation); performance measurement; archiving.
OCR	Not available	Efficiency (automation); less human errors (improved quality)
Communication tools	Also available at BUs	Regular and structured communication with customers

b. Case 4 Capabilities

Case 4 demonstrated all the 10 SS capabilities that had been previously identified.

Service delivery

Notwithstanding the high specialisation of Case 4 employees, there is also a high degree of versatility in the range of tasks these employees can perform. This versatility is promoted by the significant standardisation of processes, which in turn contributes to the development of capacity management capability. This capacity management is reflected in the daily reallocation of resources to tasks, to address changing customers' needs in terms of capacity necessities, as one team leader describes:

> *"The volume of incoming documents varies by day and by the company we are providing services to. But the service level that was agreed has always to be achieved. Therefore, we have to adjust and allocate the people to the companies that have the larger incoming on that day. The resources are allocated to specific companies, usually they know what they have to do, but on a daily basis I need to reallocate these resources to be able to meet the customers' requirements. And that is one of my main daily responsibilities."*

Naturally, to achieve this versatility that enables the employees to be interchangeably allocated to tasks, along with the standardisation of processes, the employees need a deep knowledge of the processes and of the business of their customers. This knowledge is represented by domain expertise capability, which denoted the centre's ability to generate and retain knowledge to ensure a consistent service delivery. In Case 4, domain expertise is promoted by numerous training initiatives that intend to equip the employees with technical and process knowledge, but also by the close contact with the BUs, enhanced by the employees' background and many years of experience within the group, which provides them with a deep knowledge of the organisation and the specificities of the business of their customers. Additionally, the centre combines the knowledge of its different clients, what gives it a much better view of the business overall, as one of the managers outlines:

> *"We promote a lot of training and we have business knowledge. We have to know. We all have to know a lot about the business of the group. We know a little bit about all the companies, whereas they only know pretty much about themselves. We know a little about all of them. I think this is good."*

Furthermore, the consistent service delivery is only possible if the employees demonstrate the attitudes that would enable them to deploy the capacity and domain expertise they hold. For this purpose, behaviour management capability is crucial to manage and motivate people to meet the service requirements. This includes the already mentioned training to develop skills and expertise, but also the immersion in the SSC mind-set, for which individual KPIs play a central role. When asked about how this motivation to always perform better is transmitted to the employees, one of the clerks explained:

> *"Through indicators. Through measuring our productivity indicators. Because if I have a target: I have to get to the end of the year with a productivity increase of x%, it will compel me to find solutions to achieve this target. So, if my productivity is below what it should be, something is wrong, it will compel me to measure what is wrong. This will compel me to find a solution to fix it and enhance my productivity; which in turn will generate improvement actions. Therefore, over the years, this has forced us to increasingly think about the effectiveness and efficiency of each process. Each employee is forced to think about how we can run business more efficiently, ensuring obviously a good quality of service."*

The service delivery capabilities at Case 4 are enabled by the interchangeability of tasks resulting from standardised processes and versatile employees, which contribute to capacity management. This capability, aligned with the ability to generate and retain knowledge, along with behaviour management compelling employees to always perform better, promote an efficient and consistent provision of services.

Relationship Management

The only capability in the relationship management category, customer development, plays a particular role in Case 4, because the centre does not want to be seen as a service provider to customers, but rather as a strategic partner to the other companies of the group. One of the managers explains:

> *"We can't be seen as an external provider that is here just to be the cop of the headquarters, or just to cut costs. We have to be close to area managers in the companies, because if they have a hard time because they need to invoice something, or whatever, we need to be proactive and be there to help them."*

This means that Case 4 wants to have a very deep understanding of the customers' business, to be able to support them in any challenge that may appear, but also to prevent issues before they happen. The many years of experience and specialisation of employees contribute largely to this ability, but the centre also conducts regular meetings with the clients as well as a yearly customer satisfaction survey, where customers give more detailed inputs about how they think the service delivery could improve. These inputs are then evaluated and transformed into improvement actions aiming to enhance the service delivery and adapt it to customers' expectations.

Transformation management

The transformation management category involves the capabilities that enable the SSC to transform its service delivery. Among them, technology exploitation denotes the ability to support and improve the service delivery by the use of technology and is demonstrated in Case 4 mostly by the deployment of automation solutions to increase efficiency and service quality. There is an innovation department at the centre, which forms the interface between the different functions and the IT team. The permanent pressure to increase productivity boosts the cooperation between this triad, since clerks are encouraged to propose improvement actions to increase their productivity, which are evaluated and eventually developed by the IT team with the support of the innovation

department. The solutions resulting from this capability include the customisation and implementation of ERP validations (automatic controls), but also the deployment of OCR technology, which contribute to a decrease of human errors, an increase of efficiency and an improvement of the service quality overall.

In the same vein, to be able to propose these improvement actions, the employees need the skills and knowledge but also the right attitude, to be able to identify improvement opportunities and bring forward possible solutions. Employee development capability plays a significant role in achieving this skill set, which in turn, results from the individual performance appraisals, where not only the performance is assessed and targets defined, but also training needs are identified. In fact, training is of extreme importance for the building up of employee development capability, and therefore is given particular attention at Case 4, as outlined by a manager:

> *"We devote great attention to training and therefore every year we assess the training needs of the centre. Also, what we do is: when there is an external recruitment, we try to define the most suitable profile in terms of competences and academic background. But then, once we have the people with us, we give them training every year, in order to refresh concepts and recycle knowledge, and that is how we focus on training. And this is in different areas, not only in the technical-accounting area, but also in other topics, such as behavioural training, which is also very important."*

Additionally, both employee development, but also technology exploitation contribute largely to the development of process re-engineering capability, since both knowledge and technology play a central role in identifying and implementing process improvements, as the SSC Director explains:

> *"The key is technology and innovation. The only way we can produce more with the same resources is to be more efficient in the use of those resources. How? By being more productive, through using technology for process optimisation. That is why it is so important to measure productivity, to measure improvement actions and innovation."*

Change readiness capability complements these three transformation management capabilities, since it enables the SSC to deal with change without compromising the daily operations. Due to the dynamic nature of Case 4 group, the SSC had multiple changes in its client base over the years, which involved adapting the service provision

itself. Change readiness refers to this ability to adapt and is crucial for the success of SS operations. In fact, when asked about the main factor contributing to the achievement of SSC goals the manager of the innovation team pointed out:

> *"Our capacity to adapt even to fluctuations in the type of services we provide, and in the type of clients. In 2008, our main client represented 70% of our volume, and today it represents maybe 30%. We had to change the way we work. Because it is not the same thing to book an invoice of a construction company, or of a freight forwarder, or of a fuel company. So, the logic and the content of our work changed. And we were able to respond to that change, and even to incorporate new geographies."*

In this context, Case 4 highlights that there is a correlation between the four transformation management capabilities as they positively influence each other.

Knowledge management

In terms of the knowledge management, both benchmarking and cross-functional knowledge sharing have been identified as important capabilities at Case 4.

In fact, benchmarking was also pointed out as one of the sources to identify improvement opportunities at the SSC, along with the cooperation between the operational teams and the IT team. One of the managers explains:

> *"The third way to identify improvement opportunities is through benchmarking. I mean, the different areas talk with each other, but we also talk with other shared service centres, to find out how they are organised and how the perform their processes. It is also an interesting way to leverage our performance."*

Finally, the ability to put forward process improvements is further enhanced at Case 4 by cross-functional knowledge sharing capability, as depicted in the cooperation between the operational teams, the innovation department and IT. This cooperation is promoted by the constant pressure on every employee to propose improvement actions that would lead to productivity increases. Since these improvement proposals are evaluated by the innovation team in collaboration with IT, the expertise of this team, both in terms of operational process but also in terms of possible IT solutions, is an important asset for the development of SS operations. Furthermore, once this team defines and implements a certain solution, they identify if this solution is applicable to other teams as well, as one member of the innovation team explains:

"Every team has a target to identify improvement actions in their activities and processes. What sometimes happens is that when they propose these improvement actions, we may identify improvement opportunities in adjacent processes. We may even transport improvement actions from one area to another; for example an improvement action proposed by HR, we could roll it out to another department."

Thus, the innovation team plays an important role for the achievement of cross-functional knowledge sharing, since it acts as the bridge between business and IT, but also because it promotes the dissemination of solutions across the different teams, thus enhancing the performance of the centre overall.

c. *Case 4 Goals*

Case 4 SSC was established as a consequence of the merging process of two large construction companies in Portugal. As a result, the harmonisation of processes is seen as one of the most important goals when the centre was established, as one of the managers describes:

"The shared service centre was created to generate synergies within the group. And when I say synergies, I don't mean only to reduce costs, because of course when you have a pool of specialists in processes and other matters, you are able to optimise processes and reduce the resources necessary for a certain task. But on the other hand, for us it was very important to harmonise the processes."

In this sense, cost reduction was, along with process harmonisation, an important driver for the centre establishment, and continues to be a significant goal of the centre, which is permanently trying to optimise processes to reduce the amount of resources necessary to perform the services. This is evident in the manager's explanation above, but also in the words of the SSC Director:

"We are pressured to streamline, to reduce costs, to do more services with the same resources."

This optimisation results from another goal of the SSC, which is to centralise tasks, expertise and knowledge. The centralisation enables the centre to leverage technology and to gain scale that leads to higher efficiency, but also to concentrate a pool of experts that are oriented towards optimising processes. As a result, the tasks that were

previously dispersed gain a degree of criticality that makes them strategic for the group overall, as the SSC Director points out:

> *"When we centralise tasks, and we focus on processes and technology, we are able to bundle expertise and transform tasks that individually are non-strategic, but when we bundle them, as a whole they become strategic. Because as a whole they achieve a degree of importance, and a potential to generate value, savings, flexibility, optimisation and processing speed, that makes them strategic for the group."*

The ability to build this pool of experts is extremely important for the SS success. In fact, one of the goals mentioned by several respondents was to be recognised as an expert, or a strategic partner to the customers, not only because this expertise enables optimisation and process improvements leading to higher efficiency, but also because, similarly to Case 1, the recognition of the centre's expertise is seen as a stepping stone towards expanding the scope of the SSC, as highlighted by a manager:

> *"I believe that we provide the best service possible, and if we have that mission of showing that we are a strategic business partner, and not a mere shared service centre, we will manage to create new opportunities to the centre and enlarge the scope of services we provide."*

To expand the scope of the SSC is also frequently mentioned as a goal of the SSC. However, this scope expansion is focused on expanding the client base rather than the number of functions operating at the SSC. As in Case 3, when the Case 4 SSC was established, it already incorporated multiple functions (Finance, HR and shortly after IT), and it was also not mandatory for the companies in the group. Even today, Case 4 group does not enforce the SSC as mandatory to all its companies, and the business units are free to keep tasks in-house or outsource them. Given this background, when asked about the goals of the centre, the SSC Director emphasises the enlargement of the scope to other companies within the group:

> *"Our goal is to serve as many companies as possible, being recognised as a strategic partner. Because the shared services are not mandatory. Therefore, our main goal is to attract the companies of the group that we are not serving yet."*

In the same vein, similarly to Case 3, this non-mandatory character of the SSC leads to the wish to be recognised as part of the customer organisation. In fact, the shift in the

strategic focus of the SSC, from being a global provider of standardised services, to focusing on supporting the specific needs of the construction sector business, is a consequence of this wish to be closer to the companies the centre serves. As a manager explains, the centre even stopped naming these companies as "clients", to further enhance this proximity:

> *"Proximity is to stop calling them clients. It is to be so close that we are mixed with the client. There is no difference between a local department and the centre. We need to have this proximity to the business."*

Additionally, this proximity also contributes to an increased customer satisfaction, because the centre is able to better understand the customers' needs, but also to highlight the importance of the work at the centre and the benefits it is bringing to the clients, as the SSC Director explains:

> *"Often the shared service centre was criticised because we were too focused on ourselves. And we want to invert this. We want to be closer to the companies. We will not customise everything, but at least we can explain them why we need to receive information in a certain way, why we do things the way we do. What the benefit for them is."*
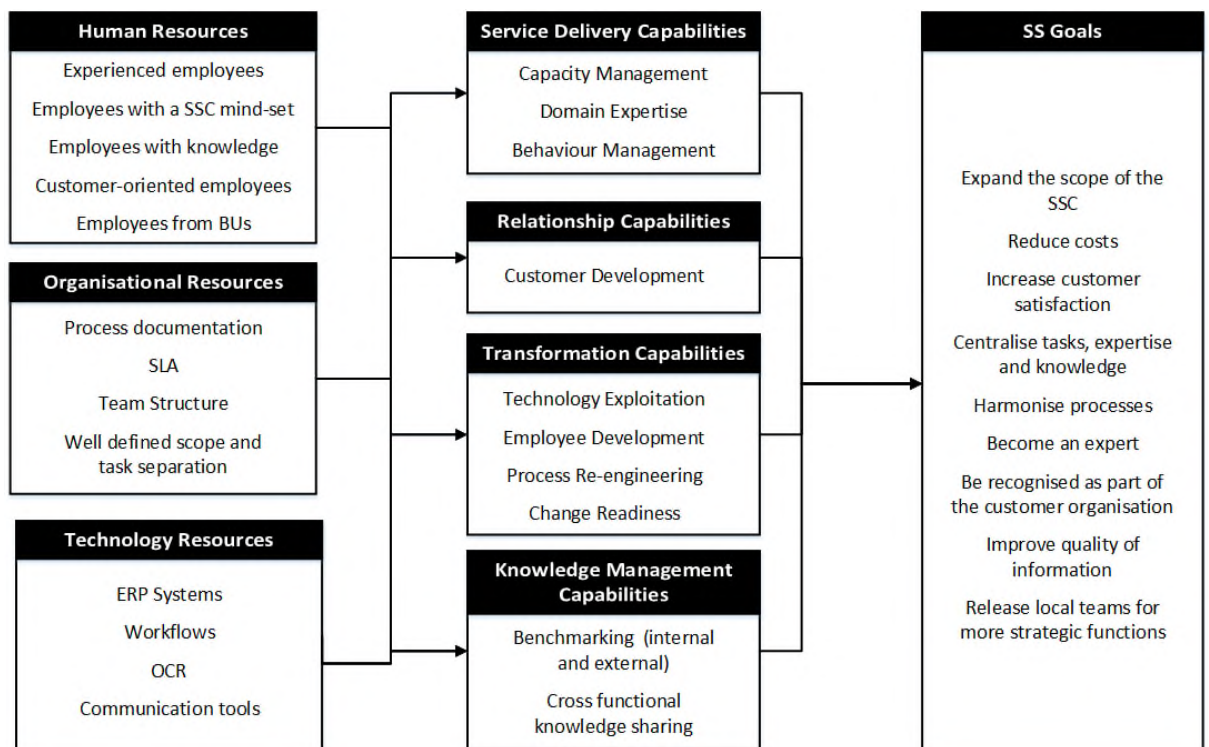

Figure 4.5. Case 4 resources, capabilities and goals

Furthermore, two additional goals contribute to the increase in customer satisfaction: information quality improvement, which was identified as a goal in all the cases and is also recognised by SS literature; and the release of local teams for more strategic tasks. This release is achieved by the transfer of non-strategic tasks from the administrative departments of the respective companies of the group, thus allowing them to focus on their areas of expertise, in their respective core businesses in the construction, environment, transports, or tourism sectors. Figure 4.5 depicts Case 4's resources, capabilities and goals.

4.3 Cross Case Analysis

4.3.1 Resources

The above descriptions show that all four cases present human, organisational and technology resources that were not available prior to shared services and that the particular characteristics of these resources are critical for the success of SS operations. Figure 4.6 outlines resources identified at the four cases.

Figure 4.6. Comparison of resources across cases

Human Resources

On a human resource level, a sound balance between experienced and inexperienced employees emerged as a clear advantage for the SSC. The only centres which did not denote this balance were Case 2, which denotes a younger and less experienced employee base; and Case 4, where respondents argued that their more experienced employee base led to a certain loss of dynamism, which is desirable in an SS environment. The more experienced employee base at Case 4 is a consequence of the transfer of employees from the BUs when the centre was implemented, similarly to Case 3. However, the employee turnover at Case 3 is higher, and the new recruits that incorporated the team led to a decrease in the average age of the employees, enabling the centre to yield this balance between youth and experience.

In a similar vein, because the employees of Cases 3 and 4 came from the business units, they hold a much deeper knowledge of their customers' business than the employees of Cases 1 and 2. In fact, the knowledge of the employees was highlighted in all the cases as an important asset. However, while in Cases 1 and 2 this knowledge is translated in process and guidelines knowledge, that enable the centres to be efficient and compliant, in Cases 3 and 4 more importance is given to technical (e.g. accounting) and business knowledge. The fact that Cases 1 and 2 are not located in the same country as the majority of their clients also hinders the development of this business knowledge, as the Director of Case 1 explains:

> *"I think being so far out has the consequence of having limited company knowledge. The specific business knowledge is difficult to build if we are not close to the customer locations. Even on the management level, people tend not to understand the organisation, and that is typically because we are a satellite."*

On the other hand, the headquarters and part of the clients of Cases 1 and 2 are located in German-speaking countries, or at least not in Portugal, and for this reason foreign language skills are considered mandatory to enable their employees to communicate with the different interfaces in these locations. This communication is crucial not only for the daily service delivery but also to develop a trustworthy relationship with the customers, for which customer-oriented employees play a significant role. While customer orientation skills were identified at Cases 1, 3 and 4 as an important advantage of SS employees, when compared to the business units, the employees of Case 2 reveal

less customer awareness. According to Case 2 Director, this is a consequence of the youth of the team:

> *"I think that the people that we hire are very young. They don't have the tools to understand what customer service is yet. We have a lot of trainings, a lot of ways to show them, but again I think it's the people that need to change this mentality."*

The fact that Case 2 has the lowest average age of the four cases (28 years) further highlights the importance of having a balance between experienced and inexperienced employees, in order to balance dynamism and proactivity with experience and customer orientation.

Furthermore, the most distinctive aspect of SS human resources is their SSC mind-set. The motivation to always look for better solutions, the eagerness to provide the best service "right first time" were highlighted as one of the main contributors to the success of SS operations. This SSC mind-set was identified in Cases 1, 2 and 4, but not on Case 3, where the Director pointed out that changing the mind-set of the employees that came from the business units is one their most significant challenges. While Case 4 also had transferred employees from the business units, the respondents highlight that the fast-changing nature of Case 4, along with the constant pressure to perform better and bring process improvements (one of their individual KPIs is the number of improvement actions proposed), have promoted the development of the SSC mind-set among Case 4 employees.

To conclude, from the analysis of the four case studies it is possible to recognise the advantages of having a balance between experienced and inexperienced employees at an SSC, in terms of yielding the benefits of both dynamism and experience. Additionally, it is crucial that employees possess good technical and process knowledge, but also knowledge of the specificities of the business of their customers, along with strong customer-orientation skills, to enable them to be focused on meeting customers' needs but also to develop a reliable relationship with their different interfaces. Finally, the SSC mind-set was recognised as one of the main strengths of SS employees, promoting a consistent service delivery, and a clear focus on improvement.

Organisational Resources

As depicted in figure 4.6, the same organisational resources were identified in all the cases. This highlights the strategic importance of process documentation, SLAs, team structure and a well-defined scope and task separation in governing SS activities.

The use of process documentation was generally pointed out as a significant difference between the SSC and the business units, since this type of administrative tasks, like accounts payables or payroll, are rarely documented in a business unit environment, as a Manager at Case 1 highlights:

> *"One of the main difference between doing things in an SSC or at the business units is the fact that things here are documented, because quite often we, even when we are doing transfers of activities we ask for documentation and it is rarely available."*

Hence, process documentation supports SS operations by enabling employee training, promoting harmonisation of processes across clients and ensuring that knowledge is not lost when employees leave the teams. Even though Case 3 adopted a more informal form of process documentation, which is more practical and contains less detail than documentation in the remaining cases, the role of process documentation is equally important in all the centres.

Similarly, all cases use SLAs to detail the services to be provided by the centre, i.e. to define the boundaries of the service scope, to determine what parts of the process are under the responsibility of the centre and what parts are under the responsibility of the business units, and to establish the service level expected, which should be monitored through the deployment of KPI systems. The differences across cases emerge in the focus of these KPI systems, since Cases 1 and 2 are very much focused on measuring quality through KPIs such as "invoices booked right first time" or "error rate", while Case 3 is very much focused on service timeliness, and Case 4 is mostly focused on assessing productivity. These different foci are a consequence of the different expectations of the customers of each centre.

Finally, the importance of a team structure with clear roles and responsibilities as well as the assignment of back-ups within the teams is also emphasised across all cases as a critical enabler of a consistent service delivery. The team structure enables the setting of expectations for each role, which further contributes to employee specialisation and

efficiency, while the back-ups ensure that the services are always delivered at the same standards, regardless of employee sickness or holidays. These are advantages that the business units cannot yield, mostly due to matters of scale, as one of the Managers at Case 3 describes:

> *"They [the business units] don't have the scale to have back-ups. Sometimes they only have one person who knows how to perform a certain process, if that person goes on holidays, they wait until the person comes back. At the centre, we can clearly do it differently."*

In this context, it is possible to conclude that not only are the organisation resources similar at the four cases, but also that for all the cases they represent a significant difference between the service provision at the SSC and at the business units.

Technology Resources

In terms of technology resources, there are also significant similarities in the tools used by the four cases; ERP systems, workflows and communication tools were identified in all the cases as important enablers of SS operations.

Although ERP systems were generally used at the BUs, at Case 4 it was the implementation of SAP as a common ERP system that motivated the establishment of the SSC. Moreover, the transfer of activities in the remaining cases promoted the harmonisation of ERP systems across customers, with the exception of some customers at Case 3, which continue to use a different ERP system. Hence, ERP systems can be seen both as drivers and enablers of SS operations, since a shared services environment facilitates the implementation and harmonisation of systems, but also because ERPs support the process standardisation, automation and efficiency that SS operations require.

Furthermore, workflows (for example, for invoice booking or cash collection) were implemented in the four cases, either within ERP or running as parallel systems, to facilitate the communication with different counterparts, to enable the monitoring of work-in-progress, and to allow the measurement of performance indicators. Additionally, all four cases use more traditional methods to communicate with their customers, such as e-mail and telephone. These are complemented in Case 1 by sharing platforms to archive the results of the tasks (for example, evidence of controls

performed), which highlights the close cooperation that exists between Case 1 and its clients.

Ticketing tools were also implemented in Cases 1, 2 and 3 to enable the submission of service requests by the customers, and to facilitate SS operations by providing a tool to structure communication and to reduce manual work, to manage work-in-progress and to monitor the centre's performance in terms of timeliness of execution. In Case 1, the ticketing tool is enhanced by a Root Cause Analysis (RCA) functionality intended for customer complaints, which should trigger the implementation of a corrective action by the SSC. While Case 4 has not implemented a ticketing tool per se, the same kind of functionalities are available through customisations developed in SAP. Thus, it can be argued that ticketing tools are also indispensable for SS operations.

Process automation technologies are also an important feature of SSC operations, particularly in Cases 1 and 4 where both centres have implemented optical character recognition (OCR) software, to automate the invoice booking process. Additionally, Case 1 implemented an e-invoicing solution, to increase the efficiency and productivity of accountants and to improve the quality of the services provided. Similarly, intending to increase the efficiency and productivity of the service delivery, Case 3 implemented a planning and time allocation tool which enables the daily allocation of resources to tasks, and the calculation of the time effectively spent per task.

Therefore, ERP systems, workflows, ticketing and communication tools are crucial for the success of SS operations, since they promote standardisation, automation and efficiency and support the structured interaction of the SSC with its customers. Additionally, the more mature cases, which are also the only cases where technology exploitation capability has been identified (Cases 1, 3 and 4) have implemented technologies to increase their efficiency, such as OCR, e-invoicing or the planning and time allocation tool. This further highlights the importance of technology exploitation capability in the deployment of technologies that support and improve SS operations.

4.3.2 Capabilities

Capabilities refer to a firm's ability to deploy and combine resources aiming to achieve a certain goal (Amit and Schoemaker, 1993). Capabilities are also described as "bundles of routines", indicating that resources are configured into capabilities by the deployment of routines (Peng et al., 2008).
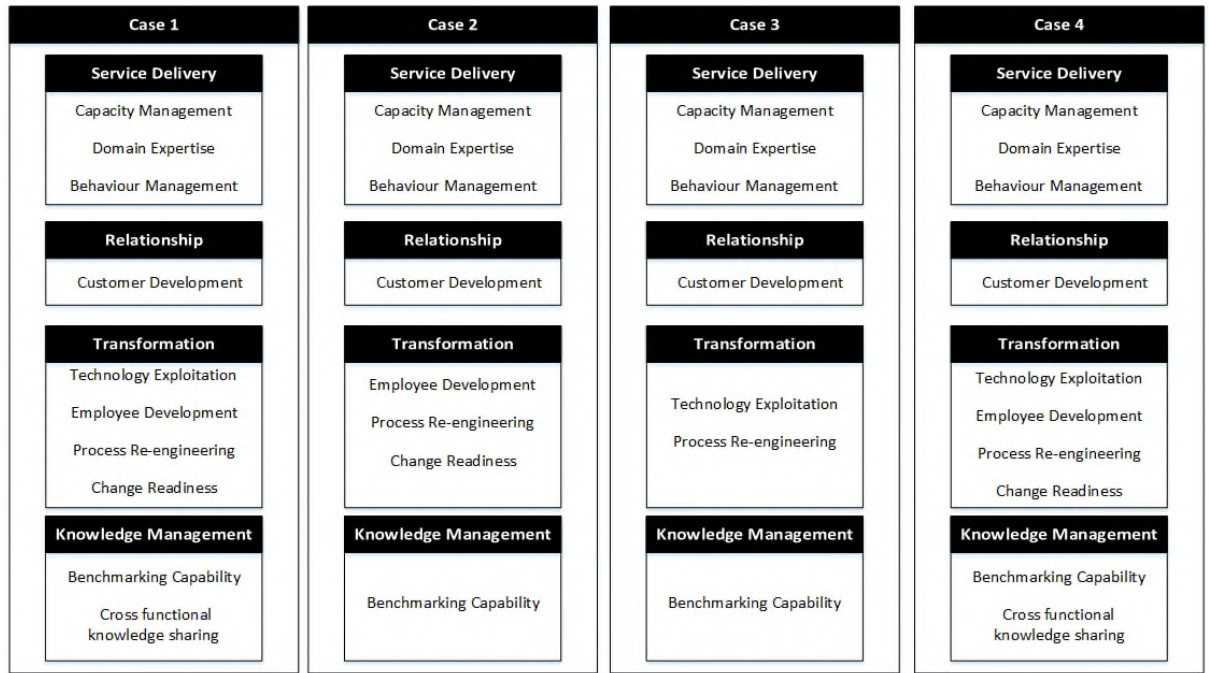
Figure 4.7. Comparison of capabilities across cases

Among the 10 capabilities that emerged from the data, 6 were identified in all the cases (Figure 4.7): capacity management, domain expertise, behaviour management, customer development, process re-engineering and benchmarking capability. The similarity of capabilities exhibited by the four cases indicates that these are crucial for the deployment of SS operations. Furthermore, the case descriptions revealed also that these capabilities result from similar practices, or similar routines across the cases, which indicates that the capability development process is also very similar for all SSCs.

Service delivery

Service delivery capabilities reflect the centre's ability to perform its daily operations, and therefore it is not surprising that capacity management, domain expertise and behaviour management were exhibited by the four cases. These are the capabilities that enable the SSC to "make a daily living", and therefore can be considered operational capabilities.

When looking at the practices that contribute to the development of each of these capabilities, substantial similarities are also identified. In the four cases, capacity management is promoted by the modularisation and standardisation of work, that along with employee specialisation, enable an interchangeable distribution of resources to tasks and a permanent assurance of back-ups within the teams. As a result, team leaders can allocate resources to tasks either daily (in Case 3), weekly (in Case 2), or on an ad

hoc basis, with the necessary adjustments depending on the workload (in Cases 1 and 4). Hence, it can be argued that the deployment of these routines enable the centre to provide a consistent service delivery, regardless of volume variations, and therefore they are the antecedents of capacity management capability (Figure 4.8).
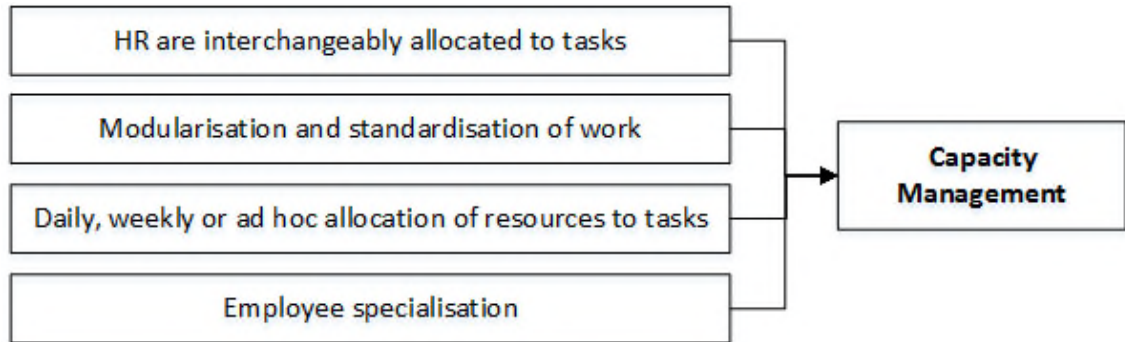

Figure 4.8. Capacity management and its antecedent routines

Also for domain expertise, the routines identified were the same in all the cases (Figure 4.9): the employee rotation across tasks (resulting from capacity management), as well as employee training and specialisation contribute to the centre's ability to generate and retain process and technical knowledge to ensure a consistent service delivery.
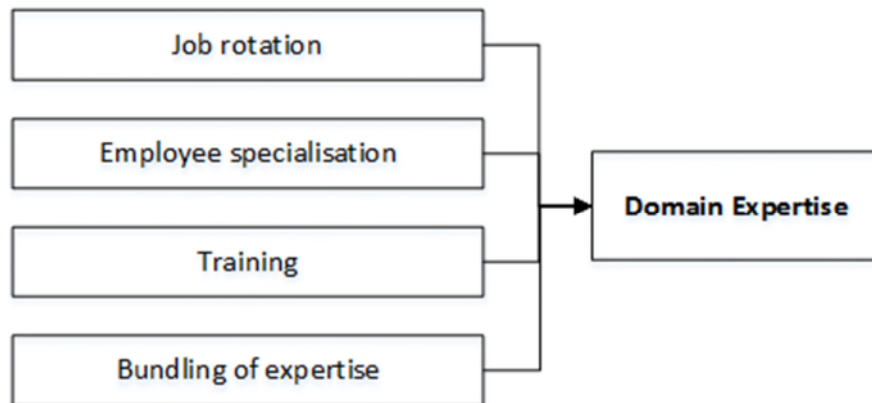
Figure 4.9. Domain expertise and its antecedent routines

Furthermore, in all the cases it was highlighted that the centralisation of tasks resulting from SS enabled the bundling of expertise and that is crucial for the further development and retention of this knowledge. One of the team leaders at Case 1 explains:

> *"The fact that we have such a concentration of people working in Finance; it makes it much easier to share practices. Because if you have one person or two people somewhere in one office, it is much more difficult to understand the requirements of the corporate departments. It is much easier to have 20 or 30*

people doing the same, we can make it much easier to cooperate with the central departments. So all this sharing of knowledge, not only sharing but also this building of knowledge, I think it is much easier in an SSC, where we have so many people, who can talk, who can discuss…"

In terms of behaviour management capability, although some slightly different routines emerge, others were equally recognised as contributing to the ability to manage and motivate people to demonstrate the right set of skills and attitudes. Training and the immersion in the SS culture through performance monitoring and appraisals, as well as the implementation of controls to ensure quality, either by peer auditing (in Cases 1 and 2), or through ERP automatic validations (in Cases 3 and 4) were unanimously recognised as drivers of behaviour management capability. Additionally, while Case 2 highlights the importance of strong leadership and internal communication in developing the SS culture of accountability, in Case 3 the implementation of the lean initiative played a major role in shaping the employees' behaviour. Figure 4.10 outlines the routines from which behaviour management capability results.
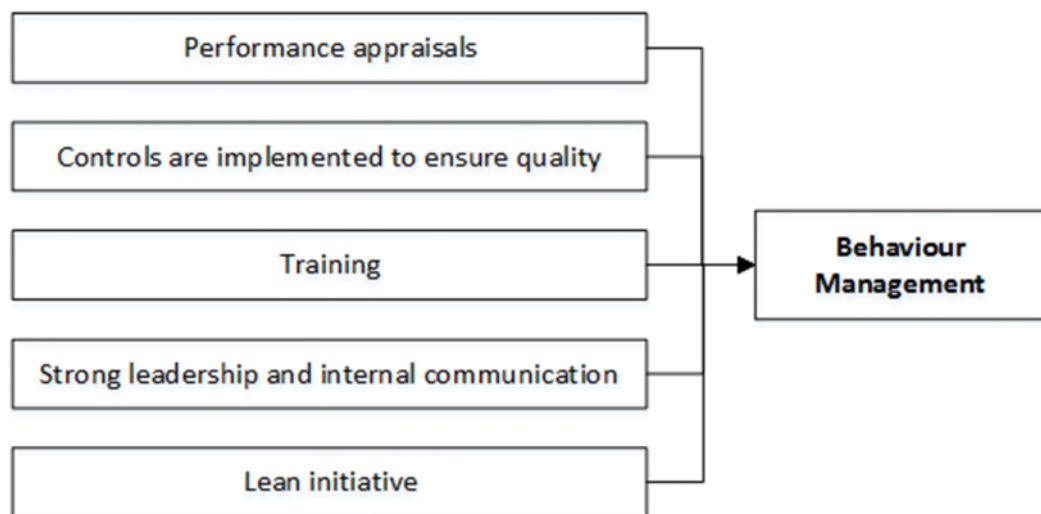
Figure 4.10. Behaviour management and its antecedent routines

Relationship Management

In the relationship management category, customer development capability was also identified in all the cases, indicating that the ability to understand and meet customers' needs is crucial in an SS environment. Since this capability enables the SSC to adapt its service delivery to changing customers' needs, it is considered a dynamic capability.

In terms of the routines that lead to customer development capability, a certain pattern is also identifiable: employee training, a regular and structured communication with the customers, for example through periodic jour-fixes, as well as the conduction of customer surveys were recognised in all the cases as drivers of this capability. Additionally, in Case 1 the participation in corporate projects enables the employees to further develop their knowledge about the customers' organisations and as a consequence better address their needs. In the same vein, in Cases 3 and 4 the transfer of employees from the business units allows the shift of business knowledge into the SSC, which in turn puts the centre in a better position to understand the specificities of the customers' business and as a result to better understand and meet customers' needs. The routines that contribute to customer development capability are summarised in Figure 4.11.
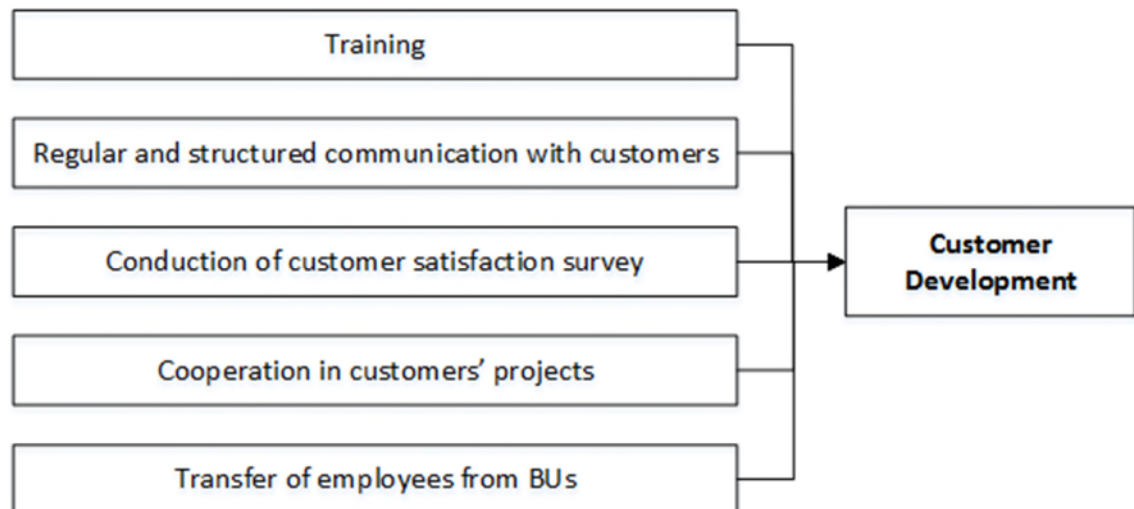
Figure 4.11. Customer development and its antecedent routines

Transformation management

The capabilities in the transformation management category allow the centres to transform their service delivery, both in terms of the services provided and in terms of the clients they serve, and therefore can be considered dynamic capabilities. While process re-engineering capability was evident in the four cases, highlighting the importance of making process improvements for the success of SS operations, the remaining capabilities in this category were only identified in some of the cases.

Technology exploitation was identified in Cases 1, 3 and 4 since these centres were able to deploy technology solutions to improve their service delivery. Furthermore, in these

3 cases the development of technology exploitation capability results from the same type of routines (Figure 4.12). These include permanent tracking of improvement opportunities, leading to a constant focus on process improvements, and associated with a close cooperation between the functional departments and the IT teams. It is important to note that the existence of an internal IT team does not per se result in technology exploitation capability. Instead, it is the functional departments' wish to bring improvements to the processes, and their ability to cooperate with the IT teams, that determines the successful deployment of technology developments.

Figure 4.12. Technology exploitation and its antecedent routines

In its turn, employee development was only identified in Cases 1, 2 and 4, since the training and development initiatives identified in Case 3 do not encompass the scope and strategic relevance recognised in the remaining cases. Employee development consists of the ability to develop employees' knowledge and skills and is promoted in these 3 cases by employee training and specialisation, as well as individual performance appraisals, which enable the identification of training needs and the development of career paths for the employees, also increasing their motivation. Additionally, in Case 1 there is a significant job rotation that promotes the acquisition of cross-functional knowledge by the employees, thus contributing to employee development as well. Figure 4.13 outlines the routines that contribute to this capability.
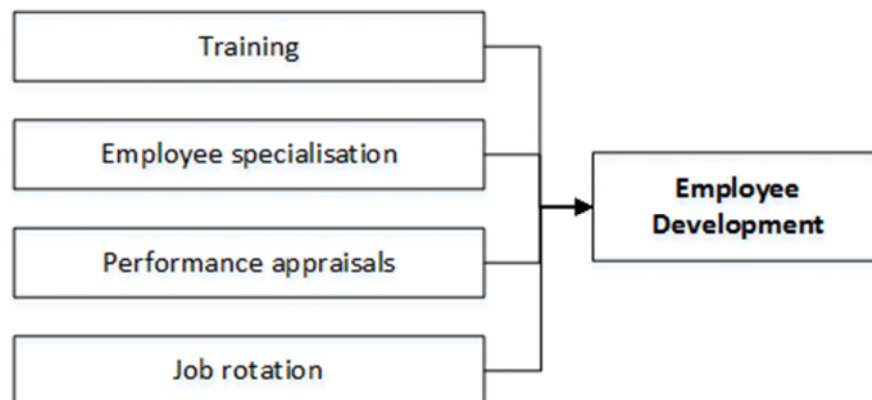

Figure 4.13. Employee development and its antecedent routines

Similarly, change readiness was also only identified in Cases 1, 2 and 4, which might indicate that employee development positively influences change readiness capability. In fact, this capability is closely associated with the encouragement of the SSC mind-set that was absent at Case 3; thus it is not surprising that this capability was not identified in this centre. Additionally, also the dynamic nature of an SS environment, with frequent changes in the service delivery, both in terms of its nature and the customers it serves, leads to a higher capacity among the employees to successfully undertake changes, or even to drive changes themselves. This change readiness capability is further enhanced at Case 1 by cooperation in customers' projects, since the interchange between their daily operations and the participation in projects increases their flexibility and their ability to adapt. The routines that contribute to change readiness capability are summarised in Figure 4.14.
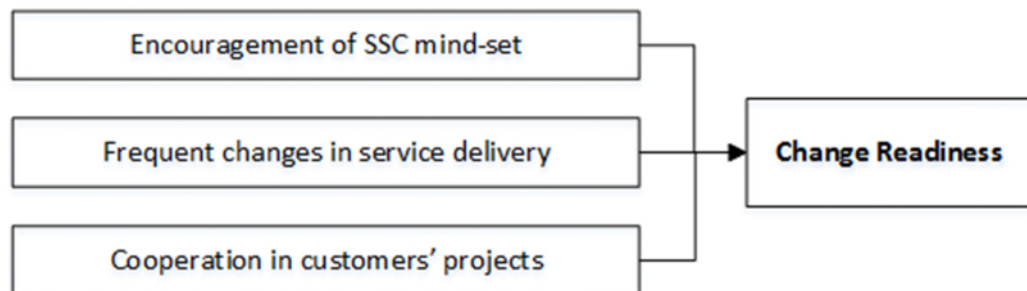

Figure 4.14. Change readiness and its antecedent routines

Although process re-engineering was the only transformational capability identified in the four cases, it is also a capability whose antecedent routines differ the most across cases (Figure 4.15). Nevertheless, some routines were identified in all the cases: one such routine was performance monitoring, which was recognised in all the cases as a tool to identify bottlenecks in the processes and efficiency issues, thus leading to the identification of improvement opportunities. Also, regular and structured communication with customers was identified in the four cases as an antecedent of process re-engineering capability, since the close communication and periodic jour-fixes enable the centres to identify improvement actions and opportunities to enhance the service delivery. Additionally, Cases 1, 2 and 4 devote significant efforts in the deployment of quality management systems, which are revealed in the existence of the role of quality or innovation manager in these three cases. Also in these three cases, there is an active tracking of improvement opportunities, and clerks are encouraged to suggest improvements to the processes. In Case 3, on the other hand, the lean

intervention implemented with the support of external consultants played an important role in the development of process re-engineering capability, and so did the cooperation between the functional departments and the IT teams, also evident in Cases 1 and 4. The outcomes of this successful cooperation are normally technology solutions that enable a service delivery with higher efficiency or better quality.
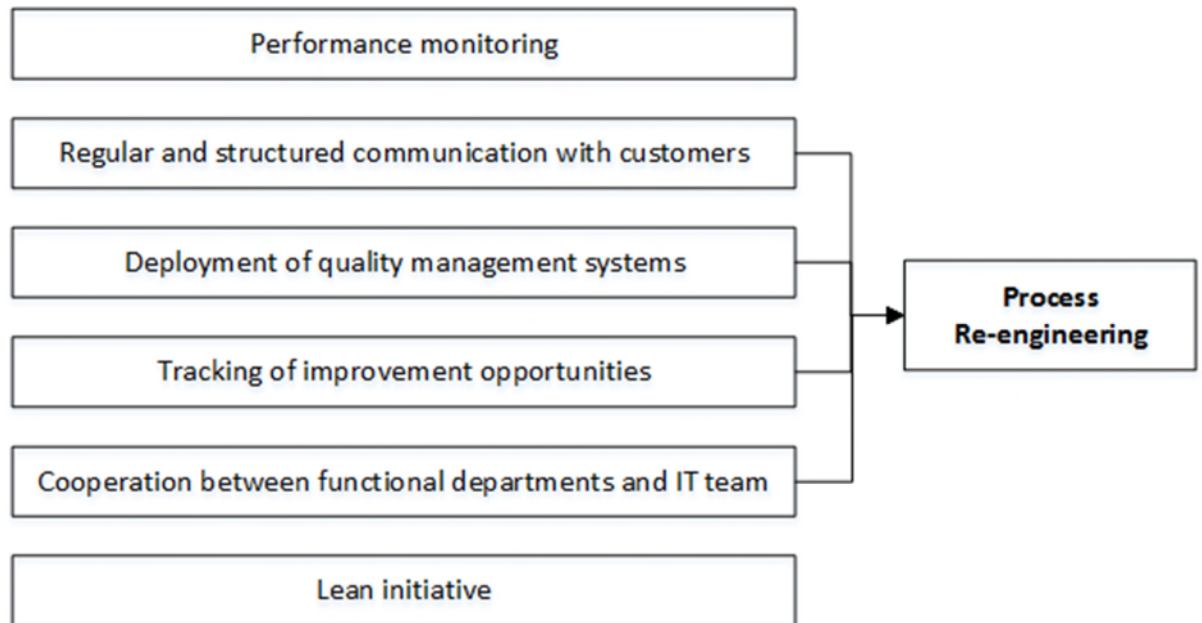
Figure 4.15. Process re-engineering and its antecedent routines

Knowledge management

Also, the capabilities in the knowledge management category allow the centres to transform their service delivery, thus making them dynamic capabilities.

Benchmarking capability was identified in the four cases and is mostly achieved through the comparison of practices across teams and consequent implementation of the best practice - a routine that was recognised in all the cases. This comparison is enhanced by employee rotation across teams, since this job rotation allows the employees to come across different procedures, increase their knowledge, and as a result identify and implement best practices. In Case 1, the cooperation in customers' projects further extends this internal benchmarking, since practices are not only compared within the SSC, but also across the whole organisation. Furthermore, Cases 1,3 and 4 complement internal benchmarking with participation in benchmarking projects with other SSCs, which allow them to compare processes and performance targets and identify improvement opportunities. Hence, both internal and external

benchmarking contributes to the identification of improvement opportunities; therefore benchmarking capability is also correlated to transformation management capabilities. Figure 4.16 summarises the routines that contribute to the development of benchmarking capability.
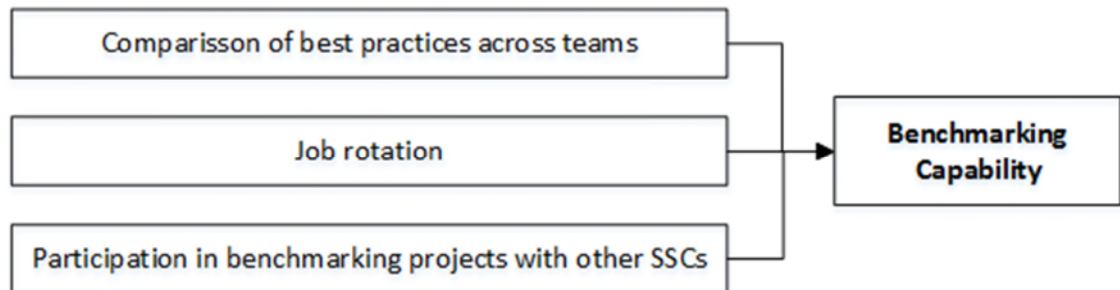
Figure 4.16. Benchmarking capability and its antecedent routines

On the other hand, cross-functional knowledge sharing was only identified in Cases 1 and 4. This capability is mostly developed through job rotation across teams, which enable employees to build a better understanding of the complementarities between functions and consequently bring about process improvements. Additionally, also the close cooperation between the functional departments and the IT teams, recognised in both cases, contributes to cross-functional knowledge sharing, since the functional teams develop an awareness of how IT can support them, and IT is able to better understand the business requirements. In Case 1, this understanding is further enhanced by the cooperation in customers' projects. The routines contributing to the development of cross-functional knowledge sharing are outlines in Figure 4.17.

Figure 4.17. Cross-functional knowledge sharing and its antecedent routines

Finally, although Cases 2 and 3 reveal some degree of job rotation across teams, as well as a close cooperation between IT and the other functions (only Case 3), there is little cross-functional knowledge exchange in these processes, which prevents the centres from developing a better understanding of the complementarities between functions.

4.3.3 Goals

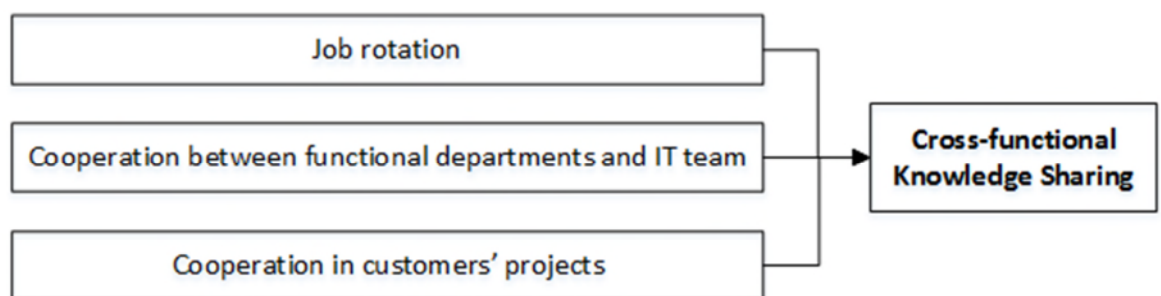Operations management research suggests that firms should develop a specific set of capabilities that enable the achievement of their particular goals (Peng et al., 2008). The data collected from the four cases reveals that there are significant similarities across the four cases, with all the SSCs intending to reduce costs, standardise and harmonise processes, increase customer satisfaction, centralise tasks, expertise and knowledge, and improve the quality of information for their clients.

 Nevertheless, different goals also emerged amongst the cases, reflecting the different strategic orientation of the centres. For example, Cases 1 and 2 place significant importance on processing high volumes of work, improving service quality and expanding the scope of the centre. However, their efforts to expand their scope are directed at increasing the number of functions rather than increasing the number of clients. These centres were created as purely finance-focussed SSCs and have been growing over the years by incorporating more functions; Case 1 is now a multifunctional SSC that delivers services for a range of functions, including purchasing, HR, and IT departments, while Case 2 has also integrated functions into the areas of e-commerce and retail.

Cases 3 and 4, on the other hand, were created to provide finance, HR and IT services. Even though these centres seek to expand their scope, the focus is primarily on growing their client base within these functions rather than to expand to other functional areas. By growing their client base, they are generating appropriate economies of scale. It is important to note that while the SSC is mandatory for the clients of Cases 1 and 2, it is not mandatory for the clients of Cases 3 and 4, which explains the higher focus of these centres in reaching new clients. In fact, another important goal found only in Cases 3 and 4 is the motivation to be recognised as part of the client organisation, which further highlights this higher orientation towards the customer. Similarly, Cases 1 and 2 seek to cooperate closely with their customers; however, the need to be recognised as an integrant part of their customer organisations was never mentioned at these SSCs and was absent in the interview narrative.

Additionally, and in line with previous research, the release of local teams for more strategic goals was recognised as a significant goal in Cases 1, 3 and 4. Once the SSCs started performing the administrative tasks that were previously carried out by the

business units, they became more available to focus on other tasks that could bring more value add to the core business of their organisations.

Finally, Cases 1 and 4 reveal a high focus on becoming an expert and a strategic business partner for its customers, since they believe that being recognised as strategic partners will contribute to their service expansion goal.

Figure 4.18 summarises the goals found across the cases and highlights that at least six goals are shared by all the cases. However, some differences can also be identified depending on the centre's characteristics; SSCs that emerged as mandatory for their customers with services in a single function tend to expand their functional scope, and are very much focused on improving quality and processing high volumes. On the other hand, SSCs that are not mandatory and provide services to multiple functions since their inception aim to expand their scope to other clients within the same function, but also wish to be recognised as part of their customers' organisation. Finally, the two larger centres in terms of headcount (Cases 1 and 4) reveal also the intention of playing a more strategic role within their organization, as translated by their goal of being recognized as an expert or as a strategic business partner.

Case 1	Case 2	Case 3	Case 4
Expand the scope of the SSC			Expand the scope of the SSC
Improve Service Quality		Expand the scope of the SSC	Reduce Costs
Reduce Costs	Expand the scope of the SSC	Reduce Costs	Increase customer satisfaction
Increase customer satisfaction	Improve Service Quality	Increase customer satisfaction	Centralise tasks, expertise and knowledge
Centralise tasks, expertise and knowledge	Reduce Costs	Centralise tasks, expertise and knowledge	Harmonise processes
Harmonise processes	Increase customer satisfaction	Harmonise processes	Become an expert
Process high volumes of work	Centralise tasks, expertise and knowledge	Be recognised as part of the customer organisation	Be recognised as part of the customer organisation
Become an expert	Harmonise processes	Improve quality of information	Improve quality of information
Improve quality of information	Process high volumes of work	Release local teams for more strategic functions	Release local teams for more strategic functions
Release local teams for more strategic functions	Improve quality of information		

Figure 4.18. Comparison of goals across cases

4.4 Chapter conclusion

This chapter contributes to the research goal of determining how SS resources and capabilities influence the achievement of SS goals by characterising the specific resources, capabilities and goals that emerged from the data collected at the four case studies.

The case study findings include:

o The identification of specific human, organisational and technology resources, which were not available prior to SS implementation, highlighting the SSC's ability to develop resources, which are context-specific.

o The recognition of 10 SS capabilities (3 operational and 7 dynamic), grouped into 4 competency areas: service delivery, relationship management, transformation management and knowledge management.

o The description of the antecedent routines that lead to the development of each of these capabilities, shedding light on the capability development process in an SS environment.

o The acknowledgement of different SS goals in the four cases, underlining the assumption of previous research that different motives may be behind the implementation of shared services (e.g. Janssen and Joha, 2006b).

The next chapter discusses the contributions of these findings in addressing the research question of how SS resources and capabilities influence the achievement of enhanced service delivery.

5.   Discussion

5.1 Chapter introduction

This thesis seeks to determine the role of resources and capabilities in the achievement of SS goals. With that purpose, the findings resulting from data collection and analysis at four Portuguese SSCs were presented in chapter four. This discussion chapter summarises the contributions of this research in responding to the research question, "How do the SS resources and capabilities influence the achievement of enhanced service delivery?" To this end, the three research objectives are revisited and a discussion on how they are addressed is provided. The chapter concludes with the suggestion of propositions that future research could test, as well as a summary of the key contributions of this study.

5.2 RO 1: Identify and evaluate the specific resources of Shared Service Centres

The comparison of resources at the SSCs and at the BUs, introduced in chapter 4, enabled the identification of specific SS resources. While some of these resources were already available at the BUs prior to SS implementations (e.g. employees with knowledge or ERP systems), others were only made available with the establishment of the SSCs (e.g. employees with a SSC mind-set, SLAs, or ticketing tools). In this context, this research developed the first consolidation of SS resources, providing a taxonomy of SS human, organisational and technology resources (Figure 5.1).

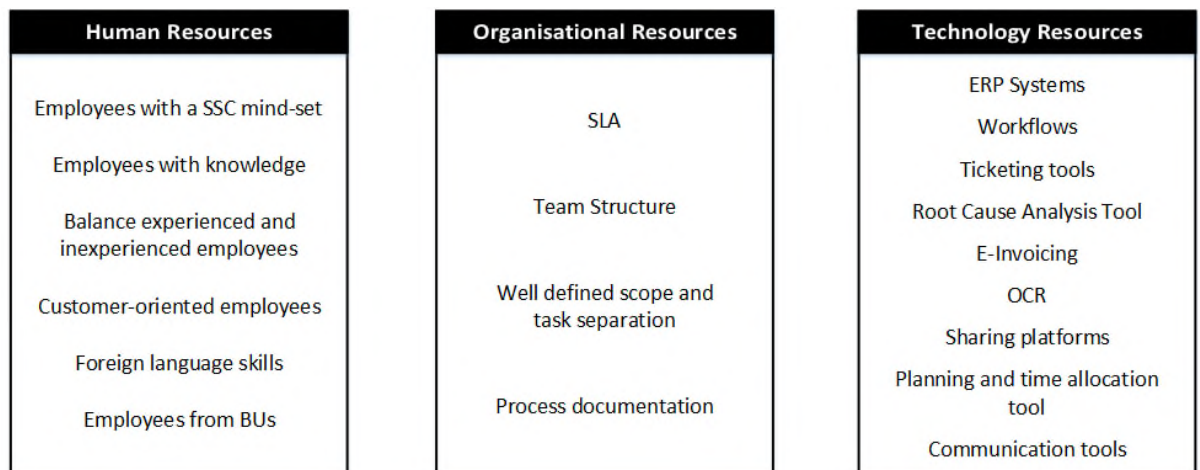| Human Resources	Organisational Resources	Technology Resources
Employees with a SSC mind-set	SLA	ERP Systems
Employees with knowledge		Workflows
Balance experienced and inexperienced employees	Team Structure	Ticketing tools
Customer-oriented employees	Well defined scope and task separation	Root Cause Analysis Tool
Foreign language skills		E-Invoicing
Employees from BUs	Process documentation	OCR
		Sharing platforms
		Planning and time allocation tool
		Communication tools

Figure 5.1. Taxonomy of SS resources

This taxonomy represents a contribution to SS research by identifying and consolidating the specific resources of shared services, but is also useful to SS managers, who can identify the specific resources they need to develop to successfully deploy SS operations. Furthermore, by identifying SS resources that were not available at the business units, this research argues that SSCs have the ability to develop new resources, which are context-specific.

This opposes the observation that the deployment of an SSC is merely a way to reconfigure the internal competencies of the business units, and further enhances the relevance of further investigating the shared services resource base (Janssen and Joha, 2006a). The research framework introduced in Chapter 1 (Figure 1.1) argues that the provision of services by an SSC requires human, organisational and technology resources, which can be developed with inputs from the business units, but are also specific to the centre. However, previous research failed to explain what about these resources is unique in an SS context and how do they contribute to the achievement of SS goals. The next sections proceed with this characterisation of SS resources.

Human Resources

At the human resource level, this research uncovers the distinctive characteristics of SS human resources that enable them to respond to the continuous challenges of working in an SS environment.

For example, a distinct attitude was identified among SSC employees which provides them with the impetus to continually explore improvement opportunities, be open to changes and to strive for excellence; such behaviour is described as an 'SSC mind-set'. This research contends that the SSC mind-set is one of the most important features of SS resources, since it is a valuable and rare resource that is not available at the business units. Additionally, this mind-set is developed by the immersion of the employees in the SS culture, and therefore is developed under historically unique and socially complex circumstances, making it very difficult to imitate. Finally, the only case where an SSC mind-set was not identified (Case 3), revealed difficulties in developing change-readiness capability and even recognised this absence as a pitfall. Therefore, the SSC mind-set may also be regarded as a non-substitutable resource, and a major contributor to the improved provision of services by an SSC, when compared to the non-SSC environment of the traditional business units. Even though in the early days of SS

research, Ulrich (1995) recognised that lacking a shared mind-set could be a major liability to an SS organisation, there is very little investigation on what this shared mind-set is, to what extent it contributes to the success of SS operations and how it is developed. This research fills this gap, not only by characterising this SSC mind-set, but also by highlighting its importance and determining the factors that contribute to its development.

Furthermore, this research argues that a deep knowledge of processes and guidelines is another significant feature that distinguishes SSC employees from the business units' employees. Howcroft and Richardson (2012) had argued that in an SS context, knowledge is codified in software systems, leading to a deskilling of the workforce, where individual knowledge is not so important. This codification of knowledge is revealed in the four case studies, which modularise and standardise tasks, to enable the interchangeability of work. However, this research contends that this codification does not prevent the SS employees to develop the process and guideline knowledge that enable them to provide a consistent service delivery and to bring about improvements to the processes.

Additionally, the case study findings indicate that a balance between experienced and inexperienced employees is both common and a desirable characteristic of SS human resources. Bondarouk and Friebe (2014) contend that while some authors support the notion that SSCs should have high-skilled employees, the majority argue that the standardised and routine work is more suitable for low-skilled employees. However, this research contends that SSCs should have a balance between experienced and inexperienced employees, given the predominance of routine work, but also the need to have a deep knowledge of processes and customer orientation skills, which was more evidently demonstrated by employees with further experience.

In fact, the only case whose human resources did not reveal customer orientation skills (Case 2), pointed it out as a disadvantage and a consequence of their younger workforce. In this vein, this research argues that customer orientation skills are a specific SS human resource, crucial for the success of SS operations. This contention follows on the argument of Farndale et al. (2009), who highlighted that the lack of customer orientation is a common problem faced by many SSCs, which, in turn, hinders the achievement of the performance targets defined to the centre. Moreover, these customer orientation skills are enhanced by foreign language skills, which were

identified as particularly critical, especially in the centres that provide services to clients in multiple countries. The need of foreign language skills among SS employees is not evidenced in previous literature and therefore this finding enhances our understanding of the dynamics associated with SSCs.

Finally, this research argues that the transfer of employees from the business units into the SSC is only beneficial if the centres manage to change the mind-set of these employees and promote the development of an SSC mind-set. Previous research noted that employees are often transferred from the BUs to the SSC, leading to necessary (and often difficult) adjustments in their work habits (Banoun et al., 2016). This was observed in Cases 3 and 4, where the transfer of employees from the BUs created the need to change the mind-set of these employees. Nevertheless, while Case 4 managed to develop an SSC mind-set, mostly due to the fast-changing nature of the business requiring frequent adaptations; the same was not accomplished in Case 3, where it was highlighted that changing the mind-set of the transferred employees is one of the biggest challenges of the centre. Although, this absence of the SSC mind-set is counterbalanced by the knowledge and experience brought by transferred employees, this research stresses the importance developing measures to immerse these employees in the SSC culture.

In summary, it has been argued that people-related issues can hinder the achievement of SS goals, and that in an SSC fewer employees have to do more work, faster and with higher quality requirements than before (Bergeron, 2002, Goh et al., 2007). Nevertheless, previous research has not clearly explained the importance of SS human resources, and a description of the key aspects that distinguish SS human resources was missing. This research responds to this research gap, by characterising the specific SS human resources, highlighting their strategic importance and explaining how they enable SSCs to respond to these permanent challenges.

Organisational Resources

This research developed a taxonomy of SS organisational resources, which had not been consolidated by previous research (Figure 5.1). Furthermore, this research emphasises the importance of organisational resources in enabling SSCs to ensure a consistent service delivery.

The cross-case study findings reveal that the four case studies rely on the same organisational resources to support their service provision. Among these organisational resources are Service Level Agreements (SLAs), which define the boundaries of the service that is to be provided, set the performance targets (KPIs) the centre should achieve, and in thus support the general setting of expectations for the service delivery. This enables an easier achievement of customer satisfaction. Additionally, this research also identified that it is of paramount importance to have a specific team structure with hierarchical roles such as managers, team leaders and clerks, since this enables a clear definition of responsibilities for each employee, promoting specialisation, but also allows for the assignment of back-ups for every employee - preventing disruptions in the service delivery in case of absences or holidays. Additionally, this research highlights that the very well defined scope and task separation between the centre and the BUs plays a central role in promoting the specialisation of the SSC, thus leading to higher efficiency. The role of process documentation, in supporting service standardisation, harmonisation and quality is also highlighted and represents a contribution to the existing SS research.

Although the significance of some of these resources is recognised in previous literature (e.g. Amiruddin et al., 2013; Bondarouk and Friebe, 2014; Cooke, 2006: Goh et al., 2007), a structured taxonomy of SS organisational resources was still absent. For example, Bondarouk and Friebe, (2014) argue that the adoption of SLAs and KPI systems is indispensable for the SSC to function properly, since they specify the tasks, controls and performance targets to be achieved. Other scholars have pointed out that a clear articulation of roles and responsibilities is necessary to avoid work duplication, or 'shadow staffing' (Amiruddin et al., 2013, Cooke, 2006, Goh et al., 2007). Additionally, the role of SS specialisation to promote efficiency and quality improvements had already been identified by Forst (2001). Nevertheless, the importance of process documentation is seldom recognised, with only a few studies pointing out that processes are sometimes not adequately documented, which could lead to problems in the service delivery and customer dissatisfaction (Ulbrich, 2006, Janssen and Joha, 2007). Moreover, these studies fail to acknowledge the role of process documentation in promoting standardisation, employee training and knowledge protection in an SSC context.

Hence, this research extends the SS literature by adding process documentation as a critical organisation resource in an SS context, but also by consolidating the remaining organisational resources in a taxonomy and, importantly, explaining in which ways these resources contribute to a consistent service delivery by the SSC.

Technology Resources

This research asserts that technology is one of the most distinctive features of SSCs, given its role in supporting communication, process standardisation and performance improvements. Furthermore, the taxonomy of resources provided in Figure 5.1 includes additional technology resources, whose role in promoting quality and efficiency had not been fully recognised by previous research. These technology resources encompass mostly process automation technologies, such as e-invoicing or optical character recognition software, but also sharing platforms, as well as planning and time allocation tools.

Additionally, the cross-case study findings reveal that technologies, such as workflows, ticketing and communication tools, were implemented to support and improve the service provision by the SSC. Additionally, it was also recognised that ERP systems play a significant role in promoting efficiency and process standardisation, since the SS implementation often leads to the harmonisation of ERP systems across clients. Particularly, in Case 4 the decision to establish an SSC is a consequence of the implementation of SAP as the major ERP system for the group. Although these technologies could be available to BUs, the case studies indicate that their implementation was promoted by the SSC to drive process automation and increased efficiency and to support a structured interaction of the SSC with its customers. In this context, this research further highlights the dual role of technology as a driver and an enabler of shared services.

At the technology level, previous research highlighted the crucial role of different IT tools to the success of SS operations, given the permanent pressure to reduce input costs whilst maintaining or improving service outcomes (Shang and Seddon, 2002). Previous research had also underlined the role of ERP systems, approval workflows, invoice scanning applications, electronic employee expenses or language transition workflows in allowing the shared service centre to consolidate, standardise and automate business

processes and contribute to the reduction of error rates (Lacity and Fox, 2008). Also the importance of technology in facilitating the communication between the centre and its customers as well as the dual role of technology as a driver and an enabler of shared services has also been pointed out by previous research (Ulrich, 1995, Fielt et al., 2014).

In this vein, although the crucial role played by technology in an SSC environment had already been recognised by previous studies, this research further emphasis relevance of technology resources in supporting communication, harmonisation and efficiency of SS operations; and consolidates these in a taxonomy of technology resources, adding additional tools that previous research had failed to recognise (Figure 5.1).

5.3 RO 2: Determine how SS resources are configured to create SS capabilities

To address research objective 2 and understand how SS resources are configured to create SS capabilities; it is crucial to firstly identify the specific SS capabilities. In this vein, this section is organised in two sub-suctions: the first explains the contributions of this research in identifying specific SS capabilities; while the second elaborates on how this research explains the processes by which SS capabilities are developed.

Identifying specific SS capabilities

This research contributes to the negligible amount of literature focusing on SS capabilities by identifying three SS operational capabilities and seven SS dynamic capabilities, grouped into four areas of competence, namely service delivery, relationship management, transformation management and knowledge management (Figure 5.2). Given the absence of a generalisable categorisation of capabilities in previous SS research, this study followed Feeny et al.'s (2005) categorisation of outsourcing providers' capabilities, but an additional and important category was added - knowledge management.
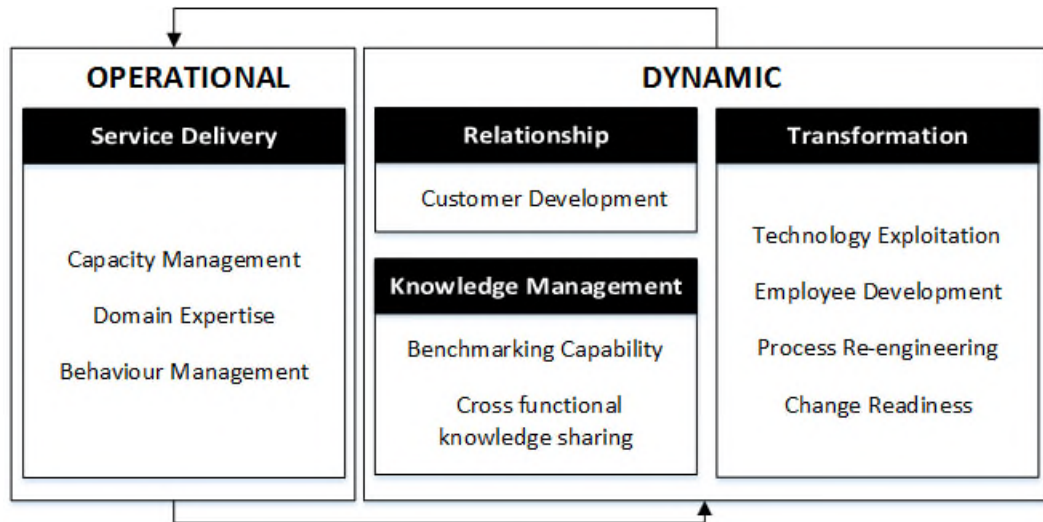
Figure 5.2. Taxonomy of SS capabilities

By recognising these 10 specific SS capabilities, this research extends SS research on capabilities and underlines the SSC's ability to develop and enhance appropriate capabilities. Furthermore, this research further shows that operational service delivery capabilities are vital within an SS context, since the three capabilities identified in this area of competence - capacity management, domain expertise and behaviour management - were recognised in all the case studies.

Additionally, this research emphasises the importance of dynamic capabilities in the relationship management, transformation management and knowledge management categories, since they enable SSCs to understand and address their customers' needs, as well as to develop their knowledge and adapt their service delivery in response to changing requirements. As a result, and because the four case studies reveal both operational and dynamic capabilities, this research argues that SSCs are ambidextrous organisations that can adapt their service delivery to changes in the environment and customer requirements, without disrupting their daily activities.

The literature review established that previous research has not addressed what capabilities, neither operational or dynamic, contribute to the shared service goal of service enhancement and that the concept of ambidexterity has not been introduced in SS research (Knol et al., 2014). Nevertheless, some studies have highlighted the importance and need for studying SSC resources and capabilities (Goh et al., 2007, Janssen and Joha, 2006a). Specifically, Maatman et al. (2010) acknowledged the central role played by the capabilities of the SSC in creating value for the business; and more recently Maatman and Bondarouk (2014) introduced a capability map aiming to

describe the value creation process of a transactional HR-focussed SSC. Although these studies established a path for future research on SS capabilities, the former is a conceptual study which does not introduce any specific capability; while the latter is limited to empirical data collected in a single case study in the HR function, therefore limiting the generalisability of their findings. By contrast, this thesis is based on empirical data collected at four case studies from different functional areas, which not only increases the generalisability of its findings, but also results in the identification of a broader range of capabilities, which are not constricted to SSCs in the HR function. In fact, service delivery is the only category identified by this research which is also pointed out by Maatman and Bondarouk (2014). However, the specific capabilities they identify in this category are different, making it even more evident that the capabilities they recognised are very specific to the HR environment and not particularly applicable to a wider SS context.

In terms of relationship management, the only capability found was customer development, also identified in all four cases. Whilst it is widely accepted that a smooth relationship between the SSC and its clients is essential for the success of SS operations (Banoun et al., 2016, Bergeron, 2002), the importance of this capability had not been widely reported within an SS context and therefore its identification represents an important contribution of this research.

In terms of transformation management, the capabilities identified include: technology exploitation, employee development, process re-engineering and change readiness. While both technology exploitation and process re-engineering were identified by Feeny et al. (2005) as capabilities required by outsourcing providers in order to meet the clients' need for service improvements, Maatman and Bondarouk (2014) did not recognise technology exploitation as an SS capability.

Additionally, they consider 'engineering capabilities' as all the capabilities that enable the centre to develop solutions to improve the quality, cost, functionality, and agility of the service delivery, including the ability to expand the service scope, to adjust the service delivery and to develop solutions that can be used by external stakeholders. Although the expansion of the service scope is an important goal for all the four case studies, this research did not find evidence of such a capability, since this expansion is seldom driven by the SSC, but occurs as recognition of the centre as a valuable business partner by the BUs. Furthermore, the abilities to adjust the service delivery and to

develop business solutions result, on one hand, from process re-engineering capability which enables the SSC to bring improvements to processes; and on the other hand from technology exploitation which allow the centre to develop technology solutions to support and improve the service delivery.

By contrast, the aptitude to deal with change without compromising the daily operations is reflected in change-readiness capability, which Maatman and Bondarouk (2014) refer to as change-facilitating capability. This research identified change-readiness capability in the three case studies whose employees denote an SSC mind-set, and therefore this finding follows on from Maatman and Bondarouk (2014), indicating that this capability is transversal to SSCs operating in different functional areas.

Likewise, employee development capability was identified in the same three case studies, indicating that SS employees with a better process and organizational knowledge, as well as a better understanding of customer needs, are not only better equipped to bring improvements to the service delivery, but also better prepared to deal with changes in the service delivery. Although the case study findings highlight the importance of the ability to enhance employees' skills and knowledge, this capability had not been identified by previous research.

Regarding the knowledge management category, benchmarking capability was regarded as critically important for achieving process improvements in all four cases, despite not having been explored in the extant SS literature. In this context, the identification of the ability to benchmark best practices internally and externally is an important contribution of this research. Moreover, knowledge management also encompasses cross-functional knowledge sharing, a capability that was recognised at two case studies, but previous research had not described. Yet, knowledge management plays a significant role in promoting transformation management capabilities, since it enables SSC employees to have a better understanding of the complementarities between functions, thus allowing them to develop their knowledge base and bring about process and technology improvements.

Nevertheless, the goal of research objective 2 is not merely to identify SS capabilities, but also to understand how these capabilities are developed through the deployment of SS resources. The next section continues with an explanation of how this objective is addressed.

Understanding how SS capabilities are developed

This research explains the process by which SS capabilities are developed by identifying the specific routines that precede each SS capability. To understand how SSCs configured their resources to create capabilities, respondents at the four case studies were asked to describe how the work is undertaken at the SSC, and how these practices contributed to differentiate the SSC and develop its strengths (or capabilities). These responses, along with the observations of the SSC daily operations, enabled the identification of certain patterns of behaviour, or routines, across the cases, and their linkage to the 10 SS capabilities. Figure 5.3 summarises the routines identified and the respective capabilities they promote.
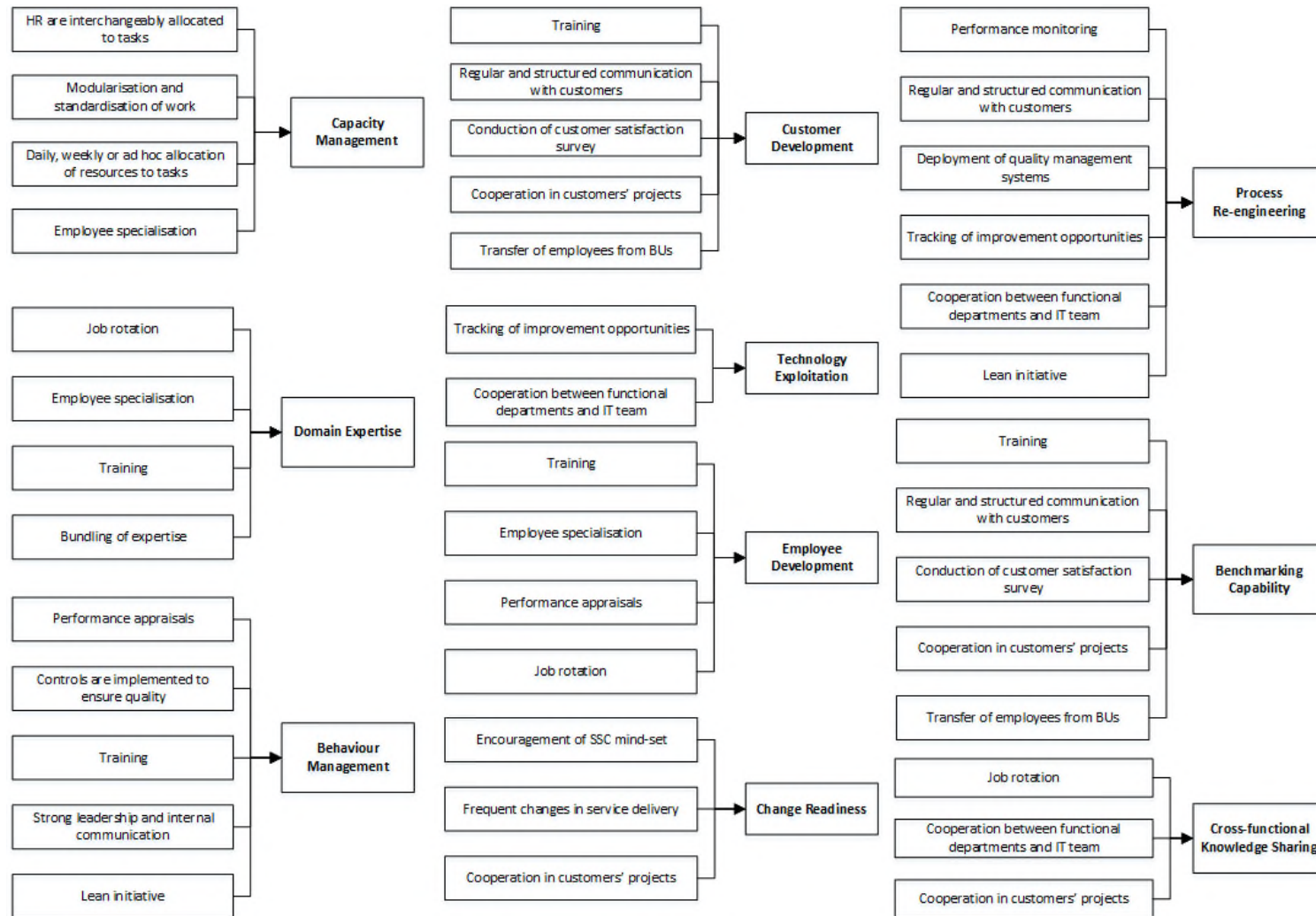
Figure 5.3. From SS routines to SS capabilities

The fact that the routines are very similar highlights the existence of a specific way of working at the SSC, but also supports Eisenhardt and Martin's (2000) claim that capabilities are not firm-specific; understanding how they are developed can be achieved by recognising the commonalities and best practices across firms.

The identification of these SS routines represents a contribution to current SS literature, since it explains the process by which SS capabilities are developed. This enables a more coherent understanding of SS operations and how they can contribute to service enhancements. This research is also a response to the calls for more qualitative empirical studies on capabilities, and sets a path to future research on dynamic capabilities, which could determine whether the development process recognised at SSCs can be replicated in other types of organisation (Ambrosini and Bowman, 2009). At a more abstract level, this identification enabled the re-work of the initial conceptual framework supporting this research (Figure 1.1), leading to the development of an SS delivery model (Figure 5.4). Figure 5.4 illustrates that SSCs deploy human, organisational and technology resources for the performance of their daily tasks, resulting in specific SS routines. The combination of these routines results in specific capabilities, which, in turn, when combined, enable the achievement of a particular goal. In this context, capabilities are recognised as the intermediates between resources (inputs) and the desired objectives of the firm (outputs), being routines the micro-foundations of capabilities (Nath et al., 2010).
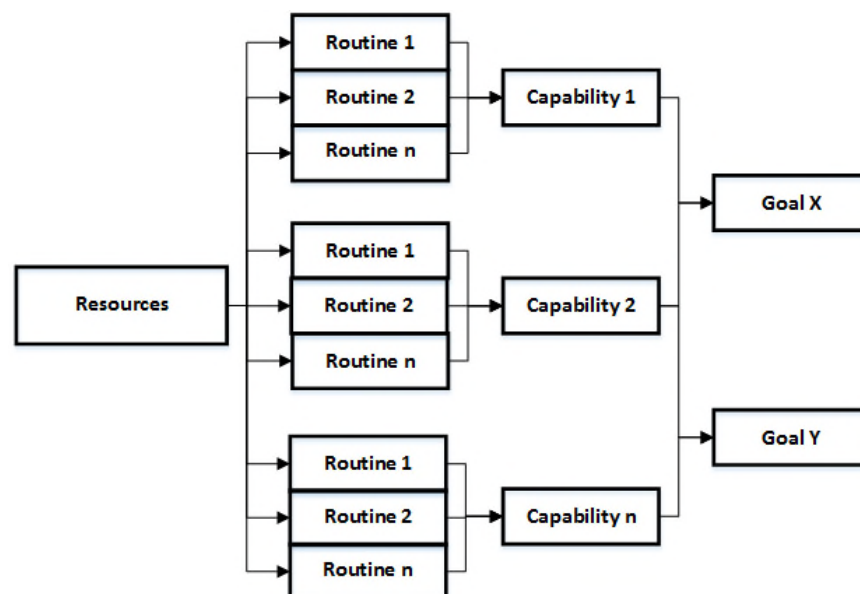

Figure 5.4. SS delivery model: from resources to goals

Furthermore, by explaining how SS capabilities are developed, this research provides an important contribution to practitioners, who can identify the specific routines they need to promote in order to develop the capabilities required to achieve their SSC's goals. This responds to the claims for further research on SS, in order to provide practitioners with procedural guidelines on how to design, implement and manage SSs, helping managers to achieve the full potential of their SSCs (Lacity and Fox, 2008; Miskon et al., 2011).

5.4 RO 3: Explore how the goal of enhanced service delivery is achieved

For the sake of simplicity, this research generally designates the goal of the SSC as 'enhanced service delivery'. This is because, as a service provider, the centre should provide value to its customers; yet, this value may be achieved by a myriad of different goals (e.g. cost reduction, improved quality, etc.), which can all be covered by the term "enhanced service delivery". Nevertheless, to address research objective 3 and explore how this goal is achieved, it is crucial to understand first what the different possibilities that enhanced service delivery may refer to. In this context, this section is organised in three sub-sections: the first sheds light on the specific SS goals identified by this research and how they represent an extension to SS literature; the second sub-section explains the links between capabilities and goals, thus describing what capabilities contribute to each specific goal; lastly, the third section explores how different capabilities may support different SSC strategies.

Identifying specific SS goals

This research extends the extensive literature regarding the goals of SS by adding additional motivations (Figure 5.5), namely: to expand the scope of the SSC, to process high volumes of work, to become an expert and to be recognised as part of the customer organisation. As such, this research highlights that despite the significant attention given by previous SS research to cost- and quality-related goals, SSCs are often driven by a much vaster range of goals, namely related to its processes and strategy.

Although shared services' research is still developing, the drivers behind shared service centre implementations are broadly documented in the literature (Janssen and Joha, 2006a, McIvor et al., 2011, Janssen and Joha, 2006b). Among the competing goals of SSCs, the most widely cited are service quality improvements, cost savings and greater

cost transparency (Quinn et al., 2000, Janssen and Joha, 2006b). Nevertheless, such cost- and quality-related goals are generally accomplished via the promotion of other process and strategy-related objectives, such as process harmonisation or through centralising previously dispersed operations (McIvor et al., 2011). Additionally, it has been recognised that the specialisation achieved by SSCs enables them not only to promote efficiency, but also to improve the service and to create an environment that encourages continuous improvement. According to Forst (2001), the SSC has the potential to promote service improvements both during the implementation stage (when firms have the opportunity to reengineer, standardise and streamline processes), and through an on-going focus upon improving daily operations.

SS Goals	Author
Cost-Related	
Reduce cost	Quinn et al., 2000
Process high volumes of work	Not mentioned in literature
Quality-Related	
Improve service quality	Quinn et al., 2000
Improve quality of information	Janssen and Joha, 2006b
Process-Related	
Harmonise processes	McIvor et al., 2011
Strategy-Related	
Expand the scope of the SSC	Not mentioned in literature
Become an expert	Not mentioned in literature
Be recognised as part of the customer organisation	Not mentioned in literature
Increase customer satisfaction	Farndale et al., 2009
Centralise tasks, expertise and knowledge	Cooke, 2006
Release local teams for more strategic functions	McIvor et al., 2011

Figure 5.5. SS Goals

In summary, although previous research had already pointed out factors that contribute to SS goal achievement (e.g. centralisation and process standardisation), a thorough explanation of what specific capabilities contribute to what goals is still absent. To address this gap, respondents were not only questioned about the specific goals of their

SSCs, but they were also asked to explain what factors contributed to the achievement of these goals. This, along with the observation of training sessions, meetings and daily operations as well as the analysis of documentation, enabled the identification of the capabilities that contribute to the different goals recognised.

Relationship between capabilities and goals

In this context, this research contributes to SS research not only by identifying additional SS goals, but also by recognising what specific SS capabilities contribute to what goals. This represents an important contribution to practitioners, who can identify the specific capabilities they need to develop to achieve the particular goals of their SSCs.

For example, the goal of reducing costs (Figure 5.6), commonly reported in SS literature, is achieved on one hand through efficiencies and economies of scale resulting from the centralization of tasks and resources, but is also a result of enhanced capacity management. Capacity management enables the centre to allocate resources to tasks in a flexible way to respond to fluctuating volumes, and when combined with technology exploitation and process re-engineering capabilities lead to a more efficient service delivery, supported by technology and process improvements that bring about cost reductions. Along with benchmarking capability, i.e. the ability to compare processes and apply best practices, these capabilities enable the SSCs to "do more with less resources", or to have a more efficient service delivery, thus achieving the goal of cost reduction, a goal that was shared by all four case studies.
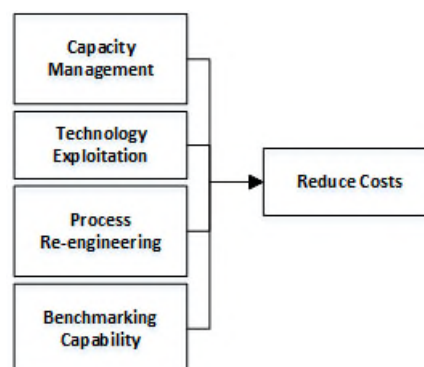

Figure 5.6. Goal of reducing costs and its preceding capabilities

Similarly, the harmonisation of processes (Figure 5.7) and the improvement of the quality of information (Figure 5.8) were also observed at the four cases as important goals, and are in fact a result of the same combination of capabilities.
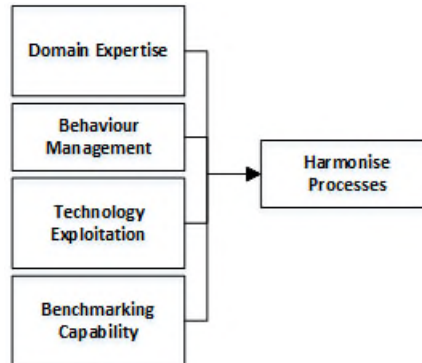

Figure 5.7. Goal of harmonising processes and its preceding capabilities
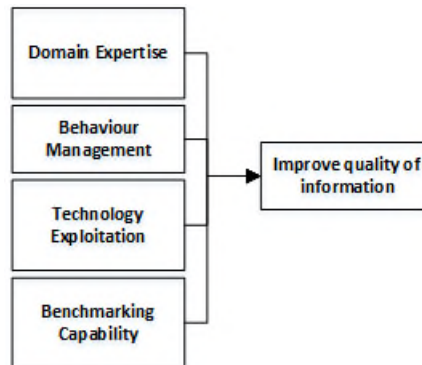

Figure 5.8. Goal of improving quality of information and its preceding capabilities

The process and technical knowledge of SSC employees (domain expertise), along with the SSC mind-set promoted by behaviour management capability lead SSC employees to focus on process harmonisation and to deliver the service outputs with consistent and high quality standards. This is enhanced by benchmarking capability, which enables the centre to compare the processes across clients and harmonise them; as well as by technology exploitation, since the deployment of technological solutions to improve the service delivery is leveraged when processes are standardised and streamlined. In this context, the improvement of the quality of information is also a consequence of process harmonisation, since the harmonised outputs enable an easier comparison of reporting figures, providing greater visibility of the business to top management.

Similarly, the centralisation of tasks, resources and expertise is a common goal to the four case studies and contributes to process harmonisation, since the economies of scale

enabled by centralisation can only be achieved if the processes are harmonised across clients. (Figure 5.9). To make this centralisation possible, the SSC needs service delivery capabilities to ensure that tasks can be transferred to the centre and that consistent services can be delivered. The same is true for the goal of releasing local teams for more strategic functions (Figure 5.10), revealed by three cases, but in fact achieved by the SSCs when they are able to provide consistent services, enabled by service delivery capabilities.
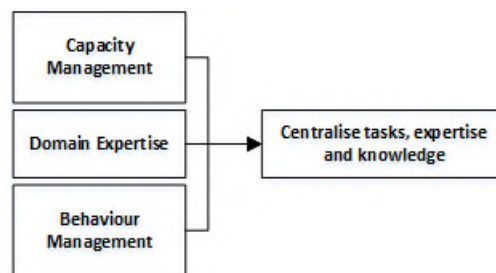

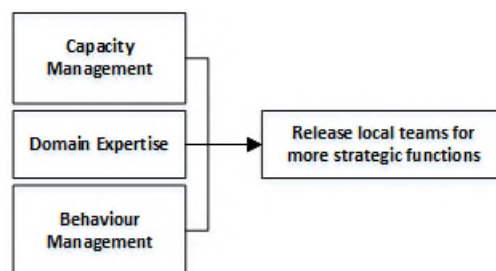*Figure 5.9. Goal of centralising tasks, resources and expertise and its preceding capabilities*

Figure 5.10. Goal of releasing local teams for more strategic functions and its preceding capabilities

On the other hand, in terms of the goal of increasing customer satisfaction, along with the service delivery capabilities, customer development is also necessary, since this capability enables the centres to anticipate and understand customer needs and adapt the service delivery accordingly (Figure 5.11). Additionally, to enable this adaptation of the service delivery the SSC should develop technology exploitation, process re-engineering and change readiness capabilities. These capabilities promote the deployment of technology and process improvements to enhance the service delivery, but also equip the SSC employees with the ability to deal with and seek for change in the service delivery, if this would allow them to pursuit a higher customer satisfaction.
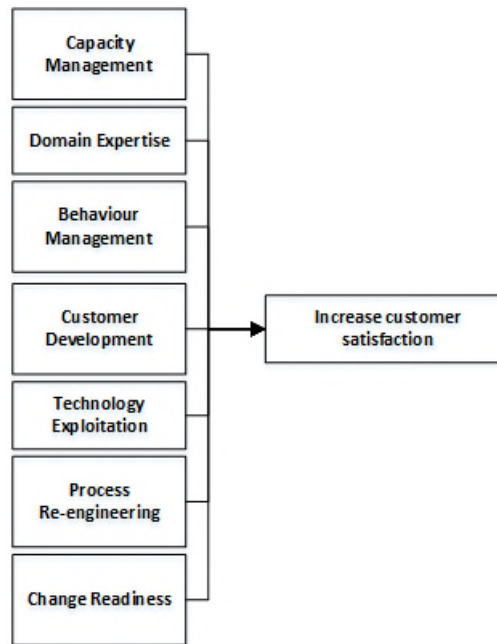
Figure 5.11. Goal of increasing customer satisfaction and its preceding capabilities

Becoming an expert is the goal that requires a broader scope of capabilities (Figure 5.12), and is also only revealed by the larger SSCs (cases 1 and 4), which may be an indicator that this is the most challenging goal to achieve. Centres need to employ their service delivery capabilities to ensure a consistent provision of services; their relationship capabilities to guarantee that they can develop a trustworthy relationship with their customers and are able to anticipate and meet their needs; their transformation capabilities to improve the service delivery and develop the skills and ability to adapt of its workforce; as well as their knowledge management skills to develop and retain the knowledge to enhance the service delivery and be recognised as an expert by the overall organisation.
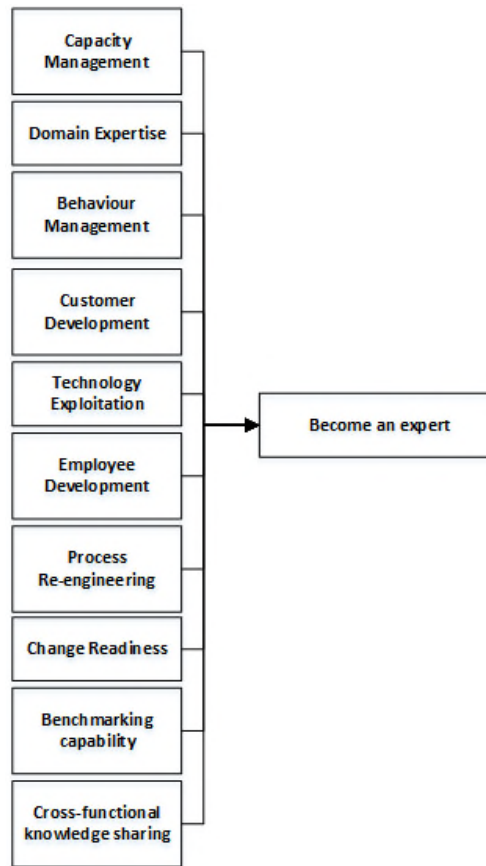
Figure 5.12. Goal of becoming an expert and its preceding capabilities

Conversely, the goal of quality improvement (Figure 5.13) requires mostly transformation and knowledge management capabilities. While technology exploitation and process re-engineering bring about process and technology enhancements that enable automations and controls to decrease human errors and increase quality, employee development and change readiness capabilities promote the pursuit of quality improvements by the employees, by developing in them the skills, knowledge and attitudes that enable them to strive for excellence. In addition, the knowledge management capabilities enable the centre to deploy best practices, but also to develop a better understanding of the complementarities between functions, thus enabling them to bring about process improvements that promote quality improvements.
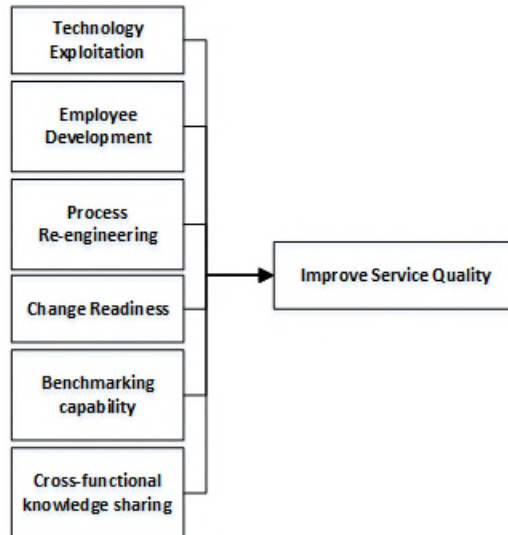
Figure 5.13. Goal of improving service quality and its preceding capabilities

However, and even though these capabilities were identified at the different case studies, the goal of improving quality was only mentioned by Cases 1 and 2. This seems paradoxical, since the same cases reveal also the goal of processing high volumes, indicating that these cases are focused both on quality and on volume processing. Nevertheless, to ensure this processing of high volumes, fewer capabilities are required (Figure 5.14). This is because the centres need to ensure a consistent service delivery through the deployment of service delivery capabilities, as well as technology exploitation and process-re-engineering, to promote process and technology improvements that would enable a more efficient service delivery. This leads to the release of resources to absorb a greater volume of incoming tasks.

Figure 5.14. Goal of processing high volumes of work and its preceding capabilities

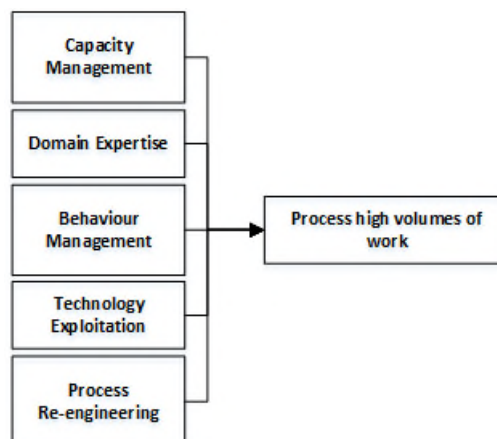By contrast, the goal of being recognised as part of the customer organisation (Figure 5.15) is only revealed by Cases 3 and 4, the cases where the SSC is not enforced by the headquarters as mandatory for the BUs. This means that these centres have to devote extra effort on managing and extending their client base. To achieve this recognition, mostly behaviour management and customer development capabilities are necessary. Behaviour management enables the reinforcement of customer awareness among the employees, while customer development promotes the establishment of a trustworthy relationship with customers, a better understanding of their needs and, consequently, an adjusted service delivery, more in the logic of an internal department, rather than an external service provider.
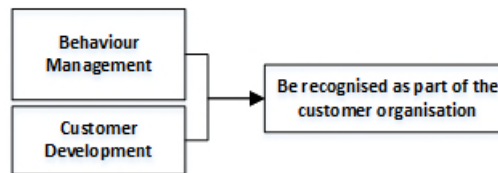
Figure 5.15. Goal of being recognised as part of the customer organisation and its preceding capabilities

To sum up, this research identifies which capabilities contribute to each goal identified at the four case studies, thus exploring how the goal of enhanced service delivery is achieved.

Furthermore, the vast majority of SS goals identified by this research are a result of a combination of both operational and dynamic capabilities (the only exceptions being centralisation of tasks, expertise and knowledge and release of local teams for more strategic functions, which require only operational service delivery capabilities). This further highlights the ambidextrous nature of SS organisations and also confirms the initial assumption of this research ambidexterity is a possible solution for SSCs trying to address the challenges resulting from conflicting goals such as cost reduction and quality improvement.

Nevertheless, for one specific goal, expanding the scope of the SSC, there were different strategies pursued and, consequently, different capabilities were recognised. The next sub-section explores these different strategies.

Relationship between capabilities and different SS strategies

Although the four cases all hold the goal of expanding the scope of the SSC, the approach to this expansion is different depending on the context of each case. Cases 1 and 2, which were created originally as finance-focused SSCs, intend now to expand their services to other functional areas. By contrast, Cases 3 and 4, which are not mandatory to all the companies on their organisations, intend to expand their services in the same functional areas, but to the companies in their organisations that they are not serving yet. This distinction in the approach to scope expansion is reflected in the capabilities required to achieve the goal.

Specifically, SSCs that seek to expand their service scope and become multi-functional centres need to focus on specific capabilities, such as technology exploitation, employee development, process re-engineering, change readiness and cross-functional knowledge sharing. On one hand, these capabilities enable SSCs to bring about process and technology improvements to enhance their service delivery, without disrupting the day-to-day operations. On the other hand, they enable the development of employees with superior skills and knowledge, preferably cross-functional, who also accept and drive change (including change in the service delivery) as part of their daily operations.

Conversely, SSCs that aim to satisfy current and potentially future customers within the same functional scope need to focus more on service delivery capabilities and on relational capabilities (customer development), that will enable them to excel in the performance of their daily operations, understand and meet their current customers' expectations, and use these as leverage to reach new potential clients. Figure 5.16 summarises the different SSC expansion strategies and the necessary capabilities to pursue them.
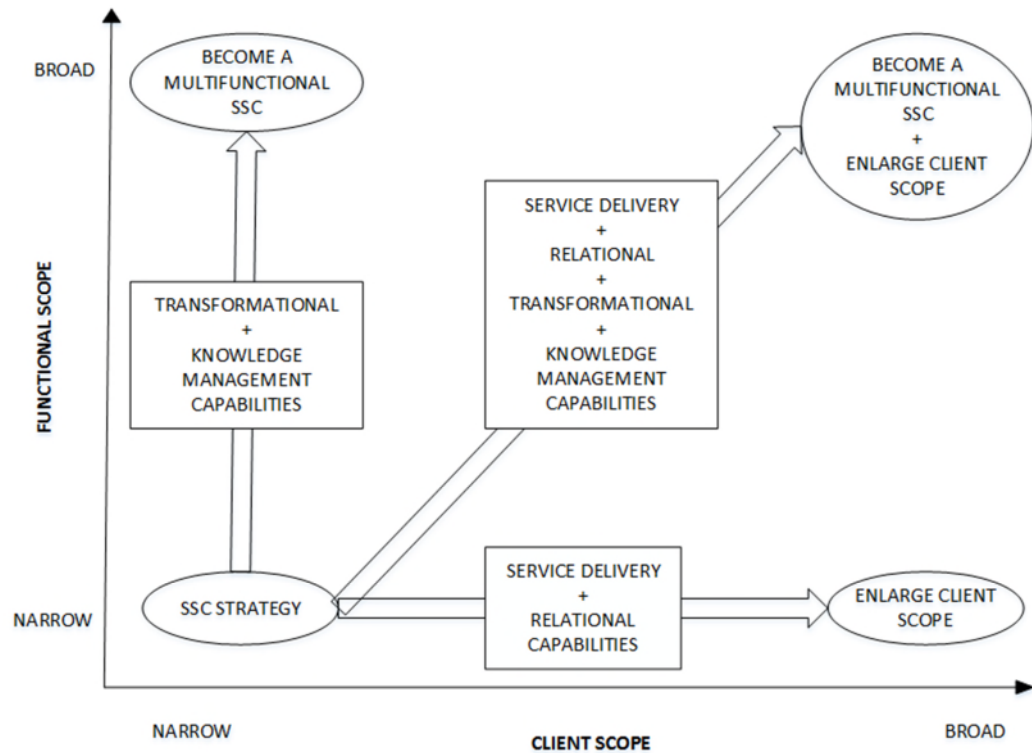
Figure 5.16. SSC expansion strategy and necessary capabilities to pursue it

In this context, an additional contribution of this research is the identification of different strategies to pursue the same objective. Specifically, for the goal of expanding the SSC scope, this research identified that transformational and knowledge management capabilities are more relevant for SSCs that want to become multifunctional SSCs; while service delivery and relationship capabilities are more significant when the centres want to expand their client scope. Finally, even though none of the case studies revealed the goal of expanding its scope both in terms of functions and in terms of clients served, this research argues that the four categories of capabilities would be necessary to achieve such dual goal.

5.4 Propositions

This chapter presented a confrontation of the research findings introduced in Chapter 4, with the research objectives of this thesis. This confrontation enabled the development of a taxonomy of SS resources; the description of 10 SS capabilities and their respective antecedent routines; as well as the identification of additional SS goals not mentioned by previous research, including the relationship between the respective capabilities that contribute to these goals. These are important contributions to SS research, which posit some potential research propositions that future research could test:

1. Shared Service Centres have the ability to develop resources that are context-specific and not available at Business Units.
2. Shared Service Centres have the ability to develop operational and dynamic capabilities through the deployment of specific SS routines.
3. Ambidexterity enables SSCs to achieve multiple and conflicting goals.
4. Shared Service Centres should develop the capabilities that contribute to the achievement of their specific expansion strategies:
   a. Shared Service Centres that aim to expand their client scope should develop service delivery and relational capabilities;
   b. Shared Service Centres that aim to expand their functional scope should develop transformational and knowledge sharing capabilities;
   c. Shared Service Centres that aim to expand both their functional and their client scope should develop service delivery, relational, transformational and knowledge sharing capabilities.

5.5 Chapter conclusion

This chapter has detailed how the findings introduced in chapter four address the 3 research objectives defined to address the research question "How do SS resources and capabilities influence the achievement of enhanced service delivery?" With this aim, the human, organisational and technology resources identified in the four case studies were compared to the SS resources mentioned in the literature, and research objective one was addressed through the development of a taxonomy of SS resources.

Research objective 2, which involved understanding how SS resources are configured to create SS capabilities, was addressed by the identification of the specific routines that contribute to each SS capability. Beforehand, this research identified 3 operational and 7 dynamic SS capabilities, which represents an important contribution to SS literature, given the scarcity of studies analysing the specific capabilities developed by SSCs. Furthermore, by identifying the process by which capabilities are developed in an SS context, this research provides an addition to the research focusing on dynamic capabilities.

Finally, this research extends the literature on the SS goals, by identifying additional motivations, but also by explaining how context-specific capabilities contribute to the

achievement of SSC goals. This responds to research objective 3, which focused on how the goal of enhanced service delivery is achieved.

Furthermore, this represents an important contribution to practitioners, since it enables them to identify the specific resources, routines and capabilities they need to develop for the achievement of their particular goals. Furthermore, it also enables practitioners to identify what additional goals they can achieve, considering the resources routines and capabilities their SSCs already possess. This chapter concluded with a suggestion of potential propositions that future research could test. The theoretical and practical contributions, as well as the limitations of this research, are presented in the next chapter.

6.   Conclusion

6.1 Chapter introduction

The goal of this thesis was to explain the role of SS resources and capabilities in the achievement of SS goals. The preceding chapters introduced the research approach adopted to pursue this goal and discussed the findings emerging from data collected at four SSCs in Portugal, and how they relate to existing research. This concluding chapter summarises the implications of this research, both in theoretical and practical terms, and details the limitations of the study. The chapter concludes with suggestions for future research.

6.2 Research implications

This research provides an important extension to SS literature and responds to the claims that a further understanding of SS is needed, preparing an important foundation for future research on SS resources and capabilities. Moreover, from a managerial perspective, it supports managers in recognising the resources, routines and capabilities they need to develop in order to achieve their particular goals, thus contributing to the claimed procedural guidelines on how to design, implement and manage SS (Lacity and Fox, 2008, Miskon et al., 2011). Table 6.1 summarises the key findings enabled by the achievement of the three research objectives, and outlines the respective theoretical and practical implications that result from these findings.

Table 6.1. Summary of theoretical and practical implications

RO	Summary of findings	Theoretical Implications	Practical Implications
RO1	• Identification and characterisations of specific SS resources, which were not available prior to SS implementation.	• Extension of SS literature, through the development of a taxonomy of SS resources (Bondarouk and Friebe, 2014; Lacity and Fox, 2008; Ulrich, 1995). • Extension of SS research by highlighting that SSCs have the ability to develop new resources, which are context-specific (Janssen and Joha, 2006a).	• SS managers can identify the specific resources they need to develop to successfully deploy their SS operations.
RO2	• Recognition of 10 SS capabilities (3 operational and 7 dynamic), grouped into 4 competency areas. • Description of the antecedent routines that lead to the development of each of these capabilities, shedding light on the capability development process in an SS environment.	• Extension of SS literature focusing on SS capabilities, highlighting the SSCs ability to develop capabilities (Maatman et al., 2010; Maatman and Bondarouk, 2014). • Validation that SSCs are ambidextrous organisations (Pavlou and El Sawy, 2011). • Explanation of the capability development process in SSCs, which is also an addition to research focusing on capability development (Ambrosini and Bowman, 2009).	• SS managers, can identify the specific capabilities they need to develop to successfully deploy their SS operations. • SS managers can identify the specific routines they need to promote in order to develop the capabilities they require.
RO3	• Acknowledgement of different SS goals, including the identification of additional goals not mentioned in previous literature. • Recognition of what specific SS capabilities contribute to what goals. • Recognition that most of the goals require both operational and dynamic capabilities and as such, ambidexterity enables SSCs to achieve multiple and conflicting goals. • Identification of different strategies and different capabilities to pursue the same objective (i.e. expand scope of the SSC)	• Extension of research focusing on SS goals, by identifying additional motivations (e.g. Janssen and Joha, 2006b, McIvor et al., 2011). • Explanation of the goal achievement process in SSCs, through the recognition of the preceding capabilities and routines (e.g. Janssen and Joha, 2006b, McIvor et al., 2011). • Validation that ambidexterity enables SSCs to address the demands of achieving conflicting goals (Pavlou and El Sawy, 2011). • Development of an SS delivery model which describes how SSCs achieve their goals (Maatman et al., 2010).	• SS managers can identify the capabilities they need to develop in order to achieve their particular goals. • SS managers can identify the additional goals they can achieve, considering the resources, routines and capabilities their SSCs already have.

RO 1: Identify and evaluate the specific resources of Shared Service Centres

Summary of findings

Research objective 1 enabled the identification of specific SS human, organisational and technology resources that had not been depicted in previous research. Furthermore, these resources were characterised and contrasted with the resources previously available at the business units, thus contributing to the distinction between SS and BU operations.

Theoretical Implications

This thesis extends SS research by developing a taxonomy of SS human, organisational and technology resources, which validates the applicability of RBV when studying SSCs (Janssen and Joha, 2006a).

Additionally, this taxonomy of SS resources represents an important extension to SS research, which highlighted the importance of certain SS resources for the success of SS operations, but failed to provide a comprehensive consolidation of SS resources (e.g. Bondarouk and Friebe, 2014; Lacity and Fox, 2008; Ulrich, 1995).

Furthermore, this research describes the factors that contribute to the development of SS resources, highlighting the SSC ability to develop new resources. In this vein, it challenges the view that SSCs are merely a way to reconfigure the internal resources and competencies of the business units (Janssen and Joha, 2006a), and represents an additional contribution to SS research, by identifying SS resources developed by the SSC.

Practical Implications

From a practice point of view, these findings enable managers to identify the specific resources they need to develop to successfully deploy their SS operations. Moreover, by identifying the factors that contribute to the development of these resources, for example an SSC mind-set among the employees, this research provides managers with a clear indication of the routines and work practices they should promote to develop these resources.

RO 2: Determine how SS resources are configured to create SS capabilities

Summary of findings

Research Objective 2 enabled the recognition of 10 SS capabilities, grouped into 4 competency areas: service delivery, relationship management, transformation management and knowledge management. Furthermore, this research provides a description of the antecedent routines that lead to the development of each of these capabilities, shedding light on the capability development process in an SS environment.

Theoretical Implications

In this context, this research extends the literature focusing on SS capabilities by identifying three SS operational capabilities and seven SS dynamic capabilities (Maatman et al., 2010; Maatman and Bondarouk, 2014). This contribution underlines not only the SSC's ability to develop and enhance appropriate capabilities, but also the fact that SSCs are ambidextrous organisations, which can adapt their service delivery without disrupting their daily activities (Pavlou and El Sawy, 2011). Additionally, by describing the capability development process in an SSC, this research provides an extension to the research focusing on capability development and responds to the calls for more qualitative empirical studies on capabilities (Ambrosini and Bowman, 2009).

Practical Implications

In terms of practical implications, these findings enable managers to identify the specific capabilities they need to develop to successfully deploy their SS operations, but also to recognise the specific routines they need to promote in order to develop the necessary capabilities for their operations.

RO 3: Explore how the goal of enhanced service delivery is achieved

Summary of findings

Research Objective 3 enabled the acknowledgement of different SS goals, including the identification of additional goals not mentioned in previous literature. Furthermore, by addressing this research objective, this research recognised the capabilities that contribute to the achievement of specific SSC goals. In addition, for the achievement of the specific goal of expanding the scope of the SSC, this research established that different strategies and, as a result, different capabilities can be deployed.

Theoretical Implications

The identification of additional SS goals represents an extension to the SS literature that focuses primarily on describing SS motivations (e.g. Janssen and Joha, 2006b, McIvor et al., 2011). Furthermore, explanation of the goal achievement process in SSCs, through the recognition of the specific capabilities that precede each goal, represents an additional extension to this research, by going beyond the simple identification of SS goals. The conclusion that for the achievement of most of the goals both operational and dynamic capabilities are necessary further enhances the ambidextrous character of SS organisations and highlights the importance of ambidexterity in enabling SSCs to achieve multiple and often conflicting goals. Additionally, The SS delivery model portrayed in Figure 5.4, which describes the delivery of services by SSCs, sheds further light on the process by which SSCs achieve their goals and provide value to their customers (Maatman et al., 2010).

Practical Implications

The practical implications of these findings are twofold: on one hand, managers can identify the capabilities they need to develop in order to achieve their particular goals; and on the other hand, they can identify the additional goals they can achieve, considering the resources, routines and capabilities their SSCs already have. As a result, these implications respond to the claims for further research on SS, in order to provide advice to practitioners on how to realise the full potential of SS (Lacity and Fox, 2008).

6.3 Research limitations

Despite the relevance of this study's contributions to research and practice, some limitations have also to be pointed out.

Context Selection

The first limitation of this study refers to the selected context. Although Portugal was selected due to its recognition as a leader in the development and enhancement of shared service operations (AICEP, 2013), the fact that the study sample is composed only of Portuguese SSCs may limit the generalisability of the findings to SSCs in other countries. Nevertheless, the resources, capabilities and goals identified in the four case studies do not seem to be culturally-specific, suggesting that these findings may not be limited to the Portuguese context.

Case Selection

Secondly, although the initial case study was selected on the grounds of the leadership position of the SSC, the snowball sampling applied subsequently is not immune to case selection bias. One of the criticisms pointed out to snowball sampling is the impossibility of generating random samples, characteristic of probability sampling techniques (Sadler et al., 2010). To address this case selection bias, only SSCs that matched the theoretical sampling criteria (i.e. maturity level, functional and geographical scopes) were contacted. In this vein, the combination of purposive sampling with snowball sampling is expected to have minimised the case selection bias effect of snowball sampling.

Respondent Bias

Furthermore, a certain degree of respondent bias might also be observed as a limitation of this research. Although respondents from different hierarchical levels were interviewed to ensure triangulation and mitigate respondent bias, no interviews were conducted with respondents from the BUs (with the exceptions of the Heads of the SSCs at the Headquarters at Cases 1 and 2). It was expected that including respondents from the BUs, would merely reveal their perceptions of the services provided by the SSC, rather than the specific resources, capabilities and goals of the SSC. At the same time, even though SSC respondents are better equipped to provide insights into the SS operations, their interviews reflect only their perceptions of the SSC resources, capabilities and goals. They do not consider, for example, the headquarters' goals to the SSC, which may be different from the SSC goals themselves. Nevertheless, the goal of this research was to understand the role of SS resources and capabilities in the achievement of SS goals, for which the inclusion of the headquarters' goals would potentially be redundant. Moreover, to increase the reliability of interview data, based on respondents' perceptions, additional sources of information, such as observations and documentation analysis were included, which enabled the triangulation and validation of interview data.

Researcher Bias

The possibility of researcher bias can also not be excluded as a possible limitation of this study, since the collected data was coded by only one researcher. Nevertheless, the inductive coding of data by the researcher was guided by the supervisory team, and the

emerging categories were consistent with other studies - e.g. Feeny et al. (2005) and their categorisation of outsourcing suppliers capabilities – which supports the robustness of this study's findings.

6.4 Suggestions for future research

Although this thesis sets out an important new path for research focusing on SS resources, capabilities and goals, it also opens up different avenues for future research. The SS delivery model introduced by this thesis (Figure 5.4) represents a significant contribution to the current understanding of how SS goals are achieved, through the deployment of resources to perform routines that are configured into capabilities, which in turn contribute to goal achievement.

This research recognises that SSCs that develop ambidexterity i.e. are able to simultaneously exploit operational capabilities and explore dynamic capabilities, manage to achieve conflicting goals such as cost reduction and quality improvement. Nevertheless, this thesis did not explain how the balance between this exploration and exploitation can be achieved and if this requires any trade-offs in the goals of the SS. As such, future research could investigate the specific trade-offs necessary in the design of SSCs, namely to what extent the degree of efficiency and responsiveness influence the achievement of conflicting goals.

Future research could also explore the role of different contingency factors in this SS delivery model. For example, the customer scope of the SSCs, both in terms of the functions and the geographic regions serviced, has hardly ever been analysed. Future research could explore the role of this functional and geographic scope in the resources, capabilities and goals exhibited by the SSCs. Other contingency factors could include the type of SSCs (transactional centre vs centre of expertise); the mandatory or optional character of the SSC, or even the degree of customisations vs standardisation. In fact, Joha and Janssen (2014) highlight that different benefits may be achieved by SSCs depending on the respective balance between customisation vs. standardisation they exhibit. Future research, in the form of a comparative case study, could evaluate the differences in the resources, routines, capabilities and goals of an SSC with a high level of customisation, to the ones of an SSC with a high level of standardisation.

Furthermore, this SS delivery model seems to be appropriate to understand both the capability development and goal achievement process in a shared services environment. Considering the calls for more empirical research in the field of dynamic capabilities to

identify them and understand how they are deployed, future research could test the applicability of this delivery model in other contexts, both in terms of organisational types and countries of origin.

Finally, this research identifies the antecedent routines that contribute to the development of SS capabilities, and in some instances explains how different capabilities influence each other. For example, the cross-case analysis indicates that employee development capability positively influences change-readiness capability. Future research could investigate the relationships between the different SS capabilities in order to understand if they influence each other and how. This would provide further insights regarding the capability development process.

6.5 Chapter conclusion

This chapter provides a conclusion to this thesis, which main goal was to explain the role of SS resources and capabilities in the achievement of SS goals.

The key findings of this study were summarised, highlighting that the achievement of the 3 research objectives enabled the identification and characterisation of SS resources and capabilities, as well as the description of how they are developed by the SSC. Furthermore, additional SS goals were identified, and mapped to the respective capabilities that contribute to their achievement.

These findings represent an important contribution to SS research, particularly to studies focusing on SS resources, capabilities and goals. It is also an extension to research focusing on capability development and responds to the calls for more qualitative empirical studies on capabilities. Additionally, this study provides also an important contribution to SS practitioners, who are now better equipped to identify the resources, routines capabilities and goals necessary to achieve their particular goals.

Nevertheless, it is important to note that, as with any other study, this thesis reveals some limitations, namely in terms of context and case selection, as well as respondent and researcher bias. Nevertheless, it also represents an important stepping-stone for future research focusing on resources, capabilities and goals both in an SS or non-SS context.

References

ACCA (2015) *The robots are coming? Implications for finance shared services*. Available at: http://www.accaglobal.com/content/dam/ACCA_Global/Technical/fin/ea-robots-finance-shared-services-0909.pdf (Accessed: 01/11/2016).

Accenture (2013) *Evolution of Shared Services - A Sub-Saharan Africa Perspective*. Available at: http://www.accenture.com/SiteCollectionDocuments/Local_South_Africa/PDF/Accenture-Evolution-shared-Sub-Saharan-Africa-perspective.pdf (Accessed: 31/03/2016).

Agarwal, R. and Selen, W. (2009) 'Dynamic capability building in service value networks for achieving service innovation', *Decision Sciences,* 40(3), pp. 431-475.

AICEP (2013) *Business Support Services 2013*. Available at: http://www.enterpriseeuropenetwork.pt/destaque/Documents/business-support-services_en.pdf (Accessed: 31/03/2016).

Alt, R. and Fleisch, E. (2001) 'Business networking systems: characteristics and lessons learned', *International Journal of Electronic Commerce,* 5(2), pp. 7-28.

Ambrosini, V. and Bowman, C. (2009) 'What are dynamic capabilities and are they a useful construct in strategic management?', *International Journal of Management Reviews,* 11(1), pp. 29-49.

Amiruddin, R., Aman, A., Auzair, S. M., Hamzah, N. and Maelah, R. (2013) 'Mitigating risks in a shared service relationship: the case of a Malaysian bank', *Qualitative Research in Accounting & Management,* 10(1), pp. 78-93.

Amit, R. and Schoemaker, P. J. (1993) 'Strategic assets and organizational rent', *Strategic Management Journal,* 14(1), pp. 33-46.

Argyres, N. S. and Zenger, T. R. (2012) 'Capabilities, transaction costs, and firm boundaries', *Organization Science,* 23(6), pp. 1643-1657.

Avital, M. (2003) 'Reexamining Information Systems Success through the Information Technology Professionals Perspective'. *ECIS 2003 Proceedings*, 20.

Banoun, A., Dufour, L. and Andiappan, M. (2016) 'Evolution of a service ecosystem: Longitudinal evidence from multiple shared services centers based on the economies of worth framework', *Journal of Business Research,* 69(8), pp. 2990-2998.

Barney, J. (1991) 'Firm resources and sustained competitive advantage', *Journal of Management,* 17(1), pp. 99-120.

Barratt, M., Choi, T. Y. and Li, M. (2011) 'Qualitative case studies in operations management: trends, research outcomes, and future research implications', *Journal of Operations Management,* 29(4), pp. 329-342.

Bergeron, B. (2002) *Essentials of shared services.* Hoboken, NJ: John Wiley & Sons.

Bondarouk, T. and Friebe, C.-M. (2014) 'Shared Services—Standardization, Formalization, and Control: A Structured Literature Review', in Bondarouk, T. (ed.) *Shared Services as a New Organizational Form Advanced Series in Management*: Emerald Group Publishing Limited, pp. 39-65.

Borman, M. and Janssen, M. (2013) 'Reconciling two approaches to critical success factors: The case of shared services in the public sector', *International Journal of Information Management,* 33(2), pp. 390-400.

Burrell, G. and Morgan, G. (1979) *Sociological paradigms and organisational analysis.* London: Heinemann.

Coase, R. H. (1937) 'The Nature of the Firm', *Economica,* 4(16), pp. 386-405.

Cooke, F. L. (2006) 'Modeling an HR shared services center: Experience of an MNC in the United Kingdom', *Human Resource Management,* 45(2), pp. 211-227.

Cooperrider, D. L. and Srivastva, S. (1987) 'Appreciative Inquiry in Organizational Life', in Woodman, R. & Pasmore, W. (eds.) *Research in Organizational Change and Development*. Greenwich, Connecticut, US.

Craighead, C. W. and Meredith, J. (2008) 'Operations management research: evolution and alternative future paths', *International Journal of Operations & Production Management,* 28(8), pp. 710-726.

Davis, P. S., Desai, A. B., and Francis, J. D. (2000) 'Mode of international entry: An isomorphism perspective', *Journal of International Business Studies*, 31(2), pp. 239-258.

Davis, T. R. (2005) 'Integrating shared services with the strategy and operations of MNEs', *Journal of General Management,* 31(2), pp. 1-17.

Douglas, D. (2003) 'Grounded theories of management: a methodological review', *Management Research News,* 26(5), pp. 44-52.

Eisenhardt, K. M. and Martin, J. A. (2000) 'Dynamic capabilities: what are they?', *Strategic Management Journal,* 21(10-11), pp. 1105-1121.

Farndale, E., Paauwe, J. and Hoeksema, L. (2009) 'In-sourcing HR: shared service centres in the Netherlands', *The International Journal of Human Resource Management,* 20(3), pp. 544-561.

Feeny, D., Lacity, M. and Willcocks, L. P. (2005) 'Taking the measure of outsourcing providers', *MIT Sloan Management Review,* 46(3), pp. 41-48.

Fielt, E., Bandara, W., Miskon, S. and Gable, G. (2014) 'Exploring shared services from an is perspective: A literature review and research agenda', *Communications of the Association for Information Systems,* 34(1), pp. 1001-1040.

Forst, L. I. (1997) 'Fulfilling the strategic promise of shared services', *Strategy & Leadership,* 25(1), pp. 30-34.

Forst, L. I. (2001) 'Management: Shared Services Grows Up', *Journal of Business Strategy,* 22(4), pp. 13-15.

Goh, M., Prakash, S. and Yeo, R. (2007) 'Resource-based approach to IT shared services in a manufacturing firm', *Industrial Management & Data Systems,* 107(2), pp. 251-270.

Guba, E. G. and Lincoln, Y. S. (1994) 'Competing paradigms in qualitative research', *Handbook of Qualitative Research*, pp. 163-194.

Hirschheim, R. and Klein, H. K. (1989) 'Four paradigms of information systems development', *Communications of the ACM,* 32(10), pp. 1199-1216.

Howcroft, D. and Richardson, H. (2012) 'The back office goes global: exploring connections and contradictions in shared service centres', *Work, Employment & Society,* 26(1), pp. 111-127.

Jahns, C., Hartmann, E. and Bals, L. (2006) 'Offshoring: dimensions and diffusion of a new business concept', *Journal of Purchasing and Supply Management,* 12(4), pp. 218-231.

Janssen, M. and Joha, A. (2006a) 'Governance of shared services in public administration'. *AMCIS 2006 Proceedings*.

Janssen, M. and Joha, A. (2006b) 'Motives for establishing shared service centers in public administrations', *International Journal of Information Management,* 26(2), pp. 102-115.

Janssen, M. and Joha, A. (2007) 'Understanding IT governance for the operation of shared services in public service networks', *International Journal of Networking and Virtual Organisations,* 4(1), pp. 20-34.

Janssen, M., Joha, A. and Zuurmond, A. (2009) 'Simulation and animation for adopting shared services: Evaluating and comparing alternative arrangements', *Government Information Quarterly,* 26(1), pp. 15-24.

Joha, A. and Janssen, M. (2014) 'Factors influencing the shaping of shared services business models: Balancing customization and standardization', *Strategic Outsourcing: An International Journal,* 7(1), pp. 47-65.

Knol, A., Janssen, M. and Sol, H. (2014) 'A taxonomy of management challenges for developing shared services arrangements', *European Management Journal,* 32(1), pp. 91-103.

Lacity, M. and Fox, J. (2008) 'Creating global shared services: Lessons from Reuters', *MIS Quarterly Executive,* 7(1), pp. 17-32.

Lewin, A. Y. and Peeters, C. (2006) 'Offshoring work: business hype or the onset of fundamental transformation?', *Long Range Planning,* 39(3), pp. 221-239.

Lincoln, Y. S., Lynham, S. A. and Guba, E. G. (2011) 'Paradigmatic controversies, contradictions, and emerging confluences, revisited', *The Sage Handbook of Qualitative Research,* 4, pp. 97-128.

Maatman, M. and Bondarouk, T. (2014) 'Value creation by transactional shared service centers: mapping capabilities', in Bondarouk, T. (ed.) *Shared Services as a New Organizational Form*: Emerald Group Publishing Limited, pp. 153-174.

Maatman, M., Bondarouk, T. and Looise, J. K. (2010) 'Conceptualising the capabilities and value creation of HRM shared service models', *Human Resource Management Review,* 20(4), pp. 327-339.

Manning, S. and Massini, S. (2008) 'A dynamic perspective on next-generation offshoring: The global sourcing of science and engineering talent', *The Academy of Management Perspectives,* 22(3), pp. 35-54.

McCann, T. V. and Clark, E. (2004) 'Grounded theory in nursing research: part 1– methodology', *Nurse Researcher,* 11(2), pp. 7-18.

McCutcheon, D. M. and Meredith, J. R. (1993) 'Conducting case study research in operations management', *Journal of Operations Management,* 11(3), pp. 239-256.

McIvor, R. (2000) 'A practical framework for understanding the outsourcing process', *Supply Chain Management: An International Journal,* 5(1), pp. 22-36.

McIvor, R., McCracken, M. and McHugh, M. (2011) 'Creating outsourced shared services arrangements: Lessons from the public sector', *European Management Journal,* 29(6), pp. 448-461.

Meijerink, J., Bondarouk, T. and Looise, J. K. (2013) 'Value creation through HR shared services: towards a conceptual framework', *Personnel Review,* 42(2), pp. 154-175.

Meredith, J. R., Raturi, A., Amoako-Gyampah, K. and Kaplan, B. (1989) 'Alternative research paradigms in operations', *Journal of Operations Management,* 8(4), pp. 297-326.

Miles, M. B. and Huberman, A. M. (1994) *Qualitative data analysis: An expanded sourcebook.* Beverly Hills, CA: Sage.

Minnaar, R. A. and Vosselman, E. G. (2013) 'Shared service centres and management control structure change: Exploring the scope and limitations of a transaction cost economics approach', *Journal of Accounting & Organizational Change,* 9(1), pp. 74-98.

Miskon, S., Bandara, W., Gable, G. and Fielt, E. (2011) 'Success and failure factors of Shared Services: An IS literature analysis'. *Research and Innovation in Information Systems (ICRIIS), 2011 International Conference on*: IEEE, 1-6.

Morgan, G. and Smircich, L. (1980) 'The case for qualitative research', *Academy of Management Review,* 5(4), pp. 491-500.

Myers, M. D. and Newman, M. (2007) 'The qualitative interview in IS research: Examining the craft', *Information and Organization,* 17(1), pp. 2-26.

Nath, P., Nachiappan, S., and Ramanathan, R. (2010). 'The impact of marketing capability, operations capability and diversification strategy on performance: A resource-based view', *Industrial Marketing Management*, 39(2), pp. 317-329. Niehaves, B. and Krause, A. (2010) 'Shared service strategies in local government–a multiple case study exploration', *Transforming Government: People, Process and Policy,* 4(3), pp. 266-279.

Pavlou, P. A. and El Sawy, O. A. (2010) 'The "third hand": IT-enabled competitive advantage in turbulence through improvisational capabilities', *Information Systems Research,* 21(3), pp. 443-471.

Pavlou, P. A. and El Sawy, O. A. (2011) 'Understanding the elusive black box of dynamic capabilities', *Decision Sciences,* 42(1), pp. 239-273.

Peng, D. X., Schroeder, R. G. and Shah, R. (2008) 'Linking routines to operations capabilities: a new perspective', *Journal of Operations Management,* 26(6), pp. 730-748.

Quinn, B., Cooke, R. S. and Kris, A. (2000) *Shared services: mining for corporate gold.* London: Financial Times Prentice Hall.

Redman, T., Snape, E., Wass, J. and Hamilton, P. (2007) 'Evaluating the human resource shared services model: evidence from the NHS', *The International Journal of Human Resource Management,* 18(8), pp. 1486-1506.

Rilla, N. and Squicciarini, M. (2011) 'R&D (re) location and offshore outsourcing: a management perspective', *International Journal of Management Reviews,* 13(4), pp. 393-413.

Sadler, G. R., Lee, H. C., Lim, R. S. H. and Fullerton, J. (2010) 'Recruitment of hard‐to‐reach population subgroups via adaptations of the snowball sampling strategy', *Nursing & Health Sciences,* 12(3), pp. 369-374.

Schultze, U. and Avital, M. (2011) 'Designing interviews to generate rich data for information systems research', *Information and Organization,* 21(1), pp. 1-16.

Schulz, V. and Brenner, W. (2010) 'Characteristics of shared service centers', *Transforming Government: People, Process and Policy,* 4(3), pp. 210-219.

Schwandt, T. A. (2000) 'Three epistemological stances for qualitative inquiry', *Handbook of Qualitative Research.* Second Edition ed, pp. 189-213.

Shang, S. and Seddon, P. B. (2002) 'Assessing and managing the benefits of enterprise systems: the business manager's perspective', *Information Systems Journal,* 12(4), pp. 271-299.

Silverman, D. (2001) *Interpreting Qualitative Data: Methods for Analysing Talk, Text and Interaction.* 2nd edn. London: Sage Publications.

Soalheira, J. and Timbrell, G. (2014) 'What is shared services', in Bondarouk, T. (ed.) *Shared Services as a New Organizational Form Advanced Series in Management*: Emerald Group Publishing Limited, pp. 67-84.

Strauss, A. L. and Corbin, J. M. (1998) *Basics of qualitative research: techniques and procedures for developing grounded theory.* 2nd edn. London: Sage.

Strikwerda, J. (2014) 'Shared service centers: from cost savings to new ways of value creation and business administration', in Bondarouk, T. (ed.) *Shared services as a new organizational form*: Emerald Group Publishing Limited, pp. 1-16.

Symon, G. and Cassell, C. (1994) *Qualitative methods in organizational research: a practical guide.* London: Sage.

Tammel, K. (2015) 'Collective Institutional Entrepreneurship in Initiating Public-Sector Shared Service Centers', *Administrative Culture,* 16(2), pp. 161-179.

Taylor, A. and Taylor, M. (2009) 'Operations management research: contemporary themes, trends and potential future directions', *International Journal of Operations & Production Management,* 29(12), pp. 1316-1340.

Teece, D. J. (2007) 'Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance', *Strategic Management Journal,* 28(13), pp. 1319-1350.

Teece, D. J., Pisano, G. and Shuen, A. (1997) 'Dynamic capabilities and strategic management', *Strategic Management Journal,* 18(7), pp. 509-533.

Ulbrich, F. (2006) 'Improving shared service implementation: adopting lessons from the BPR movement', *Business Process Management Journal,* 12(2), pp. 191-205.

Ulrich, D. (1995) 'Shared services: from vogue to value', *Human Resource Planning,* 18(3), pp. 12-23.

Voss, C., Tsikriktsis, N. and Frohlich, M. (2002) 'Case research in operations management', *International Journal of Operations & Production Management,* 22(2), pp. 195-219.

Wernerfelt, B. (1984) 'A resource‐based view of the firm', *Strategic Management Journal,* 5(2), pp. 171-180.

Williamson, O. E. (1975) *Markets and hierarchies : analysis and antitrust implications : a study in the economics of internal organization.* Collier Macmillan.

Williamson, O. E. (1979) 'Transaction-Cost Economics: The Governance of Contractual Relations', *The Journal of Law and Economics,* 22(2), pp. 233.

Wright, P. M., McMahan, G. C. and McWilliams, A. (1994) 'Human resources and sustained competitive advantage: a resource-based perspective', *International Journal of Human Resource Management,* 5(2), pp. 301-326.

Yin, R. K. (2003) *Case study research: Design and methods.* 3rd edn. Newbury Park: Sage

Zeynep Aksin, O. and Masini, A. (2008) 'Effective strategies for internal outsourcing and offshoring of business services: An empirical investigation', *Journal of Operations Management,* 26(2), pp. 239-256.

Appendix A

US

University of Sussex

Sharing to improve services: a study of shared services capabilities

PARTICIPANT INFORMATION SHEET

This information sheet is intended to provide information to participants in the study: "Sharing to improve services: a study of shared services capabilities". This study is being conducted at the School of Business, Management and Economics – University of Sussex, as part of the PhD dissertation of Mariana Pinho de Almeida, under the supervision of Dr Des Doran and Dr Thanos Papadopoulos.

Shared Services is a strategy that organisations pursue to consolidate processes and tasks previously performed by the different units within the organisation, to reduce costs and improve service quality.

However, previous research indicates that it is particularly challenging to achieve the dual demands of continuous cost reduction and improved service quality simultaneously, indicating that Shared Service Centres need to develop a set of capabilities, enabling them to achieve their specific goals. In this context, the goal of this research is to explore:

1. how context-specific shared services resources are combined to create shared services capabilities

2. identify what capabilities contribute to the progressive achievement of the shared services goals of enhanced service delivery and process improvement, and

3. how these capabilities enable the achievement of shared services goals over time.

Portugal has been selected as the context of this research, where data will be collected for about one year. A range of 4-6 shared service centres will be selected to participate in the study, where respondents from different hierarchical levels will be interviewed, in combination with field observations and documentation review. On average, 10 respondents will be interviewed in each shared service centre.

You have been selected to participate in this study because you are either a director, a project lead, a manager or an operator of a shared service centre. It is up to you to decide whether or not to take part. If you do decide to take part you will be given this information sheet to keep and be asked to sign a consent form. If you decide to take part you are still free to withdraw at any time and without giving a reason.

Interviews and observations will be conducted in the offices of the shared service centre. The interviews will be semi-structured, i.e., there will be an incomplete script, that would enable the exploration of different lines of research, through flexibility and improvisation. Interviews will last no more than 90 minutes and will cover topics such as how differently the work is done by the centre, when compared to the business units, and how does the centre promote service enhancements and process improvements. Your interview will be tape-recorded, transcribed and sent back to you for verification, and unless clarifications are needed, you will be interviewed only once.

By devoting part of your time to this interview, you will be able to contribute to the achievement of the goals of this research. Considering the embryonic stage of shared services research, specially focusing on the role of resources and capabilities, this research would provide and important extension to the literature, by identifying the specific shared services capabilities that contribute to the achievement of the shared service centre goals. This would improve the current understanding of the process by which the shared service centre helps to create value for the business units, as well as provide managers with advice and procedural guidelines about the capabilities they need to develop to achieve the specific goals of their centres.

The names of the companies taking part in the study will be changed to ensure anonymity. All company information will be treated in strict confidence and never disclosed to any third parties. Interview transcripts will only be identified by a code to guarantee anonymity of respondents. The list of company names and respective code names, as well as interviewees and code transcripts will be stored electronically in a password protected database, separately from the research data. If the results of this study are published in academic journals or presented in conferences, the anonymity of participants and confidentiality of company information will be scrupulously maintained.

This research has been approved by the Social Sciences & Arts Cross-Schools Research Ethics Committee. University of Sussex has insurance in place to cover its legal liabilities in respect of this study.

If you have any question or require any further information about this research project, do not hesitate to contact:

Mariana Pinho de Almeida
PhD Candidate
m.almeida@sussex.ac.uk

If you have any concerns about the way in which this study has been conducted, please contact:

Dr Des Doran
Senior Lecturer in Operations & Supply Chain Management
d.doran@sussex.ac.uk

Thank you very much for taking the time to read this information sheet.

Appendix B

US
University of Sussex

CONSENT FORM FOR PROJECT PARTICIPANTS

PROJECT TITLE: **Sharing to improve services: a study of shared services capabilities**

Project Approval Reference:

I agree to take part in the above University of Sussex research project. I have had the project explained to me and I have read and understood the Information Sheet, which I may keep for records. I understand that agreeing to take part means that I am willing to:

- Be interviewed by the researcher
- Allow the interview to be audio taped
- Make myself available for a further interview should that be required

I understand that any information I provide is confidential, and that no information that I disclose will lead to the identification of any individual in the reports on the project, either by the researcher or by any other party.

I understand that my participation is voluntary, that I can choose not to participate in part or all of the project, and that I can withdraw at any stage of the project without being penalised or disadvantaged in any way.

I consent to the processing of my personal information for the purposes of this research study. I understand that such information will be treated as strictly confidential and handled in accordance with the Data Protection Act 1998.

Name:

Signature

Date:

Appendix C

Interview Protocol

Date:
Interviewee:
Position:
Place of interview:
Time of start:
Time of end:

-Thank the interviewee for agreeing to the interview
- Explain the purpose of the study (the interviewee would have received the info sheet the day before)
- Ask to sign the consent form and to tape-record the interview

1. Tell me your story within the SSC

2. Can you explain how does the SSC provide services?
   (what are the inputs, outputs and transformation process)

   2.1. what do you need to perform these services?
   - technology, workflows, communication tools and/or automation tools
   - people (e.g. employee skills, training, HR development, job rotation…)
   - Equipment/facilities
   - Process documentation
   - SLA's
   - hierarchical structure
   - KPIs, Controls, Quality checks
   - other?

3. In what way is this different from the work that was previously done at the business units?
4.
5. How has the way the work is done at the SSC evolved over time?
   - technology, workflows, communication tools and/or automation tools
   - people (e.g. employee skills, training, HR development, job rotation…)
   - Equipment/facilities
   - Process documentation
   - SLA's
   - hierarchical structure
   - KPIs, Controls, Quality checks
   - other?

6. In your opinion, what are the main strengths of the SSC?

6.1. How were these strengths developed?

7. Can you think of any challenges that the centre has faced since its implementation?

   7.1. how did you recognise these challenges when they emerged?

   7.2. what measures were taken to overcome these challenges?

8. Can you think of any opportunities that the centre has faced since its implementation?

   8.1. how did you recognise these opportunities when they emerged?

   8.2. what measures were taken to seize these opportunities?

9. In your opinion, what are the goals of the SSC?

10. Have these goals evolved over time?

   10.1.   if so, why/how?

11. In your opinion, is the SSC achieving these goals?

12. In your opinion, what is contributing for the achievement of these goals? / How is the centre achieving these goals?

- Thank the interviewee again for their time
- Inform that interview transcript will be sent for review
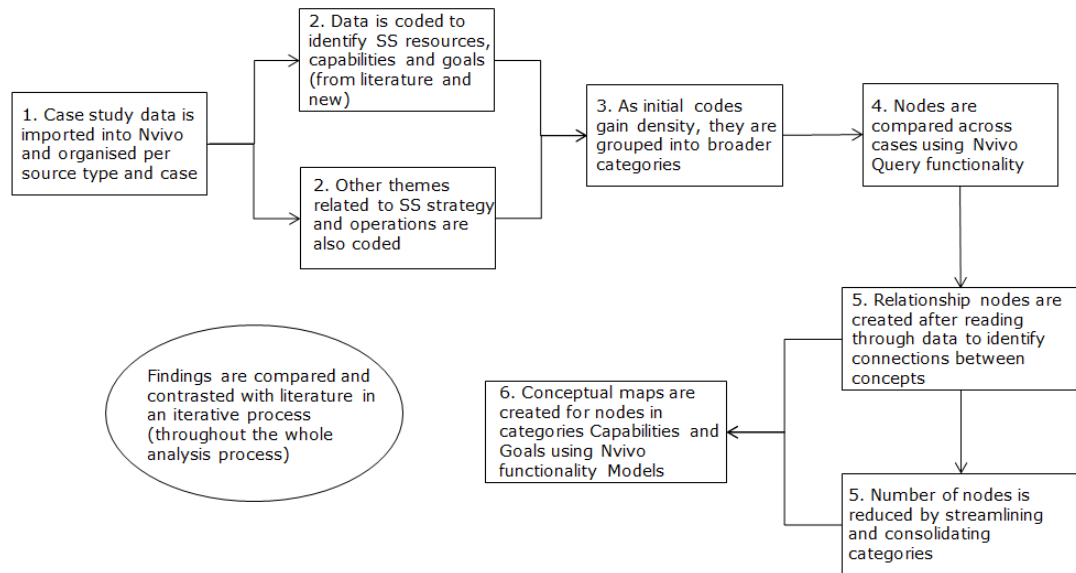- Request to contact again in case verification of factual matters is needed

Appendix D

Figure A.1 Process steps taken during data analysis