

**MESTRADO**  
CIÊNCIAS EMPRESARIAIS

**TRABALHO FINAL DE MESTRADO**  
DISSERTAÇÃO

CHALLENGES AND SUCCESS FACTORS ON THE IMPLEMENTATION OF  
A SHARED SERVICES CENTER

RICARDO MANUEL CARREIRA DE AVELAR SIMÕES

OUTUBRO - 2019

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**RICARDO MANUEL CARREIRA DE AVELAR SIMÕES**

**ORIENTAÇÃO:**

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**OUTUBRO - 2019**

## Acknowledgements

Firstly, I would like to thank my supervisor, Ph.D. Pedro Picaluga Nevado, for his unconditional support, for his mentorship, and actually being a teacher from whom one can learn a great deal.

Secondly, it is essential to acknowledge the precious help given by the interviewees on this project. They were always warm, welcoming, and always motivated me to proceed with this. On this topic, I need to highlight the help of Mr. Gregory Cloquet, who was a sort of internal supervisor for this paper, providing some useful guidance and guidelines along the process.

This work could have never been done without the basis that brought it together: my team of colleagues. They were the main motivation behind this paper, and to me, they are the most valuable asset of the entire organization. Colleagues that you can call family.

Last, but probably the most important part of this paper, I need to thank my family for their love, patience and support, especially my lifetime partner, who was able to be harsh in times of procrastination, but loving and supportive in times of demotivation. I could not have finished this without her.

*“You’re only as good as those you are surrounded by.”*

*Daniel Melchior*

**Abstract**

Organizations worldwide have been struggling more and more to be competitive, within an economic environment that is changing faster and faster. The Shared Services business model has proven to be a success method for companies to achieve better results, by reducing costs, reducing redundant tasks, and increasing quality of services. Portugal has been one of the favorite countries for organizations to establish their Shared Service Centers, due to the country's advantages. However, several challenges are presented to the organization when implementing a Shared Services Center (SSC).

This study focuses on the implementation of a SSC for a Multinational organization in Portugal, aiming to deeply analyze the challenges brought by the changing process of such implementation. On a deeper level, how they affected the organization, how the SSC became a success case for the organization, by naming the factors behind such success, and by discussing how the team reacted to all the change processes.

In order to achieve valid and detailed results, this work is based on a case study of that same company, where several data was collected during the first two years of the implementation of the center, through direct observation, active participation, and by conducting five interviews to members of the organization in several departments.

By analyzing all the data collected along these two years, the conclusions drawn from this case study are that the main reasons for establishing a SSC in Portugal were not only cost reduction, but also the high level of education, even though there were a few challenges down the road, namely addressed with language and communication. In addition, it was agreed that the main factors for the success of the SSC implementation is related to the high quality training, and people being able to adapt and embrace change.

**Keywords:** Shared Services Center, Change Management, Challenges, Motivations, Resistance, Communication

## Resumo

Organizações em todo o mundo têm vindo a lutar para se tornarem cada vez mais competitivas, inseridas num ambiente económico que muda cada vez mais rapidamente. O modelo de negócio de Serviços Partilhados tem dado provas de ser um método de sucesso para as empresas atingirem melhores resultados, reduzindo custos, reduzindo o número de tarefas redundantes, e aumentando a qualidade dos serviços prestados. Portugal tem sido um dos países preferidos para as organizações estabelecerem os seus Centros de Serviços Partilhados, pelas vantagens que o país apresenta. Contudo, existem diversos desafios que as organizações enfrentam aquando da implementação de um Centro de Serviços Partilhados (CSP).

Este estudo é focado na implementação de um CSP numa organização multinacional em Portugal, tendo por objectivo analisar aprofundadamente os desafios trazidos pela mudança de processo numa implementação deste tipo. Num nível mais profundo, como esses desafios afectaram a organização, como o CSP se tornou um caso de sucesso para a organização, apontando os factores por detrás desse sucesso, e discutindo como a equipa reagiu a todos os processos de mudança.

Com o propósito de alcançar resultados válidos e detalhados, este trabalho baseia-se no estudo de caso dessa mesma empresa, onde diversos dados foram recolhidos durante os primeiros dois anos de implementação do centro, através de observação directa, participação activa, e através da realização de cinco entrevistas a membros da organização em vários departamentos.

Através da análise de todos os dados recolhidos ao longo destes dois anos, as conclusões retiradas deste estudo são que as principais razões para estabelecer um CSP em Portugal não foram apenas redução de custos, mas também o elevado nível de educação, apesar de terem surgido alguns desafios durante o percurso, nomeadamente relacionados com idiomas e comunicação. Para além disso, existe concordância no facto de que os principais factores para o sucesso da implementação do CSP se prende com a elevada qualidade da formação, e com a elevada capacidade das pessoas se adaptarem à mudança.

**Palavras-chave:** Centro de Serviços Partilhados, Gestão da Mudança, Desafios, Motivações, Resistência, Comunicação

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## **1. Introduction:**

Over the last few decades, multinational organizations have been struggling to find new strategies to adapt to an environment of constant change. Globalization, new technology and new market challenges, have raised the need for organizations to be more creative, flexible and adaptable to new realities, in a context of change that happens on a faster and faster pace. One of the major challenges that leaders have to deal with is cost efficiency, whilst maintaining high quality levels. This one of the reasons behind the creation of Shared Service Centers (SSCs).

When implementing this organizational model, defined by Bergeron (2003) as one on which similar functions in the organizations are gathered in one business unit, leaders and managers face several different challenges, such as location, what model to adopt and what areas will be part of the center. However, the biggest challenges are presented to the operational team, who will have the responsibility of making the center work and provide results for the management team. Challenges such as the interaction between the members of the team, internal and external communication, the necessary competences for the performance of daily tasks. On a ultimate level, the capability the team show on resisting to these challenges and on facing changes, will turn the SSC into a successful and lasting project. Some research shows that quality and coordination help to explain longer-term agreements, opposite to agreements based on cost savings (Aldag & Warner, 2018). This research paper will focus on the challenges of the team on a near shore SSC environment, on an implementation stage.

The motivation behind this research paper relies not only on the fact that Shared Services business models are a current and important topic on efficient management, but also because I work with a Shared Services team, which represents an opportunity of adding my personal insights and experience to this research work. It can be considered an important topic for organizations, particularly when they look for new ways of reaching greater levels of efficiency. Over the last few years, SSCs have been pointed out as a very reliable solution when reaching for efficiency (Janssen, M. and Joha, A, 2006). It is important to highlight that SSC are not only designed to save money by reducing costs, but mostly to add value to the organization adopting this business model.

Extensive research has been done on the several branches of SSCs, including the implementation on the public sector (Janssen, M. and Joha, A, 2006; Ulbrich, 2009), specially due to the increasing popularity of this business model on both public and private organizations. These studies, as well as the rest of the existing literature, usually focus on the objectives to be accomplished with the implementation of a SSC, the sort of structure to be adopted on that same implementation, what advantages and disadvantages of a SSC on a certain scenario, what departments will be involved in that transformation. Nonetheless, there seems to be missing some research around the results obtained from such implementation and the challenges presented to SSC groups after its implementation, with no disregard for the focus on the proposal for implementation of SSC on the public sector, normally in areas of Finance or Information technology, which is not the case on this research paper. The team that will represent the case study on this research is part of the Marketing department, which is a department that has been growing on the Shared Services preferences. (Deloitte, 2017; SSON, 2018)

Therefore, it seems to be of great scientific utility to demonstrate the challenges a team on a SSC are faced with at the implementation stage, meaning, at the moment when the team start having training for the tasks that department is supposed to perform. These challenges, which may several times put the continuity of the very project at stake, can have different sources and rely on several factors, both external and internal. The purpose of this study is to demonstrate that the only way to overcome these challenges is on the team, and their capability to adapt to change, their team spirit, their dedication to the project, their commitment to the values, the vision and the mission of the organization. The success of a SSC is in their human factor, and according to Melchior's opinion (2008) "You're only as good as those you are surrounded by."



## **2. Literature Review:**

### **2.1 Shared Services Centers:**

#### **2.1.1 Context and Concept:**

Before going through the key question of this thesis, it is necessary to provide the definition and contextualization of SSC, and their implementation stages, extensively approached by many authors, in different areas. SSC are a business model which appeared in the early 80s. On his research, Davis (2005) presents a short description of the first SSC models, and gives as example two North-American companies: *Digital Equipment Corporation* and *General Electric*. This is said to have been to starting point for more organizations to consider this management model with the goal of increasing their efficiency, constantly seeking cost reduction, without compromising quality of the service provided.

Nowadays, a vast majority of the companies have established some form of Shared Services, in order to achieve superior performance through cost savings and quality enhancements (Richter & Bruhl, 2016). When implementing this solution, companies face numerous challenges such as internal reconfiguration, make-or-buy decisions and the coordination of transactions. According to recent reports on the matter (Deloitte, 2017), 73% of the organizations show an increase on productivity up to 5%, after adopting a shared services model.

Literature has provided us not only with several definitions for the concept of Shared Services (Schulman et al, 1999; Bergeron, 2003), but also with a wide variety of articles focusing on the motivations behind the adoption of Shared Services models (Janssen & Joha, 2006), focused both on public and private sectors (Schulz & Brenner, 2010).

Starting with the definition of the concept of Shared Services, there is not one that can be taken as the best definition on the matter (Schulz & Brenner, 2010). Probably the first conceptualization was suggested by Schulman (1999):

“The concentration of company resources performing like activities, typically spread across the organization, in order to service multiple internal partners at lower cost and with higher service levels, with the

common goal of delighting external customers and enhancing corporate value.”

A few years later, Bryan Bergeron (2003) provides the following definition of Shared Services:

“Shared services is a collaborative strategy in which a subset of existing business functions are concentrated into a new, semiautonomous business unit that has a management structure designed to promote efficiency, value generation, cost savings, and improved service for the internal customers of the parent corporation, like a business competing in the open market”

These two authors are extensively quoted in research papers and scientific articles related to Shared Services. For that same reason, we take their work as basis to develop the concept of Shared Services centers.

When considering the definition of SSCs, it is vital to understand the difference between this business model and other similar ones, namely *Outsourcing*, which can be easily mixed up if not properly explained (Sako, 2010), since they both focus on reduction of costs and on increasing the organizations capability of reducing redundancies, thus being able to focus on their core competences. Such definitions have also been widely approached on several articles on the topic. The organization will have to go through the make-or-buy decision.

The major difference between SSC and *Outsourcing* is that the SSC organization is established within the organization, including all the people and resources, whilst the latter solution is basically going to find the resources outside the company. There are also examples where SSC are the starting agreement to later reach *Outsourcing* (Sako, 2010).

### **2.1.2 Motivations for the implementation of SSC:**

Another important topic to be approached is related to the definition of the different motivations for implementation of SSC (Janssen & Joha, 2006). On this particular area, both private and public organizations are driven by different factors. Although the main reason behind this is cost savings (Bergeron, 2003; Gospel & Sako, 2010; Janssen & Joha, 2006), companies are also focused on other purposes when it comes to implement this business model. The implementation of a SSC is the answer to

challenges like duplicated tasks and lack of focus on the core competences of the organization (McCracken & McIvor, 2013). Moreover, companies continuously look for continuous quality improvement, either by standardizing processes, creating new competences, which can then become core competences of the business unit (Ulbrich, 2006), increasing productivity, adding value to the organization, and reaching scale economies.

Several surveys and studies have also been conducted by major Consulting companies, on which we can clearly see the discrimination of the different motives for SSC implementation (Deloitte, 2017). Aligned to what was stated previously, these surveys and studies also show cost reduction as the main motive for creating a SSC model. It is also proven that companies successfully reduce costs by implementing this business model, which has been of great significance for the fact that more and more companies are changing their structures into a Shared Services Organization. In addition, by taking a closer look at the evolution of this model throughout the years (SSON, 2018; Deloitte, 2017, 2015), it is clear that companies now look at SSC as a solution for improving quality of service and increasing efficiency.

### **2.1.3 Challenges for Shared Service Centers:**

At the implementation stage, organizations face a great diversity of challenges in order to develop the SSC and keep it running as smoothly as possible (McCracken & McIvor, 2013). Management needs to be able to deal with demanding barriers, which can be related to different sources, and find the appropriate change management techniques to overcome those same obstacles.

Bergeron (2003), explains this relation between resistance to change and the implementation of SSC in a very clear manner. One other aspect of resistance to change is described by McCracken and McIvor (2013).

However, resistance to change is not the only challenge to be taken into account here. One other major issue is the support given by top management (Schulman et al, 1999). When managers themselves are not committed enough or do not provide enough support at the implementation stage, there is a great risk of failure. The same authors show several of these risks: there might be a dispute between the managers of the different

areas; if the message regarding the implementation to be set in motion is not clearly passed through to every employee involved, there may be situations where the program itself is sabotaged; the scope of the activities to be assured by the SSC might be reduced when compared to the initial plan; resistance to change by the internal customers after implementation stage.

Taking into account a more operational and practical approach, there are several challenges that should be considered when implementing a SSC. Since this is supposed to be a solution taken for redundant and secondary activities, there are some important aspects which are sometimes neglected by management. Several authors point out communication (Schulman, 1999; McCracken & McIvor, 2013), in its wider sense, as a major challenge on the implementation of SSC. This issue includes cultural differences, linguistic barriers, building trustworthy relationships, and lack of communication itself.

## **2.2 Change Management:**

### **2.2.1 Concept and Context:**

As mentioned above, Change Management plays a crucial role when implementing a business model such as a SSC. Similar to what happens on any other new implementation on every organization, a new SSC means that something is going to change from that point onwards. Such a fact raises questions, fear and resistance from the employees (McIvor et al., 2011), which needs to be managed in order to make the implementation process successful. It is generally appreciated that the pace of change has never been faster than today, and also that change is triggered by both internal and external factors, and has different backgrounds and characteristics, which means that has an effect in all areas and industries. (Todnem, 2005). Firstly, it is essential to understand the concept of Change Management.

Bergeron (2003) states that “Managing change in an organization means managing people; technology and operating principles are useless without an effective workforce”. The same author provides the following definition for Change Management:

“The set of structures, procedures, and rules governing the adoption and implementation of changes in the relationship between the customer and the service provider.”

It is recognized by different authors that the process of Change Management can be reflected essentially on two manners: Planned Change and Emergent Change (Liebhart & Lorenzo, 2010). Managing planned change involves going through a sequence of steps aiming to change both organizational and individual behavior, whilst emergent change is related to what is unpredictable and unintentional, without having an organized structure. When it comes to strategy, planned change can be described as top-down, management-directed planned change, whereas emergent change is described as bottom-up, problem-driven change (Cunha & Cunha, 2003).

John Kotter (1996) establishes 8 stages for effective planned change management processes, which are also a guideline for the 8 reasons why change management processes fail in organizations. These stages include establishing a correct sense of urgency, a powerful guiding coalition, developing strategy and vision, efficient communication of that same vision and strategy, empowering people in order to produce that change, ability to create short term wins, consolidate them and finally, incorporate this process into organization's culture (Todnem, 2005; Appelbaum, 2012).

As stated before, emergent change happens without any prediction and intention, but it is considered the opposite pole of planned change, and that these two poles are connected overtime through the changing process (Tarandach & Bartunek, 2009). Change is not only a set of planned linear events, but a continuous open-ended process which involves adaptation to changing circumstances. These unexpected changes and disruptions, either positive or negative, in every people's lives cause immediate reaction. This is a clear sign of "bottom-up" action rather than the "top-down" control usually associated with planned organizational change. The pace of change is depicted as so rapid and complex that once it begins, it is impossible for management or other change agents to identify, plan, and implement every action required. The responsibility for change is more devolved and requires changes in the roles played by management, who become more facilitative than controlling (Tarandach & Bartunek, 2009).

### **2.2.2 Resistance to Change:**

Resistance to change is taken as one of the main reasons why the implementation of SSC fail, either coming from members of the management teams, or from the

operational teams. This resistance can be shown in different ways, and may come from different sources. It is up to organizations to find strategies to set in place change management tools (Knol et al., 2014; Schulman et al., 1999), in order to make change processes run as smooth as possible for the organization.

Several studies tend to focus Change Management and resistance to change conception, when inflicted in the process of Shared Services implementation, on the organizational structure, since new roles and positions represent changing roles and responsibilities for some employees, or even downsizing, which can be associated to people losing their jobs (Bergeron, 2003). That may give the idea that resistance is only visible when starting the implementation process, and is much related to management positions. However, there are also cases of resistance from the employees on a more operational level. On this matter, several reasons are pointed out the resistance to come along at during the implementation process, such as distrust in the success of the project (Schulman et al., 1999), namely from internal customers, poor communication between everyone involved in the implementation process. Schulman et al. (1999) highlights the importance of communication of this process, since it empowers people, as well as the strong support from Top Management and the Managers in the Business Units. As stated before, this is a very important part of the Change Management process (Kotter, 1996; Appelbaum et al., 2012).

### 3 Research Questions and Methodology:

#### 3.1 Research Questions:

This study is focused on the topics mentioned on the literature review, and how they can be related inside an organization. Firstly, it was important to acknowledge what different reasons lay behind the implementation of a Shared Service model in an organization. Secondly, what challenges do the literature recognize for the SSC at the implementation stage, and what influence they can have on the success of this model, with particular emphasis on resistance to change. Finally, how important Change Management is on overcoming obstacles during the implementation stage. Therefore, the case study used on this paper will provide an answer to the following research questions:

Q1 – Why was Portugal chosen as the destination for the implementation of the SSC?

Q2 – What were the challenges presented during the implementation stage?

Q3 – How were those challenges overcome, in order to make the SSC successful?

Q4 – How can the implementation of this SSC in Portugal be classified as a case of success?

These issues will be addressed through the case study methodology, which will be presented in more detail below.

Taking as a starting point the fact that this paper will be based on the description and understanding of the challenges at the implementation stage of a team in a near shored SSC, the case study methodology seems to be the most suitable method to achieve a valid and trustworthy result. According to the study developed by Richter & Bruhl (2016), *case study* research is the predominant method on SSC phenomena. Moreover, most scholars conduct interviews as their source of data on the matter. Baring this in mind, qualitative research tools will be taken into consideration, namely through semi structured interviews. This seems to be the most suitable research methodology, since there is not significant sampling that would justify running surveys or questionnaires that could be considered valid for this research. On the other hand, this study might benefit from the qualitative analysis of the content shared by the interviewees along the interview process.

### 3.2 Collection of data:

Since this research will try to focus its analysis on a single case study, some authors state that performing interviews is the ideal methodology to be adopted in this situation (Yin, 2018). Thus, it is important to collect feedback from some of the management members concerning the results of the SSC team. These interviews were carefully planned and performed, so that it becomes possible to collect valid information to this case study and, at the same time, the greatest level of truth and liability can be reached (King and Horrocks, 2012).

The interviews mentioned above took place in different moments in time. All interviews were analyzed, so that we can draw some conclusions that may help us identify what is the point of view from several management members, from different locations, in what regards to the SSC team (see table 1). Although the people in the organization were enthusiastic about being part of the study, under the confidentiality agreement, we organization will hereinafter be called “Alpha”.

Country	N° interviews	Job position	Time in the company (years)
Ireland	1	Sales Manager Ireland	6
Belgium	1	Chief of Commercial Office	23
Belgium	1	Director Supply Chain Operations	28
Portugal	1	General Manager Alpha Portugal	18
Belgium	1	International S&M Systems Manager	11

Table 1: Characteristics of the interviewees



Generally, the aim was to understand what is their perception of the team, of their functions and tasks, and in a more specific manner, to try to understand their point of view on the initial expectations for this project of implementing a SSC in Portugal, and to understand if those expectations were met or even went beyond what was expected, what challenges they believe the team to be expecting in the future, and what opportunities for improvement have they identified over these last two years working with the Portuguese SSC.

Another important source of data in the case study methodology is direct or participant observation. Within the two years of experience working in this SSC, it was possible to acknowledge the evidences for the purpose of the case study, through direct observation and analyzes of documentation from the company. All these data, along with the empirical interpretation from the author, was cross checked with the information gathered from the interviews, making it possible to make the triangulation of data, which is key in the case study methodology.

## **2 The Case Study:**

### **2.1 Context and background for Alpha:**

The main reason for selecting this company as a case study was the fact that the SSC implementation happened very recently, it was a new project, with an completely new team. One other reason is that, opposite to other companies adopting the same business model, this is a rather small team (currently with 16 members, divided in three teams: SAP Sales Support, Customer Invoicing, Customer Order Management). Firstly we will show the description of the model adopted by Alpha. Here, it is important to highlight the fact that, at the moment the Alpha started the Shared Service Center in Portugal, the organization had already established a SSC in other European countries: Belgium and Macedonia. However, the one in Belgium was a temporary solution, mainly because administrative jobs are very expensive in that country. Aiming to achieve costs reduction without compromising service quality, the possibility of transferring those services to a different location has become a reality. In this situation, the organizational model has not suffered any kind of changes, but it is relevant to the case study to understand what SSC organizational model has been adopted, and what changes, if any, were necessary to make when transferring that unit.

It is also important to understand what the expectations are on the medium-long term after the SSC implementation in Portugal. Taking into account the business area to be developed, there must be a great level of concern from the management team on hiring employees with a specific profile to provide administrative support to the Key Account Managers located in Ireland. In the face of the challenges expected from the tasks to be performed, a profile of the desired requirements is drawn for the employees who will be part of the team, and it is also studied the way the recruitment is going to be held, according to the medium-long term goals of the organization: what kind of contract to establish with the future employees; internal recruitment or outsourcing; if the decision is to go with outsourcing, in what way will this partnership be established.

Another purpose of using this organization as a case study is to try to find how does the team influence the results, achievements and success of the SSC, within a context of uncertainty and constant change along the first year. More important than to quantify

the results and the quality of the service shown by this new team on the SSC, is acknowledge if the attitude and personality of the team have contributed for the consolidation of the team and the initial project and, more importantly, sustainable growth of the project, since, apart from the gradual increase on the number of assets on the team, there was also an expansion of the activities assured by the Portuguese team (sales support group to Netherlands, UK, Spain, Portugal and Belgium, and a new team for Customer Invoicing after 18 months of the beginning of the project).

As it will be shown in the next chapter, Alpha is leader on the Waste Treatment and Management market. From a cost control point of view, but without losing service quality, the top management team made the decision of relocating their SSC they had in Belgium, in the area of Sales Support. After meetings about the possible location of the next SSC, and bearing in mind that there was already a Portuguese Alpha structure, Portugal was the selected location to start this new project, which has been taken as a reference and a model for the entire organization, precisely for being able to achieve its main goal: add value.

## **2.2 Alpha organization and history:**

Alpha is a waste management organization, which provides services for both hazardous and non-hazardous waste treatment. They define themselves as “a reliable partner to both industry and public authorities for ecologically and economically responsible waste management.”. They can manage around 5 million tonnes of waste per year, using the best available techniques for the treatment of this waste, and also manage the entire waste management cycle “from on-site recycling service provision to final treatment.”, playing a crucial role in the circular economy process.

The company was founded in 1985 by the Flemish government and fifteen private companies as a solution for a better way to manage waste from chemical industry. Alpha’s first and main site is Antwerp, strategically located near the Antwerp port, where its core customers have their activities. Two years later, Alpha receives its first delivery of waste to the Antwerp site, and by the end of their fourth year of activity, the company reaches the milestone of one thousand tonnes of waste incinerated. Until the end of the century, Alpha would develop a series of important investments in order to become a reference

in the waste management industry. Several installations were commissioned on the Antwerp site, and grate incinerators in Doel were set in motion. At that moment, the company was capable of processing and treating several types of non-hazardous and hazardous waste, either, solid, liquid or sludge.

With the turn of the millennium, came a great change for the organization: the merger with Flemish governmental entity VLAR, which caused a division of the shares: The Flemish Environmental holding, 54.2%; 24 industrial shareholders owned 44.8%; and the Alpha personnel 1%.

This same period also represented a milestone, since this was the time that marked the expansion of the group. In the year 2000, Alpha ventures into new territory with the establishment of ARP for the regeneration of hydrochloric acid in the Netherlands, and the establishment of the group in Ireland. The following year, the company would set foot both in Portugal and Italy, and in the following years several investments were made, always aiming sustainable growth. Currently, Alpha have a strong presence all over Europe, with branches and specialized installations in several countries (see figure 1).

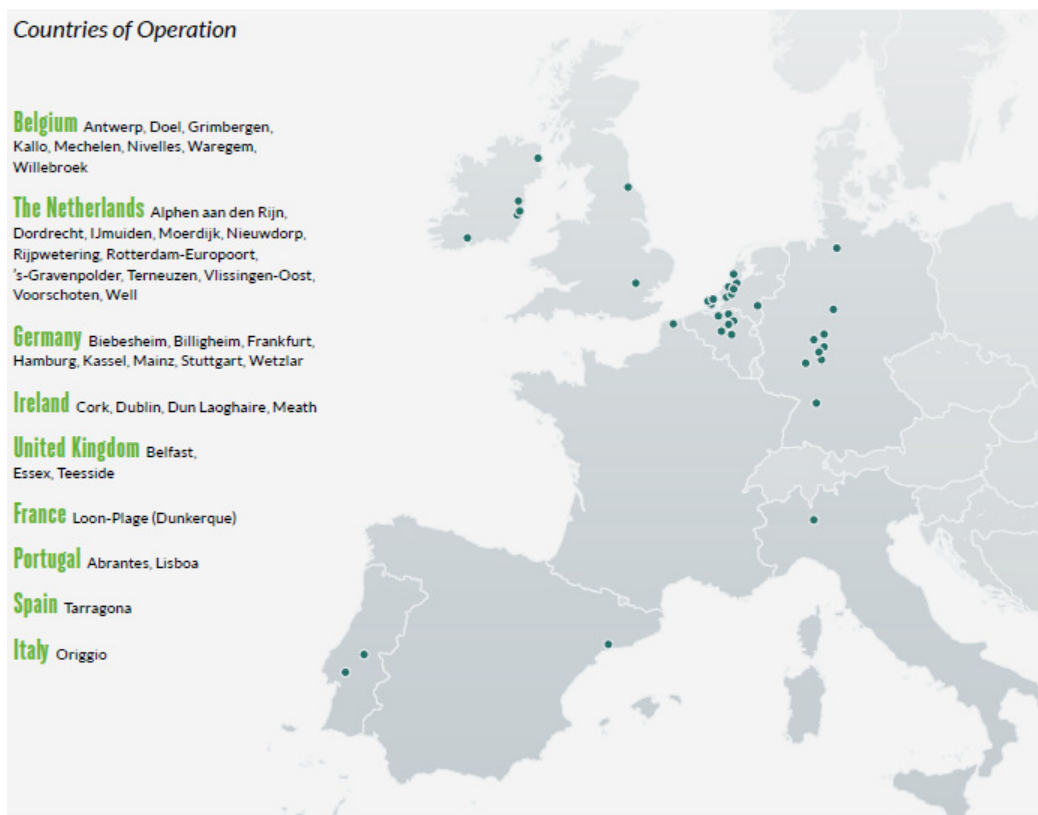


Figure 1: Alpha's position in Europe

Regarding managerial changes, the group has been through some modifications. Apart from the merger mentioned above, Delta NV became the main shareholder of Alpha in 2007, and in the following year obtains 75% of Alpha shares. However, this would again change, with the logistics firm Katoen Natie becoming the new sole shareholder of Alpha in 2015 until the present day.

### **2.3 Core Values and Key Figures**

At the present day, the organization has a great concern for sustainable growth. In order to do so, the company is focus on five core values:

- Demonstrating concern for people, safety and the environment;
- Building relationships based on mutual trust;
- Ensuring transparency in communications and actions;
- Concentrating on achieving results;
- Continuously improving

People investment is one of the group's main focus, and since this is a very complex business, Alpha strives on taking care of their employee's safety and training. The entire group has a work force of 1,739 people, divided by the different regions in Europe: 691 in Belgium, 221 in The Netherlands, 612 in Germany, 192 in the region of Ireland and UK, and 23 divided between Italy and Portugal (the Shared Services Center alone employs 16 people).

It is a fact that sustainable growth is only possible with a solid financial basis, and despite challenging economic conditions, Alpha has remained stable over the last years. In 2018 the group achieved an operating revenue of 542.8 million euros and EBITDA of 103 million euros.

### 3 Data Analysis

As stated before, the SSC considered for this case study is located in Lisbon, Portugal, providing services for European Business Units of the Organization (*nearshoring*), namely Belgium, Ireland and UK. Currently covering more than one function (SAP Sales Support, Invoicing and Order Management), this study focus on the first two years of implementation of the SSC, when only one function was active – SAP Sales Support. Nonetheless, the fact that the SSC can be now considered multifunctional is a very interesting indicator of what the future holds.

It is important to understand that this was not the first experience of the organization when it comes to Shared Service Centers. At the time of implementing this business model in Portugal, there was a SSC in Belgium and in Macedonia, although this last one was also part of the stakeholder's organization. Portugal was the new destination chosen for the implementation of the SSC with SAP Sales Support team, replacing the team in Belgium, who were either relocated inside the company or chose to leave the organization.

On the other hand, a very curious fact on this case study, is that the team selected to be representing the kick-off of this project in Portugal had never had an experience working on a SSC environment. The team was composed of a Portuguese team leader, with leadership experience on a different industry, and not on a SSC environment. The same is applied to the other six members of the team. All of them with different backgrounds, different and mixed set of skills, but with no past experience on a SSC environment, which could have represented a greater risk for the failure of the project.

The five interviews taken into account for this case study were analyzed according to categories. These categories represent three phases of the implementation of the SSC project in Portugal: motives for implementation in Portugal, challenges presented by that implementation, both to the team and management positions, and finally, how those challenges were overcome. Since this is a success story, there will also be a category for the key factors of the success of the SS implementation in Portugal, and what the future perspectives are. The fact that managers from different departments were selected for an interview, will bring an interesting variety of insights to the research results on different aspects, and are also a good contribution for the validation of the study.

Taking into account a closer relationship with the SAP Sales Support team, I understand the importance of having the feedback from the Sales Manager for the Irish region, the Portuguese General Manager, and the Business Process Owner for the SSC project. The first, due to the fact of being the manager of the Key Account Managers of the Irish region, who are the SAP Sales Support team's internal customers. The second, as the person in charge of the SSC. The third, as being one of the promoters and creators of the SSC. To get a wider perspective, the Chief of Commercial Office and the Director of Supply Chain, main responsible for the new departments on the SSC, were also asked to take part in this study.

Q1 – Why was Portugal chosen as the destination for the implementation of the SSC?

Taking motives for implementation in Portugal as the first category of this case study, it is important to highlight the fact that this cannot be put together with motives for implementation in general. The organization had already implemented a SSC in Belgium, although it was set as a temporary solution, prior to the Portuguese one. However, the reasons behind this change are usually related, such as cost savings and quality improvement (Janssen and Joha, 2006). By analyzing the feedback given by the interviewees, it is clear that the main reason for settling in Portugal was indeed cost savings, as this was generally the first response given by all of them. The taxes paid by companies in Belgium are very high, higher than Portugal, which makes our country very competitive. On the same wavelength, the labor cost is also higher in Belgium than in Portugal, allowing the organization to save costs with salaries.

Nevertheless, this was not the only variant the organization took into account. Apart from cost saving, there are other reasons which influenced the top managers to go with Portugal as destination for the SSC. In the beginning there was another option to have this set up, which was Macedonia. The argument was that the stakeholders already possessed a full running SSC in that country, and it would save more costs than Portugal. But this was not the same as having a main structure assembled, in the same area of business as it is the case for Portugal, with a Transfer Station placed in Abrantes, and Waste Management operations fully running in the country. This meant that there was a great knowledge of the business in our country, with a full structure up and running.

Different dimensions were also considered to have Portugal as destination for this project, such as culture, education, geography. Regarding culture in general, managers found more similarities with Portuguese culture, than with eastern European countries. For education, in Portugal there is a very high level of educated people, and a very good knowledge of the English language. It is considered that there is a great labor stability, higher than in Belgium or Macedonia, which makes it easier to keep people. Location is also a very important factor, since it is easier to travel from the headquarters to Lisbon.

One other fundamental motive for the implementation of a SSC is to keep the business units focused on their main goals. On this matter, it was vital to have the feedback from the Sales Manager in Ireland, due to the fact we were provided with a very complete and clear point of view on the core competences of the SSC, opposite to the ones for the Irish business unit. Before the implementation of this model, the Local Sales Support and Customer Service in Ireland used to combine SAP work with answering queries and phone calls from customers. That would increase the risk for errors to occur, and work to be piled up. By creating a SSC, the organization was able to focus the SAP work on a department that would be specialized and focused on it, decreasing risk of errors, and customer service could also focus on their core activities.

Q2 – What were the challenges presented during the implementation stage?

Q3 – How were those challenges overcome, in order to make the SSC successful?

As a second category, it is vital to point out the challenges raised at the implementation stage, both for the management team and for the SAP Sales Support team themselves. On a first view, it will be presented the challenges that the management team had to overcome in order to have a successful implementation. On a second view, it will be presented the main challenges the team felt as crucial on this implementation stage.

As it is common to every implementation project, change plays an important role, which means that the people involved will be faced with at least some resistance. This seems to be the major challenge for the implementation of a SSC. In the particular case of this study, Ireland was the pilot region for the first SSC in Belgium, as they had several administrative issues they wished to be solved, which made it easier to deal with resistance to change. This started to become a challenge by the time the management team decided to move the SSC from Belgium to Portugal. The SAP Sales Support team in



Belgium showed resistance, which according to the interviews was natural and expected, mainly because people think they are going to lose their jobs. By having their job title relocated to Portugal, people thought their own position was at jeopardy. This resistance happened both for SAP Sales Support team for Irish region in Belgium and for the Sales Support team for the Netherlands and Belgium, also located in Belgium. This was the Management team's first big challenge.

According to feedback given by the managers, in order to overcome this type of resistance, when people are afraid to lose their jobs, it is key to use effective and efficient communication. In the first case scenario, meaning SAP Sales Support team for the Irish region in Belgium, the job position in that country would cease to exist, which meant that a solution for that team had to be found. This is part of the company's policy, and there was never a case of anyone being dismissed in order to create jobs in Portugal. Always focusing on constant communication, new positions in the company were offered to those employees. Some accepted it, and are actually still working for the company today, others decided to go away and found different jobs. It is important to highlight the fact that the organization did not let anyone go away, without having found a proper solution first. Regarding the second case scenario, the SAP Sales Support team for the Netherlands and Belgium, the communication strategy for overcoming their resistance and fear of losing their jobs was different. In this case, the position of Sales Support was not going to be eliminated, but extended to Portugal, since it was important to have people in the customer's country, people that speak the language of the customer. Yet, people felt that in the meantime, somewhere along the road, they were going to lose their position. In order to overcome this resistance, it was generally agreed throughout the interviews that open, clear and constant communication of what this change process meant was the key factor to achieve success. Quoting one of the interviewees, "talking a lot, giving context: why we do it, what we are doing, what is in it for them, and what threats. Never hide threats from them. Be honest when you communicate. Give them time to adapt to those thoughts. Tell them again and again and again".

Still under the perspective from the management team, during the first months of implementation phase there were a few challenges that could have determined the end of the project on a very early stage. As the company would provide training in all the systems needed to perform all the tasks associated to the job description, good attitude and values

that would match the company ones were the most important points to be found on the team at the time they were chosen. As stated before, the team recruited to for the project had different backgrounds, different strengths and weaknesses that put together would make a very strong group. One of those elements was language. English would be the language of communication between not only the SSC and the Irish Unit, but also, for some months, the language to be used within the group, since the team was going to be trained by Belgian Team Leader for the Sales Support team. Most of the team members presented a very high level of English, but there were a few elements with an intermediate level, which brought some challenges along the road. One of those challenges was, precisely, communication. To avoid this issue to escalate, people were placed in the room exactly according to styles of communication and level of English, so that the group could easily help each other. However, that seemed to be not enough.

A couple of months after the team went live with the Irish region, communication was still a challenge, but this time this was presented by the SSC internal customers, which was felt like a red flag, and had to be addressed in a more efficient way. The team located in Ireland felt that there were some issues with communication, some misunderstandings, and they were also unhappy about the language skills. This had a big impact both on the management members, but also on the team themselves. The immediate solution was to use the in-house resources: since one of the members of the team was an English teacher, we was asked to prepare a personalized training to address the main difficulties of the group, and then give that same training to the team. This was probably the first sign of empowerment and strength shown by the team as a group. They all came together for the greater good: make the SSC communication flawless.

Not long time after this, a big decision had to be made regarding the leadership of the team, which had a big impact both on the management and operational teams. There was no consensual agreement towards the leadership skills of the team leader hired for the SS team. Lack of constructive feedback, follow-up, lack of knowledge about the systems used by the team, which made it impossible to create a feeling of trust and empathy. The management team decided to dismiss the team leader, which represented a huge challenge for the managers, since the project had started for some months, and could be harmful for the SS team to have to adapt to a new style of leadership. Fortunately, the Belgian Team Leader was available to stay in Portugal for one year, which made it

possible to build an even better training to the team, and also it would not influence leadership, since no one would tell the difference from what was already being done.

With these challenges overcome, the success of the SSC started to be noted, and there was a clear intention of increasing the team. According to the Sales Manager for Ireland, this fact could have triggered another difficulty or challenge for the project. Having a team fully trained and prepared to embrace new tasks, it seems there was an intention to have the current team starting to work for a different region. This was when the decision was made to expand the SS team to have more work coming from another region: The Netherlands. This would mean to have the team now working for the Netherlands, and hire a new team to work with the Irish region, which represented a step back for what had been accomplished with Ireland, and the Irish found this “unacceptable”. Eventually, new members were hired to complete the team that would work for the Netherlands, and the team working with Ireland remained the same.

This growth represented a challenge itself, but for other teams as well, due to the resistance caused by those teams. As mentioned before, one of the main reasons for this resistance is the fact that people think their jobs are at jeopardy. However, this was not the case with the team for the region of the Netherlands, located in Belgium, since this would be an extension of the existing team. Nonetheless, people created a few obstacles along the road, especially in what concerns to communication. There was some difficulty to accept English as the language to be used from then on to communicate with the Portuguese team, as well as proper communication when handing in work or tasks to the team. According to one of the interviewees, it was very difficult to have that team understand that the team in Portugal was an extension of their own, and that they would have to cooperate and work together. As stated by the CCO: “We saw it as a challenge”. Regarding the challenges from the team’s point of view, it will be discussed later on.

Nowadays, it is recognized by the entire organization the success of the project of implementation of the SSC in Portugal. When asked about the evolution of the SSC up to the present moment, it was commonly agreed that everyone is happy, and the feedback the managers get today from the internal customers is very positive. People are trained and guided, and they have become really good at their job, a fact that makes them experts at their job. From The Sales Manager in Ireland perspective, “the team’s internal customers are very happy as the work is now done to a very high standard. Local Sales

Support now have more time to focus on customers”. This leads us to the discussion of the success of the SSC: in what way is it successful and what are the factors behind it?

Q4 – How can the implementation of this SSC in Portugal be classified as a case of success?

Taking into account the different areas of expertise of the people who were interviewed, we found some variety of answers in what concerns to the way they find the SSC successful at this point. On a very practical manner, the Sales Manager for the Irish region mentioned the accuracy of quotations, which is the core competence of the team. The SAP Sales Support team manages the quotations on SAP for all the customers on the entire Irish region. Also mentioning the improvement for the Irish region, the CCO stated that “Problems we had in Ireland for years, were solved in Portugal in months.” On a wider level, he also stated that the success of this SSC also translates in saving costs. By moving to Portugal the organization was able to get a very good level of quality, with lower cost. The fact that more departments are going to be part of this, reflects its success.

A wide variety of factors were pointed as important for the success of the SSC and its team, which is most likely related to the variety of expertise from the interviewees. Only one of them pointed out the previous experiences with the other SSC of the company (Belgium and Macedonia) as an opportunity of learning, which was used as preventive measure for the SSC in Portugal. This was an opportunity to do things better. All of the people interviewed, no exceptions made, unanimously pointed out the people as a factor of success for the SSC, although highlighting different aspects for their importance. According to the feedback given from the managers on a more distant level, the training of the team is seen as a key factor for the success of this implementation project. Training, guidance, good, skillful and experienced people doing that training and guidance, previous careful preparation of everything that could implicate the success or failure of the project (working conditions, selection of people, procedures, work to be done). Interesting the fact that the managers more directly involved to the work of the team in the SSC, point out the team’s characteristics as the main factor of the success of the implementation. Bearing in mind the closer relationship with the people in Ireland, the Sales Manager for that region was able to give a more precise feedback about the SS team and why they were seen as an important part of the success of the SSC. In her own words:

“ the team show no resistance to change, quite the opposite. The team accept and embrace new challenges on an environment that is in constant change”. She also stated how important it was to have a team that take accountability for their actions and are very responsible for their work, and take pride in what they do.

The “People” is definitely the common ground when it comes to the factors of success of the SSC. Either it is the detailed training plan and previous careful preparation of what was to be done, who would do it, when would those people start doing it and how, or adaptability from the entire team on every situation they come across. One other important aspect when it comes to people is communication, which was also pointed out as a great feature of the team, thus a factor for the success of the project: teamwork; the great dynamics and team spirit that is visible to the naked eye, with great working environment; the team’s stability, which was a problem with previous teams in other countries; the competences of the people involved; good quality of the work delivered. The general atmosphere of the office was also highlighted as something positive and key for this success, with lean and clean infrastructures, with a brand new office with state-of-the-art supplies and equipment. People tend to feel better when they work in good conditions. Two aspects that were only mentioned by the General Manager in Portugal, was related to salaries and the work-life balance. Using her own words: “I can’t answer for everyone else, but from my experience, this is a company that retain people. Also there is a balance between the work load and the salary”; “...sometimes I hear negative feedback from people working in different places, and my feeling is that I don’t even know that existed, it’s something I don’t see here. That is important. People go home without problems on their mind.”.

As mentioned above, technology also plays an important role on the success of the SSC. This point was also approached on the interviews conducted with the managers, in order to assess exactly how important technology was for the team and for the organization. The results show that technologies part goes beyond state-of-the-art hardware. The greatest step, or one of the most important ones, was taken almost ten years ago, when the company adopted SAP as their ERP system. From then up to the present moment, the organization has grown tremendously, and technology is more and more an important part of being competitive in the business of waste management. The feedback we got from the interviewees was very diverse, in terms of the use of that technology.

It is unanimously recognized the importance of technology for the SSC to be efficient and successful. On a first instance, if you're establishing a nearshore SSC, you need to have the technology and the tools which allows you to work remote on a daily basis towards that purpose. Without the technology we have today, it would have been impossible to implement such business model. In the company used as a case study, the technology available goes beyond a simple good internet connection and an ERP system. In this particular case, technology also means to have available software on Business Intelligence and Customer Relationship Management, and the use of an internal platform, which allows all type of information to be shared within all organization. According to the General Manager "When you have a complex business, with reports to everybody, internal and external, all of this has to be available somewhere for you to work on (MOSS, OBI). The system has to translate in the best way possible what happens on the real world.". This is technology in the benefit of efficient communication.

On a more specific and particular view, and once we are talking about a Sales and Marketing role inserted in a SSC, it was vital for the team to create synergies with the rest of the organization, especially their internal customers in the various regions. To enable this level of proximity in such environment, it is necessary to have the right technology, since people are not working physically close to each other. To have the possibility to engage video conference calls with anyone in the organization, either in Ireland or Belgium, with high quality equipment. As the Sales Manager for Ireland stated: "Now that you have this available, we expect to have more opportunities to have more meetings, to increase proximity, therefore to improve communication even more. This will help with relationship building and inclusion."

On the other hand, it became clear from the information gotten from interviews, even though this was not mentioned by all the managers, that technology per se is not the reason for the success of the SSC. Technology must be "as good as the people you work with". This means that technology can only do so much: one can have the best technology in the world, but if people are not capable of using it, it becomes pointless. The same way as if the team is skilled in all kinds of technology equipment and software, but the business itself is run using an Excel spreadsheet. On this particular case study, there was a great concern to find balance between the technology used, and the people using it. On the

CCO own words: “This is not just inserting stupid data, you need to think about what you’re doing.”.

The last topic of the interviews was, from a broader point of view, related to the future of the SSC, namely regarding the strategy to be implemented from now on, what can be done to improve, what goals are expected to be achieved in the near future. It was very useful for the study to have the different points of view about the future, due to the diversity of some answers, even though they all came to one common conclusion about this: It will continue to grow.

Throughout these couple of years, the SSC team in Portugal has earned the trust from the entire organization, to a point that not only new departments are now part of the SSC, but it is also visible the Management intention to open more departments on the same location. This was particularly highlighted by the General Manager in Portugal: “People are more aware of the quality of the SSC, which means that when there is an opportunity to create something new, they come to SSC. Portugal now is easily put as a possibility to add jobs here.”. By analyzing the interviews, this growth mentality is deeply present throughout the managers on the organization, even if with some cautions. Managers are concerned about the type of strategy to be implemented and the type of jobs to be implemented at the SSC. The feedback from the Manager of Supply Chain was very clear on this point: “We want to set up a SSC to this type of jobs that can be done remote. People cannot be pointed tasks, but jobs. This was done in Macedonia and Moldavia, and it went wrong. People feel good about ownership and empowerment.”. This opinion is shared by the Business Process Owner: “Full roles. Having people able to do things that cannot be automated.”.

Keeping in mind one of the main reasons for implementing SSC, cost savings is very present in the mind of the managers when it comes to future strategy. Actually, this was the main argument used by the interviewees when they were asked about the competitive advantage of the SSC and its future strategy. The group’s main advantage on this business model is the fact that the organization can be cost competitive. As the CCO put it: “If you have cost saving, quality, and people, it will grow.”. Regarding the future strategy of the company, it was interesting to find that the BPO sets the bar slightly higher: “This is an established department, but its influence could be developed by achieving a level of a center of excellence.”.

#### 4 Discussion and conclusions

The interviews that were conducted for this case study, focused on the motives for the implementation of the Shared Services Center in Portugal, the challenges that come across when implementing such process, how were the those challenges overcome, and finally how can this implementation of the SSC be a case of success. By analyzing the data collected throughout the interview process, it is clear that it generally goes hand in hand with what has been written about Shared Services, namely the challenges presented at the implementation stage. However, there are also a few aspects that were not found upon the literature research and review.

When implementing a business model such as the Shared Services one, cost saving is widely recognized in the organization as the main reason for implementing a SSC, as suggested by several authors (Schulman et al., 1999; Bergeron, 2003; Janssen & Joha, 2006; Schulz & Brenner, 2010; Richter & Bruhl, 2016), mainly by centralizing all the knowledge and personnel in one location. These motivations are also linked with the desire of increasing quality in administrative tasks by assigning them to the SSC team, and keeping the other business units focused on their core activities.

In what concerns to the challenges presented at the implementation stage, the study revealed some particularities that were not mentioned in the literature. Although resistance to change is pointed out as the great obstacle in any implementation process (Bergeron, 2003; Ulbrich, 2006), that was not the only challenge acknowledged by the interviewees. Effective communication is key when implementing something as such, and during any change process, which in the particular case of the Portuguese implementation was a key factor of resistance to change in the implementation process. As shown before, there was a lot of resistance coming from the Irish and Belgian region in order to produce change, which affected the work and performance of the team in Portugal.

The importance of communication is widely expressed in literature, both when it comes to challenges for SS implementation (Schulman, 1999; McCracken & McIvor, 2013) and to Change Management processes (Kotter, 1996; Appelbaum et al., 2012). However, language itself is not mentioned in the literature, and this is vital in a SSC environment. To communicate effectively and efficiently also means that one is able to adapt the type of language, and most importantly, do it accurately.



Finally, when it comes to discussing the success factors of the SSC, the study showed that training and people are the drivers for the success of this business model. Currently there seems to be not many articles focusing on how important people are on the development of a Shared Services Center, and the existing ones are quite recent (Aldag & Warner, 2018). Normally, literature focus the success of the SSC implementation based on cost savings and an increase on quality, hence the importance of this study: a good training plan, well-prepared leaders, and people able to cope with all the changes and challenges that may come up along the process of implementation, will be the key for the success of the Shared Services Center.

This case study was also very useful in demonstrating that technology also plays a very important role on the success of a SS organization, but only when it is linked to good communication practices and skillful people to take advantage of that same technology. That raises questions for further research, especially when it comes to the automation of the Shared Services, which has been a topic under recent discussion on several conferences around the world. Automation of repetitive tasks can represent a great challenge to the sustainability of the Shared Services business model.

However, there can be pointed out some limitations to this study, namely due to the fact that this was a single case study, and not a multiple one, which could have provided a wider view of the conclusions mentioned above. Moreover, the results obtained from a case study cannot be generalized, since the questions raised may not be considered valid on different SS contexts. In this particular case, it would have been interesting to compare the dynamic of the SSC in Portugal to the one in Macedonia.

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