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**Analyzing the extent of standardization in Shared Service Centers -  
Literature review and Case study of Region Skåne**

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## Abstract

Title: Analyzing the extent of standardization in Shared Service Centers - Literature review and Case study of Region Skåne

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Key words: Shared Service Center, Literature review, Standardization, Public Sector, New Public Management

Thesis Purpose: The purpose of this thesis is to give an overview of the current state of academic research regarding Shared Service Centers. Moreover, it provides a theoretical frame of reference to evaluate the extent of standardization of Shared Service Centers as well as the corresponding potential for improvement. The presented theoretical framework is applied to the case of Region Skåne's Shared Service Center.

Methodology: A qualitative approach was chosen to answer the research questions. First, a structured literature review was conducted. Second, a single case study was performed using interviews and internal documents related to Region Skåne's SSC. The analysis of the case study is based on a theoretical framework developed by Romero, Dijkman, Grefen and van Weele which is refined according to the peculiarities of public sector SSCs.

Theoretical Perspectives: Research regarding public sector SSCs, New Public Management and Process Standardization represent the underlying theoretical foundation of this thesis. Moreover, the theoretical frame of reference and the respective indicators highlighting SSCs performance are shown.

Empirical Foundation: The empirical data for this study was gathered by semi-structured interviews with eight employees of Region Skåne's SSC. The results of the interviews were verified and complemented by internal documents and observations in order to derive conclusions.

Conclusions: The academic literature on public sector SSCs is sparse, reveals many gaps and lacks empirical researches. Region Skåne's SSC shows both areas with a strong and a poor performance regarding its extent of standardization. Recommendations for action are given to improve the extent of standardization as it affects the business performance.

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Rainer Ersching

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## List of abbreviations

ERP	Enterprise Resource Planning System
FTE	Full time equivalents
HR	Human resources
ISO	International Organization for Standardization
IT	Information technology
KPI	Key performance indicator
NPM	New Public Management
PMS	Performance measurement system
SEK	Swedish Kronor
SSC	Shared Service Center
SLA	Service Level Agreement
Q&A	Questions & Answers



# 1 Introduction

## 1.1 Background

Over the recent years, three significant governmental trends can be identified which affect the operations of public sector organizations. First of all, there is an intensified financial pressure forcing governments to reduce their costs and enhance their efficiency. Second, the expectations of citizens regarding the quantity and quality of public services increase as well. Third, the demographic change leads to an aging workforce and labor shortages (Accenture, 2005; Ernst & Young, 2013, Schwarz, 2014). All these developments and the related challenges triggered the emergence of profound public sector reforms which are summarized under the catchword *New Public Management* (NPM) (Schwarz, 2014). One of NPM's primary objectives is an increased extent of productivity and efficiency of the public sector and its processes (Lapsley, 2008). According to Bloom and Van Reenen (2010), the reason for the existing variations between organization's productivity and efficiency can be partly explained by the differences in applied management practices. As one effective way to enhance the efficiency of practices and processes, the literature suggests an increased level of standardization (Münstermann, 2015; Rush, 2016).

In this context, one concept, namely the Shared Service Center (SSC) model, is of raising importance (Raudla & Tammel, 2015). SSCs are centralized organizational units and one of their major objectives is to systematically standardize internal services in order to increase the performance related to these respective processes (Thomas, 2013). As a consequence, the establishment of SSCs is of utmost interest for public sector organizations. Considering the number of recently established public sector SSCs, several authors conclude that this topic represents a global "mega-trend" (Elston, 2014, p. 2; Tammel, 2015, p. 161). The ultimate purpose of a SSC implementation is to improve the overall performance. This can be achieved by reducing costs, enhancing quality and increasing efficiency (Sterzenbach, 2008). As pointed out by Romero, Dijkman, Grefen and van Weele (2015a), all these objectives are directly linked to the degree of standardization in terms of business process. Due to this fact, it is relevant for organizations to assess their performance in this respect in order to identify potentials for optimization. However, the knowledge concerning appropriate ways to assess and evaluate the level of SSC process standardization is limited today.

## 1.2 Problem description

Despite the high practical relevance of the issue, there is only a limited theoretical basis and empirical research on SSCs (Sterzenbach, 2008; Moll, 2012). One example in this context is the lack of a common definition (Becker, Bluhm, Kunz & Mayer, 2008; Raudla & Tammel, 2015). Furthermore the majority of the existing knowledge about the concept is derived from non-academic sources such as industry reports or consultancy firms. This is particularly true for SSCs in the public sector (Schwarz, 2014). One interesting point within this field is the fact that many organizations have clear motives and objectives for the implementation of a SSC that are mostly related to performance

targets such as an increased efficiency. However, plenty of them are not able to provide any information about its actual impact (Lixenfeld, 2014). Hence, there is a need for a theoretical foundation and also for guidance to improve the evaluation of SSCs in the public sector (Grant, McKnight, Uruthirapathy & Brown, 2007; Suska, Zitzen & Enders, 2011). This is also true for Region Skåne, a county council in the south of Sweden, which faces difficulties in assessing the extent of standardization and the associated impact on the performance of its SSC processes as well.

Taking all those aspects into account, the increasing dissemination and high relevance of the SSC concept in the public sector also contribute to the relevance of this topic from a theoretical perspective. In this respect, the rather limited academic literature indicates the need to add empirical knowledge to this research area. Furthermore, the issue of revealing a comprehensive and theoretically based frame of reference to evaluate the overall extent of standardization of public sector SSCs has a significant relevance, both from a theoretical and a practical point of view. Additionally, this approach would strengthen the link between theory and practice regarding SSCs in a public sector context.

### **1.3 Purpose and research question**

The overall purpose of this thesis is to contribute to the knowledge of SSCs in the public sector and to provide a valid theoretical foundation and empirical results for the evaluation of their standardization.

In order to do so, this thesis will explore the following research questions:

- (1) What is the current state of academic literature concerning public sector SSCs?
- (2) How can organizations analyze the current state of their SSC concerning the extent of standardization by means of a theoretical frame of reference?

To answer the first research question, the paper will give an overview of present academic research and unanswered research questions regarding the phenomena of SSCs in the public sector. To do so, a structured literature review is conducted with a focus on the development, definition and the motives of the concept in order to impart relevant background information for the subsequent analysis and to identify knowledge gaps. Secondly, the thesis provides insights into a theoretically sound approach to evaluate the extent of standardization of SSCs. This is done based on a conceptual model presented by Romero et al. (2015a). The model is refined according to academic literature and adapted to the specific context of public sector SSCs. The application of the developed frame of reference is demonstrated with a case study at Region Skåne to assess its SSC's standardization and derive recommendations for action.

## **1.4 Outline of the thesis**

In order to address the research questions, this thesis is structured as follows: Chapter 2 outlines the research design and describes the applied approach concerning the structured literature review as well as the case study at Region Skåne's SSC. Additionally, limitations and validity related to the findings are discussed. In chapter 3, the contexts of public sector and New Public Management are presented as they define the underlying conditions in which the study is conducted. Moreover, the concept of process standardization is explained as it constitutes the key concept of the research. The subsequent chapter 4 deals with the results of the structured literature review and comprises considerations regarding the current state of public sector SSC research, the development, definitions and characteristics of SSCs. Furthermore, the demarcation between SSCs and outsourcing as well as the motives, opportunities and threats related to SSCs are discussed. After presenting the theoretical frame of reference and its refinement for the case study in chapter 5, the empirical results as well as the analysis of the case study are outlined in chapter 6. The theoretical framework is applied in order to guide the analysis and the subsequent evaluation and deduction of recommendations for action. Finally, the main findings of the literature review and the case study are summarized, theoretical and practical contributions are highlighted and limitations are acknowledged. The thesis ends with considerations regarding areas for further research.

## 2 Research design

*This chapter presents the methodology as well as the motivation for the research design. First of all, the qualitative research approach is described in detail. Second, the applied technique for our structured literature review, its limitations and validity aspects are described. Third, the chosen approach and the procedure of the case study are explained. This includes considerations regarding the choice of the theoretical frame of reference and the selection of the case company. Moreover, insights into the approach for gathering primary and secondary data are provided. Additionally, the respective limitations and the validity of the case study are discussed.*

### 2.1 Qualitative approach

The used methods in this thesis are a literature review and a case study which can be classified as a qualitative approach due to the textual nature of the collected and analyzed data as well as the subsequent application and evaluation (Bryman & Bell, 2015).

Due to its qualitative nature, the study can be analyzed very specifically regarding the research question; the description and analysis take place in a flexible structure. Within a qualitative study, all details concerning the context in which people's behavior takes place are described. The qualitative research provides the major benefit that it does not only consist of the author's proper researches and words. It is constructed upon prior analyses and is enriched by other methods of data collection and documentation. However, there are some problems and shortcomings related to qualitative approaches that also apply to this thesis. First of all, a qualitative research and the respective results are subjective and depend on the researchers view. Moreover, qualitative analyses are usually difficult to replicate since there is often no standardized procedure to follow. Additionally, the scope of the study is often restricted to the very specific analyzed problem and therefore it is problematic to generalize the findings. Eventually, the findings might be non-transparent due to possible difficulties for the reader to grasp the exact purpose and the research procedure (Bryman & Bell, 2015).

Research approaches can be classified into deductive or inductive methods. Following a deductive procedure, hypotheses are derived from the theory and data is collected to support or invalidate the propositions by the respective findings. When applying an inductive method, the connection between observations and theory is reversed, the findings are used to revise, derive and formulate a theory. When research questions are answered, there is often no clear-cut distinction between the inductive and the deductive approach but the differentiation rather represents a tendency (Bryman & Bell, 2015). This is also true for the research design of this paper. On the one hand, the case study is based on a deductive approach since we selected a theoretically sound framework to establish the analysis on a solid theoretical foundation. However, the case study also has an inductive element since we refined the individual components which determine the extent of standardization and thus expanded the theoretical frame of reference. This was done in two steps. Firstly, appropriate indicators within each component were selected based on the academic literature and an alignment with the contributions of consultancy firms. Secondly, the identified indicators were customized

to the context of SSCs. Moreover, we demonstrate the application of the theoretical frame of reference by evaluating the extent of standardization at Region Skåne's SSC and thereby added knowledge to the area of public sector SSCs.

## 2.2 Description of the Structured Literature Review

To answer the first research question of this paper, a structured literature review, which represents a central technique for studies, was conducted. It aims at gaining a holistic overview of the topic as well as insights into the relevant applied concepts, theories and research methods in this context. Moreover, the literature review allows for the derivation of contradictions, inconsistencies and caveats related to the research topic (Bryman & Bell, 2015). Furthermore, the relevant key contributions and the respective authors can be determined. Additionally, gaps and unanswered research questions in the analyzed area of research can be identified (Bryman & Bell, 2015; Greener, 2008). Chapter 4.1 outlines these aspects for the literature review. The thorough, consistent literature review, focused on the relevant contributions for the respective topic, constitutes the starting point for any academic studies (Watson, 2015). An all-embracing overview of the relevant theory supports the clarification of the research purpose and results and explains the context to which the findings apply (Greener, 2008).

The literature related to the SSC context was studied concerning the development, definition, characteristics as well as motives, opportunities and threats of SSCs. Since peer-reviewed articles and book chapters represent the most appropriate data sources (Wolfswinkel, Furtmueller & Wilderom, 2013), the review was basically focused on this kind of literature. Thus, the search was performed using the LUSEM library webpage, in particular Lovisa, Springer Link and EBSCOhost as search engines as they provide highly acknowledged literature within the field of interest.

For the analysis, a search for the key words *public shared service center*, *shared service center* and *shared services* was conducted in several search engines. In Springer Link the search terms were restricted to books since books are more comprehensive and also provide general issues of a research topic, whereas articles are more focused on very special research questions. In EBSCOhost, these terms were entered in combination with the words *literature review* and *review of literature*. The reason is that reviews represent a good starting point to get an overview of a topic and often include the most influential contributions of that particular research area. Afterwards, the contributions were filtered to define articles that appeared to be useful for the analysis. This was done in two steps. First, literature with headlines related to irrelevant topics was omitted from the research. Second, the abstract of the filtered literature was studied in order to exclude further irrelevant contributions from the analysis. Besides the revealed selection of articles and books from the databases, further literature was considered according to the snowball principle since many authors (e.g. Atkinson & Flint, 2001; Brown, 2005; Palinkas, Horwitz, Green, Wisdom, Duan & Hoagwood, 2015; Waters, 2015) claim that it represents a "particularly effective tool" (Noy, 2008, p. 330). Therefore, it is commonly used to gather relevant information of a specific topic and to

identify the most influential contributions within a certain area of research (Bryman & Bell, 2015). The principle means that we reviewed references that appeared to be essential and that were used by the authors of the selected articles and books as well. In addition, contributions of the consultancy firms (Accenture, BCG, McKinsey, Big 4) related to Shared Service Centers have been taken into account since they are more practice-driven and therefore contribute to the understanding of SSCs in practice.

The results of the literature review were used to identify the most relevant contributions to SSCs in the public sector and to classify them according to the research topic. This enabled us to reveal the current state of academic research in this field and to identify existing knowledge gaps. Moreover, the literature review imparts relevant background information and basic knowledge about SSCs which facilitates the understanding of the subsequent case study.

### **2.2.1 Limitations of the Structured Literature Review**

Several limitations have to be taken into consideration related to the structured literature review.

To begin with, it has to be noted that a literature review can never be complete. The reason is that new publications, knowledge and insights are always gained and thus the literature is constantly evolving (Wolfswinkel, Furtmueller & Wilderom, 2013). In this respect, we want to point out that it was not possible to get full access to some contributions regarding public sector SSCs. Indeed, we were able to read the table of content and the abstract of all those references and to the best of our knowledge they would not affect the findings presented in this paper.

Furthermore, we made use of the snowball principle to identify the most influential papers concerning the topic. On the one hand, this is an acknowledged and effective technique to gather information for a literature review. On the other hand, this approach could impede the possibility of other researchers to perform an identical structured literature review by utilizing exactly the same references. As a consequence, the applied snowball principle can be seen as a limiting factor with regard to reliability respectively to replicability.

Another limitation is the fact that we collected all data only on the basis of their relevance regardless of the publication date and the geographical origin. Therefore, the findings of the literature review illustrate a general overview, but do not allow for conclusions about changes over time for example in terms of the underlying motives or geographical differences between countries. However, these specific issues are not directly part of our first research question, which aims at summarizing the current state of available academic literature. Thus, this represents potential for further research to expand the findings of this study.

### **2.2.2 Validity of the Structured Literature Review**

Even though we acknowledge all the previously described limitations, we tried to mitigate these shortcomings as far as possible.

First of all, we are aware of the fact that our structured literature review is not complete, but this should not represent a substantial deficiency of this study since this is a general limitation inherent to this particular research method. (Wolfswinkel, Furtmueller & Wilderom, 2013). However, by using several source engines, a mixture of different kinds of literature such as books, articles or case studies as well as contributions with a broad variety of publication dates and from various countries were taken into account. This ensured the consideration of multiple perspectives and the comprehensiveness of our literature review. In this context, it can be noted that the data collection was based on suitable keywords defined according to the recommendations of Bryman & Bell (2015). They suggest searching not only for the object of investigation (Public Shared Service Center), but also for the general concept (Shared Service Center) and terms which are often used in practice (Shared Services).

As mentioned before, the snowball principle was determined as the most appropriate technique to identify important contributions as well as additional references. To enhance the reliability of this approach we thoroughly described all procedures, findings and the underlying reasoning. Additionally, the relevant academic literature was electronically stored to ensure a permanent access (Yin, 2009).

### **2.3 Description of the Case study**

To answer the second research question a case study was performed. Using case studies as a research method allows for a collection of data that cannot be provided by other research methods. Common examples are cases that focus on decisions, individuals, organizations, processes and events. In general, case studies are the most appropriate method to answer “How” and “Why” questions which focus on contemporary occurrences. Consequently, valuable information can be derived from this research method. However, a considerate selection of the case is crucial (Yin, 2009).

In order to do a high quality case study, good questions need to be asked, adaptive and flexible listing is necessary as well as specific background knowledge on the firm, especially on aspects affecting the studied issues. Moreover, bias should be avoided. The results for case studies are deducted by using multiple sources such as documents, archival records, interviews and observations of participants or physical items. Various qualitative techniques exist to analyze and interpret case studies; quantitative and statistical models can be used if fine-grained data are available (Yin, 2009).

For the purpose of our work, we identified a single case study as the most suitable approach due to three reasons presented by Yin (2009). First of all, it allowed us to take specific contextual conditions into account, which are highly relevant for our object of investigation. Secondly, a single case study enabled the in-depth demonstration of how a comprehensive framework can be applied in order to establish a solid theoretical

foundation for the evaluation concerning SSC's extent of standardization. Thirdly, this method was the best alternative to improve the understanding regarding the complex practical field of public sector SSC in this respect.

In the course of our case study several interviews were conducted. Moreover, observations related to the interviews as well as a broad variety of documents have been taken into consideration for the interpretation of the findings. Finally, the data gathered in these procedures have been analyzed by means of a theoretical frame of reference. In the following chapters each tool and the corresponding course of action will be explained more precisely.

### **2.3.1 Selection of the Theoretical Frame of Reference**

The selection of a theoretical frame of reference represents a fundamental prerequisite for our case study. It was used for both the development of appropriate interview questions as well as for the analysis of the collected data and the interpretation of the findings. The chosen theoretical framework by Romero et al. (2015a), which is described in chapter 5.1 was perceived as an appropriate conceptual model since it fulfils all predefined requirements to ensure a purposeful analysis of the second research question. To begin with, the conceptual model accounts for the surroundings and general underlying conditions within which the selected organization operates. In addition, it reveals the factors that define the extent of standardization and illustrates its impact on business performance. Furthermore, it combines all these elements and outlines the relationship between them.

However, in the initial paper Romero et al. (2015a) do not specify criteria within each group to analyze the extent of standardization. But only a more in-depth examination of these general domains allows for a well-founded analysis which ultimately leads to reliable findings. Therefore, Romero et al. (2015b) promote the research in this field and expand the existing knowledge by defining each group more precisely and illustrating a variety of appropriate indicators regarding the evaluation in a later contribution. On the basis of this work and the literature on process standardization, a broad range of best practice indicators was identified for each category. In the course of this, we followed the guideline of Rau, Buck and Butschal (2012) as well as Drerup, Müller and Wömpener (2016) who suggest to determine around five indicators per group respectively sub-group and to restrict the maximum number to 30 criteria. Additionally, the practice-driven contributions of consultancy firms (Accenture, Capgemini, Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers) were reviewed to incorporate another perspective and to determine the most relevant indicators.



### 2.3.2 Selection of the Case Company

In order to answer our second research question, it was indispensable to select an adequate object of study. We based our decision on the two selection criteria outlined by Pernot and Roodhooft (2014). According to them, the first significant aspect which has to be considered is the theoretical applicability. In this respect, the fundamental prerequisite was to find a public sector organization which has an established SSC. Furthermore, we were looking for an organization which implemented its SSC some time ago and not just recently. The reason for this decision was the fact that we wanted to ensure the selection of an SSC which is an autonomous business unit with defined responsibilities and processes. Since Region Skåne and its SSC fulfil the condition of suitability, the organization seems to be an appropriate example for our analysis. The second decisive factor is the availability of access to the top-management. Due to fact that Lund University and Region Skåne's SSC collaborate to impart practical knowledge to the students as for instance in the course *BUSN63 -Management Control in Different Contexts*, the organization and its leadership team are open and supportive to research requests. This top-management commitment was beneficial for our analysis for example in order to identify the right contact persons within the SSC. Moreover, the possibility to interview not only the employees, but also the senior management enabled us to obtain additional information as well as to take multiple perspectives into consideration and thereby strengthen the credibility of our work. To sum up, the SSC at Region Skåne was a valid choice according to the selection criteria by Pernot and Roodhooft (2014).

### 2.3.3 Primary Data (Interviews)

The process of data collection represents an integral element in order to answer the research question of a case study. For our paper, we identified interviews as the most appropriate primary data source. This decision can be justified by several reasons. First of all, interviews allowed us to get more detailed and in-depth answers compared to a survey which is essential to accomplish the purpose of our case study. Secondly, it was possible to benefit from the greater flexibility inherent to interviews (Bryman & Bell, 2015). On the one hand, we were able to ask more tailor-made questions and to adjust them in accordance with the specialized knowledge and expertise of each individual interviewee (Harris & Sutton, 1986; Eisenhardt, 1989). On the other hand, this approach enabled the interviewed persons to frame the answers in their own words and to provide additional information which have not been taken into account from the beginning (Bryman & Bell, 2015).

For our case study we chose to conduct semi-structured interviews since they enable researchers to combine different advantages. First, the focus of our interviews was rather clear and the objective was to address specific issues and gain in-depth knowledge instead of gathering general information. In this case structured interviews would have been more appropriate. Furthermore, the applied theoretical framework which is presented in chapter 5.1 defines a precise approach of how the collected data is analyzed after the interviews. Second, semi-structured interviews ensure that the results remain comparable since the most relevant questions are covered in every

conversation and discussed from different perspectives. Moreover, they also provide the flexibility to emphasize topics of particular importance to a certain interviewee and to include interesting aspects which arise in the course of a discussion (Bryman & Bell, 2015).

As a preparation for the interviews, an interview guide was developed based on the structure and recommendations provided by Bryman and Bell (2015) which are illustrated in Figure 2.1. This helped us to determine the most important points of the interviews beforehand and to ensure a purposeful execution that focusses on the underlying research question.

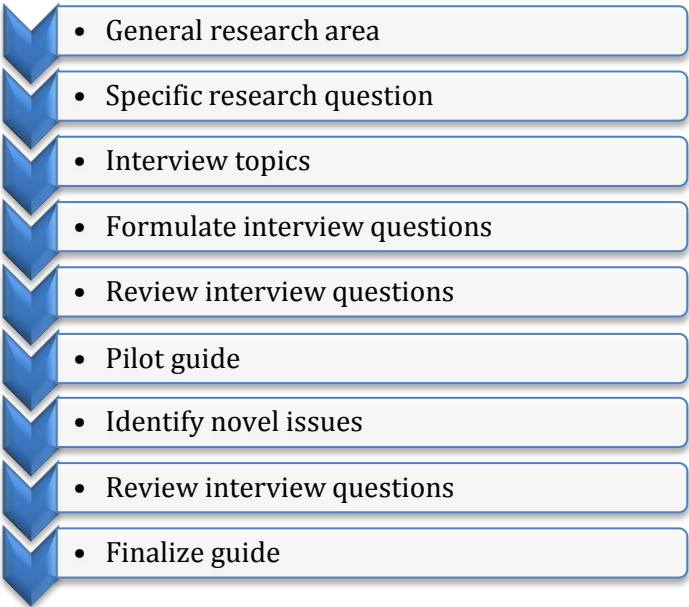


Figure 2.1: Development of an interview guide (Bryman & Bell, 2015, p. 489)

The final interview guide, which can be found in Appendix A, consists of seven categories (Table 2.1) which were derived from the theoretical frame of reference. Its first section encompasses general questions about the SSC to verify and complement the data gathered from internal documents. In conjunction with the basic knowledge about the public sector environment, which is described in chapter 3.1, the acquired information of this part was used to analyze the first component, namely the contextual factors, of the applied framework. The sections from two to seven cover the second component of the theoretical foundation and relate to Romero et al.'s six factors concerning the evaluation of the extent of standardization. These factors are activities, resources, data, control-flow, information technology and management. Within each group the questions were designed with the aim to allow for an analysis based on the predefined indicators. All mentioned components, categories and indicators of the theoretical framework will be presented in detail in chapter 5.

**Table 2.1: Interview guide categories**

Interview guide categories
1) General questions
2) Processes (Activities, Control-Flow, Data)
3) Information Technology
4) Resources
5) Vision & Strategy
6) Customer Service Management
7) Performance management

The subsequent interview process itself was divided into four steps. Firstly, we met the Head of the SSC for Finance and the Key Account Manager, who was our main contact person during the case study, to discuss the objectives and requirements of potential interview partners. This was done to create a comprehensive picture and to ensure that all relevant issues are viewed from multiple perspectives. In the next step we contacted the selected interviewees to collect more specific information about their role and responsibilities. On the basis of their feedback we adjusted our interview guide and emphasized the areas within which they have specialized knowledge. The customized version of the interview guide was then sent out to them beforehand. This customization was a necessary step since the processes are very complex and thus the different interviewees are not able to answer all questions to the same extent. Thirdly, eight interviews were conducted in English with nine different persons involved and a length from 13 to 60 min as outlined in Table 2.2.

**Table 2.2: Overview of conducted interviews**

Date	Position	Interviewee	Length (in min)
20.04.2016	Economic Assistant	Interviewee 1	58
20.04.2016	Customer Service (Accounts Payable)	Interviewee 2	34
20.04.2016	Key Account Manager	Interviewee 3	60
22.04.2016	Accountant	Interviewee 4	37
22.04.2016	Controller (2x)	Interviewee 5 & 6	57
26.04.2016	Accountant (2x)	Interviewee 7 & 8	59
26.04.2016	Head of Shared Service Center	Interviewee 9	38
26.04.2016	Key Account Manager	Interviewee 3	13

In two of these interviews two people were interviewed at the same time since it was demanded by the interviewees due to eventual language problems and in order to complement each other's knowledge. The risk that the interviewees mutually influence each other which might lead to biased results was mitigated by having another individual conversation with someone who performs similar tasks.

Following the recommendation of Bryman and Bell (2015), all interviews were recorded to enhance the reliability of the data collection process and the subsequent analysis. This enabled us to listen to the interviews again and to examine them more thoroughly. Moreover, the findings and the underlying interpretations become more transparent and are open to public scrutiny. The last step of our procedure was to review all interviews, identify ambiguous issues and follow up on them with the corresponding interviewee via mail. The last open points were clarified in a short discussion with our contact person.

On a final note, ethical threats in business research as outlined by Bryman and Bell (2015) were considered throughout the entire interview process. First of all, we tried to minimize the potential “harm to participants” (p.135) as much as possible and avoided any “invasion of privacy” (p. 143). In this respect, it has to be noted that all interviewees of Region Skåne’s SSC volunteered to participate in the case study. Moreover, all interviews took place in a comfortable and familiar environment which has been proposed by the respective interviewee. Another point is that none of them required remaining anonymous. However, we decided to refer to the job titles since only this aspect is relevant for the data analysis and the corresponding findings. Thereby, we also ensure the anonymity of participants to everyone outside the organization. In addition, the SSC management told us that there are no confidentiality concerns from their perspective since Region Skåne as a public organization needs to be transparent anyway. Furthermore, we attempted to prevent a “lack of informed consent” (p.139) and the risk of “deception” (p.144). This was done by discussing the topic and the objectives of the case study with the top-management of the SSC. Afterwards, the managers informed their employees about our research project and asked for voluntary participants. As previously mentioned, we sent the interview guide to all participants beforehand in order to inform them about the main topics and give them enough time to prepare. Finally, each participant received detailed information about the objective of our work, the research process and the underlying theoretical frame of reference as well as about how the collected data is used at the beginning of every interview.

#### **2.3.4 Secondary data**

In addition to interviews, the examination of documents as secondary data is a valuable information source. Taking multiple different sources into consideration strengthens the results and reinforces the credibility of the work (Yin, 2009). This is particularly true in terms of case studies since internal documents might provide data which facilitates the understanding of an organization and its structure as well as of its business processes and workflows (Bryman & Bell, 2015).

For our case study we reviewed several different types of documents. To begin with, we had a look at a general presentation about Region Skåne and its SSC in order to understand the integration of the SSC into the entire construct of the Region. Moreover, the document points out the mission and vision of the SSC, its core tasks and its governance structure. Secondly, we evaluated the existing process charts and organizational charts to conceive how the processes are organized, which parties are involved and what specific activities are part of it. The next step concerned the service level agreements (SLA) with the SSC's customer to develop a better understanding of how the SSC is funded and what kind of services it offers. Furthermore, we analyzed an annual benchmarking report issued by external consultants concerning all public sector SSCs in Sweden. This was important to get a comprehensive picture, identify potential deficiencies and to set the results in an overall context. Finally, the knowledge gained from all documents was used to specify the developed questions in the previously presented interview guide and to collate respectively supplement the information gleaned through the interview process.

### **2.3.5 Limitations of the Case Study**

Even though there are various arguments for selecting a case study in order to answer our second research question, this approach is subject to a number of limitations which have to be taken into account.

First of all, a case study enables the consideration of contextual factors and an in-depth analysis (Pernot & Roodhooft, 2014). These particular characteristics represent a major limitation due to the fact that they restrict the findings to the setting in which the analysis takes place. As a consequence, the results of case studies potentially lack the possibility of generalization (Otley & Berry, 1998; Yin, 2009). Furthermore, the execution of a single case study has to be acknowledged as another limiting factor of this paper. In this respect, Eisenhardt (1989) and Yin (2009) argue that it is more difficult to present compelling evidence and to generate robust results with a single case study compared to a multiple one. However, the main objective of this paper is not generalizability, but rather to provide detailed insights into a specific phenomenon. Therefore, a qualitative case study was identified as the most appropriate research method.

Another limitation is the fact that all interviews were conducted with employees of the SSC at Region Skåne. According to Caglio and Ditillo (2008) it is beneficial to consider different points of view to examine business relations. Therefore it would have been valuable to also interview some customers of the SSC about their perception of the SSC's performance and its customer service management.

Finally, the information gathered through the semi-structured interview process is subject to interpretation from two sides. On the one hand, the interviewees were able to present their individual viewpoint and emphasize aspects which are particularly relevant from their perspective (Bryman & Bell, 2015). On the other hand, our own interpretations of the collected data and the associated conclusions might be biased to some extent as well (Yin, 2009).

Besides the aspects directly related to the research method, the applied theoretical frame of reference has a significant impact on the analysis and the associated findings. As previously mentioned, this case study is based on the framework of Romero et al. (2015a) which was developed through an exhaustive literature review in the area of process standardization. Even though this indicates that it is a theoretically sound model, its practical suitability has not been demonstrated yet since we found no empirical investigation by other researchers who tested the framework and assessed its credibility. This is also the case regarding the indicators which have been used to refine the frame of reference due to the fact that there is no evidence that they represent the most appropriate and comprehensive configuration.

### 2.3.6 Validity of the Case Study

Although we recognize the previously outlined limitations, we tried to mitigate them and ensured the credibility of this paper by applying Yin's (2009) logical tests to demonstrate the quality of our research design. These tests consist of four assessment criteria which are: construct validity, internal validity, external validity and reliability. However, we do not refer to internal validity in the following since the logical test is only suitable for explanatory and causal studies (Yin, 2009). Therefore, it is not applicable in the context of this study.

To begin with, there are three different tactics to prove *construct validity*. Firstly, Yin (2009) recommends "the use of multiple sources of evidence" (p. 42). This was done by conducting eight interviews with people who have different roles and responsibilities respectively the same position but within another location of Region Skåne. Moreover, we used internal documents and a benchmarking report to verify and complement the information. The second tactic, according to Yin (2009) is "to establish a chain of evidence" (p. 42) which was accomplished by recording all our interviews and by supporting all our arguments with direct quotes. Finally, we also followed the third tactic and had a constant dialogue with our contact person at Region Skåne to validate our conclusions and avoid misinterpretations (Yin, 2009).

The second logical test is *external validity* and refers to the applicability of the findings to another contextual setting (Yin, 2009). As previously described, case studies have been criticized especially for their potential lack of generalizability and we acknowledge this disadvantage of our research approach, even though it is a valid method to achieve our purpose and provide insights into public sector SSCs.

The last evaluation criterion *reliability* addresses the possibility for other researchers to perform exactly the same case study and to obtain the same results by following the course of action described in this paper (Yin, 2009). Therefore, we documented all our procedures and findings in an accurate and comprehensive way. Additionally, we electronically stored all data which was gathered during the interview process as well as all received documents and the applied literature.

Finally, we tried to mitigate the outlined limitations concerning the theoretical frame of reference to strengthen its validity and reliability as well. In conjunction with Romero et al.'s conceptual model we made use of their second empirical study which elaborates further on the categories concerning the extent of standardization and provides a number of potential indicators to refine the framework. Following this, we made a balanced selection of additional indicators based on academic literature and practice-driven contributions of consultancy firms. The underlying intention of this approach was to ensure a well-founded theoretical basis and also the practical relevance of each individual factor. Moreover, it enabled the consideration of different perspectives and their mutual supplementation.

### **3 Context and underlying key concepts**

*The following chapter gives an overview of the underlying contextual conditions for the thesis, namely the public sector context and the new public management phenomenon. Moreover, the concept of process standardization is introduced as it represents a major key concept regarding the standardization of SSC processes.*

#### **3.1 Public sector context and New Public Management**

Since Region Skåne is a public sector organization, there are several characteristics which have to be considered in order to understand the context in which the SSC operates and the associated analysis takes place (Ramberg, 2015). On these grounds the specific context as well as the resulting management control conditions and issues are explained with reference to the reform movement of NPM.

To begin with, it is essential to be aware of the specific surroundings and conditions which affect the analysis. Bergström, Magnusson and Ramberg (2008) provide an elaborate overview of the public sector context with reference to Sweden and point out several aspects that have to be taken into account. First of all, in the Swedish democratic political system, there are regular elections which might lead to constantly changing majorities and hinder a stable and long-lasting strategy. Moreover, intense debates and conflicts are an integral component of politics and the corresponding organizations. Furthermore, all governmental entities have to deal with a blurred interface between politics and administration. This can result in non-transparent and ambiguous distributions of responsibility between the involved parties (Bergström, Magnusson & Ramberg, 2008). As a consequence, decision-making and other procedures are often very complex and slow (Tomasino, Fedorowicz, Williams, Gentner & Hughes, 2014). In addition, processes in the public sector are extremely formalized and individuals have to comply with detailed regulations (Bergström, Magnusson & Ramberg, 2008). These aspects contribute to the existence of material obstacles regarding change in general and the transformation of structures in particular (Janssen, Joha & Zuurmond, 2009; Tammel, 2015). Finally, the economic situation of many governmental agencies is problematic since they have spent too much money in the past and therefore show substantial financial deficits (Bergström, Magnusson & Ramberg, 2008; Tomasino et al. 2014).

Due to these conditions, several issues arise which are also relevant from a management control perspective. On the one hand, there is a strong link between political and administrative leadership. Hence, decisions such as the implementation and configuration of a SSC and its processes are greatly influenced by personal interest and generate the risk of turf battles among politicians or between politicians and the administrative staff (Accenture, 2005). This problem is reinforced by the prevalent conflict between the need for a long-term and strategic focus of governmental topics and the short-term restriction of re-election (Bergström, Magnusson & Ramberg, 2008). On the other hand, politicians might be great leaders, but they lack the required economic knowledge and the essential managerial skills (Accenture, 2005).



Taking all those aspects into consideration, the emergence of the NPM theory with the aim to reduce the waste of resources and to improve the efficiency of processes in the public sector is perceived as a reasonable development (Bloom & Van Reenen, 2010; Lapsley, 2009; Schwarz, 2014). Even though there is no consistent definition of the term NPM, there is a common understanding that it is a reform movement in the public sector, which is based on a set of administrative doctrines as well as private sector management tools and techniques (Hood, 1991; Lapsley, 2009). In the following, only the elements of particular importance for the analysis will be highlighted, but a comprehensive summary of all doctrinal components and their implications, according to Hood (1995) can be found in Appendix B. In general, management accounting and control is a core element of NPM and its modernization from an economic point of view (Lapsley, 2008; Kartalis, Tsamenyi & Jayasinghe 2016). First of all, the idea of a divisional organizational structure which was one of the key drivers for SSC application in the private sector is part of the NPM principles as well (Hood, 1995; Moll, 2012). Furthermore, the integrated private sector management practices include a stronger focus on costs and more emphasis on customer orientation. Lastly, performance measurement and output controls are integral constituents of NPM. This implicates an increased utilization of key performance indicators (KPIs) and the fact that more attention is devoted to the bottom line (Hood, 1995; Schwarz, 2014).

All these points provide a compelling evidence for the close link between the popularity of NPM and the notion of implementing SSCs in the public sector (Becker, Niehaves & Krause, 2009; Schwarz, 2014). As outlined by Williams and Lewis (2008) as well as by Walther (2015), a purposeful use of private sector tools and techniques can add great value and contributes to an improvement of the situation. Therefore, it is valid and beneficial to also consider the existing literature on private sector SSCs for the analysis of public sector SSCs. However, the authors also reveal the significance of accounting for the special characteristics regarding the environment. As a result, the application of the SSC concept in the public sector requires a thorough contextual adoption in order to be successful.

## **3.2 The Concept of Process Standardization**

### **3.2.1 Definition**

A *process* begins with an initiating event that triggers a sequence of actions. The process ends when the final step of the sequence has been completed and the stakeholder that initiated the process is satisfied with its outcome. The process comprises all the tasks and actions performed to provide the expected outcome including the actions that fail in adding value to the targeted outcome. Within the sequence of actions, inputs such as raw material, information and knowledge are transformed into outputs. The transformation process is usually performed according to process guidance like policies, standards, procedures, rules and individual knowledge. Reusable resources such as facilities, equipment, technologies and people allow for the transformation (Burlton, 2001).

The meaning of the word *standardization* can be approached by defining the term *standard* at the first step. According to Münstermann, Eckhardt and Weitzel (2010), the International Organization for Standardization's (ISO) definition represents the most common way to describe a standard: "Standards are documents, established by consensus and approved by a recognized body that provides, for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context." (Münstermann, Eckhardt & Weitzel, 2010, p. 31) Thus, *Standardization* aims at achieving harmonization by making use of the same standards (Wilhelm, 2007).

*Process standardization*, the combination of *process* and *standardization*, can be defined as an approach to harmonize various business processes aiming at the same outcome within an organization and make them uniform. The basic underlying idea is to equalize the activities performed by an organization so that the same activities are executed in the same way (Romero et al. 2015a). Respectively, "business process standardization is the unification of business processes and the underlying actions within a company" (Romero et al. 2015a, p. 262).

Regarding the literature concerning process standardization, von Stetten, Münstermann, Eckhardt and Laumer (2008) state that there is in general only limited research and attention devoted to this topic.

### 3.2.2 Objectives

In general, the standardization of processes aims at achieving significant efficiency gains and cost-savings. Several examples from practice report that costs and throughput time of the processes can be reduced by standardizing processes. (Münstermann, Eckhardt & Weitzel, 2010; Romero et al. 2015a). Another benefit of business process standardization is the enhanced quality, transparency and controllability of the activities (Münstermann, Eckhardt & Weitzel, 2010). Compelling evidence for the validity of these advantages of process standardization is given by Münstermann, Eckhardt and Weitzel (2010) who empirically analyze and prove the positive relation between process standardization and the business performance factors process cost, time and quality. Also Jayaram's, Vickery's and Droge's (2000) study reveals a positive impact of business process standardization on the time related performance of processes. Additionally, business process standardization is crucial when implementing enterprise resource planning (ERP) systems. Only harmonized business processes can ensure an aligned ERP system that minimizes future system maintenance cost and smooth process changes (Romero et al. 2015a). Besides its effect on rather performance related aspects, the standardization of business processes also represents a mechanism to manage knowledge within an organization. The knowledge is no longer based on individual employees but formulated and captured in respective process documentations. This decreases the dependence on individuals and the risk of losing know-how (Wilhelm, 2007).

Even though there are obvious chances and advantages related to business process standardization, there are also some benefits of maintaining a certain level of flexibility in performing processes (Romero et al. 2015a). The literature outlines the opportunity of being able to offer flexible responses to customers' needs and requirements. Additionally, the presence of a reasonable degree of autonomy regarding the design of business processes prevents micro management (Hammer & Stanton, 1999). Thus, it is important for organizations to balance uniformity and flexibility of business processes and to maintain an appropriate proportion of coercive and enabling systems and procedures (Tregear, 2010).

In order to achieve the objectives of process standardization, the establishment of Shared Service Centers and Shared Service Organizations represents an appropriate organizational setting. The Shared Service Center concept constitutes an "umbrella" (Thomas, 2013, p. 27) that aims at harmonizing and standardizing internal service activities systematically (Thomas, 2013).

## 4 Results of the Structured Literature Review

*This chapter aims at answering the first research question by illustrating the current state of the existing literature on public sector SSCs. In this respect, the thesis focuses on the development, definitions and characteristics of SSCs as well as on the differentiation between the SSC concept and outsourcing. Moreover, motives, opportunities and threats related to SSCs are presented.*

### 4.1 Current state of public sector SSC research

The review and analysis of the current state of academic research on SSCs in the public sector reveals that there is only sparse and fragmented literature available (Schwarz, 2014, Raudla & Tammel, 2015). This argument is reinforced by the result of the literature search in different databases which is presented in the following tables.

**Table 4.1: Lovisa literature review**

Term	Hits	Useful
Public Shared Service Center	4	1 (Schwarz, 2014)
Shared Service Center	11	2 (Keuper & Lueg, 2013; Schwarz, 2014)
Shared services	56	2 (Keuper & Lueg, 2013; Schwarz, 2014)

**Table 4.2: Springer Link literature review**

Term	Hits	Useful
Public Shared Service Center	1	1 (Schwarz, 2014)
Shared Service Center	3	2 (Pérez, 2009 [no access]; Schwarz, 2014)
Shared services	14	8 (Kagelmann, 2001; Dressler, 2007; Keuper & Oecking, 2006; Keuper & Oecking, 2008; Moll, 2012; Schwarz, 2014; Pérez, 2009; Keuper & Lueg, 2013)

**Table 4.3: EBSCOhost literature review**

Term	Hits	Useful
Public Shared Service Center & Literature review	8	0
Public Shared Service Center & review of literature	8	0
Shared Service Center & Literature review	15	0
Shared Service Center & review of literature	15	0

Shared services & Literature review	146	1 (Paagman, Tate, Furtmueller & de Bloom, 2015)
Shared services & review of literature	146	1 (Paagman, Tate, Furtmueller & de Bloom, 2015)

This implicates that the theoretical foundation of the topic is rather weak, although its practical relevance seems to be very high (Sterzenbach, 2008, Moll, 2012). One example to underpin this perception is the fact that no book or dissertation about public sector SSCs existed until Schwarz (2014) filled this gap. But besides that, several articles have been published expounding the current state as well as forming the basis for further research. In order to give an overview of the most relevant academic literature with reference to SSCs and its contributions in a public sector context, Table 4.4 summarizes the result of the conducted review.

**Table 4.4: Overview of central literature about SSC**

Author (Year)	Purpose/Contribution
Janssen & Joha (2006)	Evaluation of the initial motives for SSC implementation in the public sector and comparison with the accomplished ones.
Grant, McKnight, Uruthirapathy & Brown (2007)	Analysis concerning the design of governance structures for SSCs in the public sector.
Aksin & Masini (2008)	Empirical investigation to outline and explain the different configurations of SSCs.
Sterzenbach (2008)	Review of SSC characteristics and empirical study of SSC configurations in Germany
Burns & Yeaton (2008)	Identification of success factors concerning the SSC implementation in the public sector.
Becker, Bluhm, Kunz & Mayer (2008)	Examination of the SSC concept and its relevance for organizations as well as an analysis of requirements for a successful implementation.
Janssen, Joha & Zuurmond (2009)	Statistical validation regarding the impact of different SSC arrangements.
Dollery & Grant (2010)	Assessment of the SSC adoption with reference to the Australian public sector.
McIvor, McCracken & McHugh (2011)	Study of the issues associated with the implementation of outsourced SSC arrangements in the public sector.

Moll (2012)	Analysis of SSC utilization for HR functions and deduction of key success factors.
Petković & Lazarević (2012)	Illustration of SSC motives, design issues and implementation strategies in an inter-organizational context.
Keuper & Lueg (2013)	Explication of the SSC transformation from a service provider to a business partner.
McCracken & McIvor (2013)	Assessment of the implementation of an outsourced SSC for the HR functions in the public sector.
Elston (2014)	Demonstration of the existing heterogeneity regarding the SSC concept and possible negative implications for governance and public policy.
Rudzioniene & Sakalauskiene (2014)	Examination of the factors on a micro and macro level that influence a SSC as well as a determination of the key success factors.
Schwarz (2014)	Analysis of the transferability of the SSC concept to the public sector with reference to the US and comparison with the possibility of outsourcing.
Tomasino, Fedorowicz, Williams, Gentner & Hughes (2014)	Development of guidelines in order to manage the complexity of inter-organizational SSCs.
Paagman, Tate, Furtmueller & de Bloom (2015)	Literature review and empirical study of different motives for the implementation of SSCs in governmental organizations.
Raudla & Tammel (2015)	Analysis of the underlying motives for the creation of different forms of SSCs as well as of challenges associated with the different models.
Tammel (2015)	Explanation regarding the initiation of public sector SSCs and the role of change agents in this context.

Based on the investigation, several conclusions regarding the status of academic research can be drawn. To begin with, it is possible to divide the current literature about public sector SSCs into three main categories (Elston, 2014). The first one comprises the papers dealing with the broad variety of SSC development, definitions and characteristics. Secondly, there is a group of articles which examines the heterogeneity in terms of motives, opportunities and threats associated with a SSC adoption. Finally, the last category focuses on the SSC implementation, the challenges within this process as well as on critical success factors and requirements.

Furthermore, the previous studies placed the IT or HR functions at the center of attention and neglected the area of management control and accounting (Raudla & Tammel, 2015). However, the following chapters only provide more details about the academic literature on the first and the second category. The main reason for this is the fact that they should impart the most relevant information concerning the development, definitions and characteristics as well as the motives for implementing a SSC to facilitate the understanding of the subsequent case study. Since the analysis focuses on an established SSC, the in-depth examination of the implementation procedure is not conducive in order to be able to follow the reasoning.

Linking these findings to the evolution path of SSCs (See chapter 4.2.1), the current state of academic research covers the transition and the stabilization phase. However, as pointed out by Potts and Kastle (2010) it is important to be aware of the question: “[w]hat’s next?” (p. 122). Since the development is not finished with the establishment of a SSC, it is necessary to also build a solid theoretical foundation for the further stages to contribute to a process of continuous improvement. At the moment the available literature concerning public sector SSCs does not address this issue. Therefore, organizations have to rely on the non-academic contributions of consultancy firms which are usually driven by individual cases (Moll, 2012; Schwarz, 2014). As a result, the findings suggest that there is a necessity to conduct further academic research with regard to the development of public sector SSCs after their implementation. This concerns especially the analysis of indicators for stagnation as well as solution concepts to avoid the stagnation of a SSC and enable the exploitation of existing potential for optimization. In order to achieve this, it is relevant to reinforce the link between the field of SSCs in a public sector context and other research areas such as performance measurement.

## **4.2 Development, Definition and Characteristics**

### **4.2.1 Development**

The origin of the SSC construct dates back to the private sector of the United States in the 1980s. Large corporations as for instance General Electric, Ford and American Express restructured their organizations applying a divisional approach. As part of this transformation process, they formed SSCs to support the decentralized business entities mainly with accounting and financial reporting activities (Moll, 2012; Rudzioniene & Sakalauskiene, 2014). The first European SSC was established around ten years later in the mid-1990s and quickly gained in importance due to political developments such as the European Single Market and the harmonization of transnational laws (Moll, 2012). At the same time the SSC concept was also adopted in the public sector. This progression was driven by Australian and Canadian state initiatives with the aim to modernize governmental organizations and facilitating administration (Elston, 2014; Schwarz, 2014; Tammel, 2015).

These days the idea of SSCs is well established throughout all different industries and regardless of organizational size. However, most SSCs in the public and private sector were implemented over the last five years (Deloitte, 2015). According to Ernst & Young (2013), this implies that most SSCs are currently in a transition or stabilization phase. This is particularly interesting since the end of this stage has a significant impact on whether the performance of an individual SSC stagnates or continuously improves over time as illustrated in Figure 4.1. Therefore, current management decisions and actions strongly determine the further evolution path and can greatly influence the future performance of a SSC.

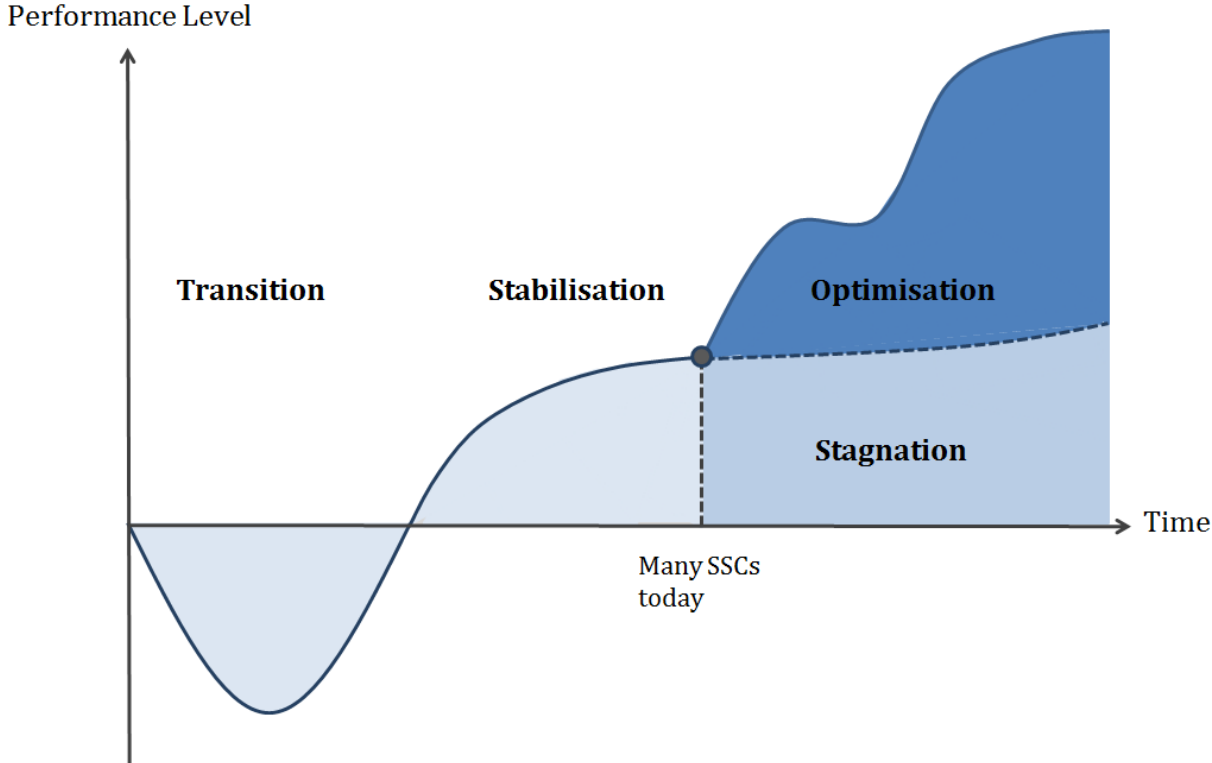


Figure 4.1: SSC evolution path (Adapted from Ernst & Young, 2013)

**4.2.2 Definition and characteristics**

As outlined by the SSC development in chapter 4.2.1, the concept is widely used across sectors, business functions and regions. Moreover, the idea and the arrangement of SSCs are constantly evolving as well as influenced by the particular circumstances and objectives of each individual case (Tammel, 2015; Sterzenbach, 2008). Therefore, a general and consistent definition of the term “Shared Service Center” does not exist, but rather a broad variety of perceptions (Becker et al. 2008; Raudla & Tammel, 2015). In order to give an overview of this diversity, a number of examples including some of the most cited conceptions according to Schwarz (2014) are summarized in Table 4.5.



Table 4.5: SSC definitions

Author	Definition
King & Leong (1998, p. 32)	"[A]n organizational structure which, if implemented properly, combines the advantages of centralization and decentralization without the disadvantages of either."
Kagelmann (2001, p. 49, cited from Schwarz, 2014, p. 61)	"An organizational approach to provide internal services for more organizational units within an organization through the collective usage of resources."
Accenture (2005, p. 3)	"[T]he consolidation of administrative or support functions (such as human resources, information technology, and procurement) from several departments or agencies into a single, stand-alone organizational entity whose only mission is to provide services as efficiently and effectively as possible."
Strickwerda (2006, p. 4)	"[A]n accountable entity in the internal organization of a firm tasked to provide specialized services to operational entities (divisions, business units) on basis of a service level agreement and full charge out of costs on basis of a transfer price system."
Grant, McKnight, Uruthirapathy & Brown (2007, p. 522)	"[A] business unit or organizational entity within the enterprise that delivers specialized, value-added services across the entire organization."
Aksin & Masini (2008, p. 239)	"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."
Becker, Bluhm, Kunz & Mayer (2008, p. 4, translated)	"Legally and/or economically independent units whose activities are confined to support and service functions."
Panitz & Waschkowitz (2010, S. 153, translated)	"The outsourcing of business functions in separated and independent organizational units within a corporation."
Rudzioniene & Sakalauskiene (2014, p. 58)	"[A]n integral organizational unit, internal business which creates value. Internal business operates multifunctional service processes combined with micro and macro factors, as well as running some form of management."

Even though there is no uniform definition, there is at least a common understanding concerning the main characteristics of a SSC (Schwarz, 2014; Sterzenbach, 2008). First of all, a SSC is an autonomous organizational entity in terms of economic and/or legal aspects. Furthermore, a SSC consolidates a wide range of administrative tasks and processes and also provides support activities to several other internal business units (Becker et al. 2008; Schwarz, 2014). Due to this service character a purposeful customer orientation is a core element of the SSC's agenda. Finally, the motives, opportunities and threats of a SSC which will be discussed in more detail in chapter 4.3 are similar in most cases. The main purposes include the reduction of costs, the enhancement of quality and the increase of efficiency (Sterzenbach, 2008).

#### **4.2.3 Differentiation between SSC and Outsourcing**

The ideas and objectives regarding the implementation of a SSC concept have several things in common with an outsourcing approach. However, there are various differences between both sourcing arrangements and it is necessary to clearly distinguish between them (Becker et al. 2008). First of all, the two constructs have a different strategic orientation. SSCs in the public sector are internally-oriented and emphasize the relationship between the business units and an individual service unit within one organization. In contrast, outsourcing is externally-oriented and deals with the link between an organization and its service provider (Janssen & Joha, 2006). In addition, the organizational possibilities of interference differ remarkably between the SSC and the outsourcing concept due to the corresponding ownership structure. Since the internal SSC is part of the corporation, the top management is still able to exert influence. This is not possible with regard to the decisions of the external service provider (Becker et al. 2008). Furthermore, the activities and processes which are adequate regarding both sourcing arrangements vary as well. Many organizations have reservations to outsource financial, customer or personnel data due to risks associated with availability, integrity and confidentiality issues (Janssen & Joha, 2006; Zehnder, Pampel & Friesen, 2007). Finally, risk management plays an important role. A SSC enables the individual business units of an organization to share all risks which are connected to the activities performed within the SSC, whereas outsourcing allows a corporation to transfer all threats resulting from these procedures to its service provider (Janssen & Joha, 2006; Petković & Lazarević 2012).

### **4.3 Motives, Opportunities and Threats**

#### **4.3.1 Motives and Opportunities related to SSCs**

An appropriate establishment of a SSC implies several major opportunities and advantages that can be classified by their nature. As a result, four different areas of benefits can be identified, namely strategic/organizational, political, technical and economic advantages (Janssen & Joha, 2006).

The strategic and organizational advantages comprise several factors. First of all, companies aim at standardizing functionality and processes within the respective areas of competence. This leads to an increased effectiveness and efficiency of these activities. Moreover, due to synergy effects, a professionalization of the delivered services can be achieved which implicates an improved quality and more profound skills and knowledge in the area of finance (Becker et al. 2008; Hackmann, 2009; Janssen & Joha, 2006; Paagman et al. 2015; Petković & Lazarević, 2012; Strickwerda, 2006; Towle, 2015). Additionally, the specialization entails a higher productivity reducing the processing time of the various financial related activities and process steps. Another point is that the organizational units and entities can concentrate on their core business activities and thus the services they provide. As a consequence, not only the performance of financial related tasks and steps is improved, but also the one of the organizations' core competences (Becker et al. 2008; Deloitte, 2011; Janssen & Joha, 2006; Paagman et al. 2015; Raudla & Tammel, 2015). By establishing a SSC, potentials to reduce complexity should be exploited in order to achieve the maximum benefit. The fact that synergy effects can be achieved regarding innovations and that risks can be shared among all organizations that deploy the services provided by the SSC, represent further attractive benefits for the involved units and entities (Janssen & Joha, 2006; Paagman et al. 2015; Petković & Lazarević, 2012). Due to the consolidation effects and the more significant scope, it will be more likely to obtain high quality IT services for the SSC and to meet the IT related needs and demands. Furthermore, best practices regarding IT and processes have an immediate positive effect on all units and entities (Janssen & Joha, 2006). Additionally, the set-up of a SSC provides the organizational chance for implementing a regular update of process documentations. Moreover, a move towards a process oriented organization is supported by the SSC establishment and a market similar structure can be obtained (Becker et al. 2008). Compared to outsourcing, SSCs provide the advantage of not being dependent on external third party service providers. Another positive point is that the knowledge concerning these tasks is retained within the organization (Becker et al. 2008).

Among the political motives, the literature mentions the possibility to increase control, oversight and supervision of the financial functions. Moreover, the SSC model offers the possibility to solve internal conflicts that could arise for instance around the issue of budgets for separate financial functions. Additionally, the literature suggests that the credibility for appropriately performed activities in the financial departments of public administrations could be improved by consolidating the internal services into bigger units (Janssen & Joha, 2006; Petković & Lazarević, 2012).

From a technical perspective, SSCs offer the chance for a more elaborate technological expertise since often central roles are established. This enables employees to acquire a deeper knowledge and a higher degree of specialization in the technological field due to the participation in organization-wide projects. Thus, technical and project management skills are concentrated and intensified. In this respect, a better performance of the IT staff can be expected. Since experiences and best practices are consolidated, a standardization of system based platforms and applications can be achieved which leads

to more efficient and effective system based operations. By centralizing financial functions and technological know-how, the information security and authorization tends to improve as a consequence of an increased, consolidated focus on these issues (Janssen & Joha, 2006; Petković & Lazarević, 2012). Besides these points, the literature also mentions higher technical service levels as a major benefit of financial functions that are consolidated in SSCs (Becker et al. 2008; Janssen & Joha, 2006; Petković & Lazarević, 2012).

The achieved cost benefits from economies of scale and scope can be considered as the major economic motive (Becker et al. 2008; Deloitte, 2011; Hackmann, 2009; Paagman et al. 2015; Petković & Lazarević, 2012; Strikwerda, 2006). Besides lower costs for operations resulting from a lower total number of employees performing internal services, savings can be achieved related to control and maintenance. Moreover, IT related costs become more transparent and can be reduced. Due to the consolidation of systems, overcapacities can be decreased which also leads to cost reductions in this area (Janssen & Joha, 2006; Petković & Lazarević, 2012). Additionally, the economic motives cover two topics that can lead to indirect cost savings. On the one hand, the SSC implies a more distinct accountability of control, as the activities are consolidated into bigger units and thus roles of responsibility and leadership structures for internal services are established. On the other hand, costs become more predictable after the implementation of SSCs. The reason in this case might be the higher stability of processes within SSCs. (Janssen & Joha, 2006; Petković & Lazarević, 2012). According to Schwarz (2014), an efficient SSC minimizes its transaction costs. The reasons are the effects from reduced fixed costs, increased specialization and thus increased productivity. Additionally, SSCs have the opportunity to balance the workload compared to separate different internal service providers. Purchasing advantages, e.g. related to hardware and software, and advances in processes and technology further decrease costs (Schwarz, 2014).

#### **4.3.2 Threats related to SSCs**

Besides those opportunities, the establishment of a SSC also bears some threats.

Regarding the technical implementation, the proper functioning of the applications might be delayed which could cause organizational and strategic troubles, but also long-term processual issues (Becker et al. 2008).

Organizations have to consider the risk of a possible loss of know-how as a consequence of both internal and external staff fluctuation. The reason might be dissatisfaction with the consolidated organization and the new tasks of employees. Another threat is related to the implementation projects within the SSC. In case of implementation problems and delays, business relations might be affected. An example is unpaid vendor invoices resulting from processing issues within the SSC. Furthermore, the possible resistance of employees represents an issue which is driven by behavior that might reduce the effectiveness and efficiency of the SSC (Becker et al. 2008). Employees might perceive a loss of autonomy, authority and responsibility when services are consolidated into large organizations (Raudla & Tammel, 2015). Related to this issue, Schwarz's (2014) study

reveals that the most relevant disadvantage of SSCs is the lack of management commitment and existing resistance as managers fear a loss of their power. Moreover, in international SSCs that provide various internal services for multinational companies, communication problems could arise due to both language and cultural problems (Becker et al. 2008). Communication problems within the organization could also occur. The reason is the perceived black box character of SSCs which emerges because of missing or very limited personal contact among the staff of the SSC and the units and entities (Becker et al. 2008; Schwarz, 2014). In this context, Owens' (2013) analysis reveals that there is a discrepancy between the satisfaction of the SSC model within the SSC and among the entities serviced by the SSC. While 83.3% of the SSC staff is satisfied, only 63.5% of the units served by the SSC are satisfied with the service provided (Owens, 2013). Internal functions, consolidated in SSCs, are no longer exposed to competitive similar conditions, in which comparisons between departments are possible. This might lower the effectiveness of these internal operations (Schwarz, 2014). Another point is that decision making is slower compared to smaller entities since SSCs imply larger and more complex organizations (Hackmann, 2009; Tomasino et al. 2014).

Besides these aspects, organizations establishing a SSC also risk to diminish the success of the SSC as the consolidated function might ignore special circumstances related to legal or tax issues of different national contexts (Becker et al. 2008).

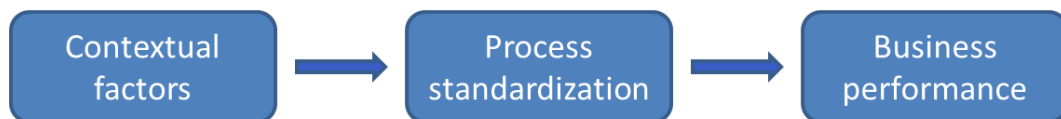
A major pitfall to SSCs in particular in the public sector is the establishment itself. Since the investment is usually costly and complex (Hackmann, 2009; Schwarz, 2014) and the reaction of the society distinct; politicians rather tend to avoid the set-up of SSCs to not reduce their chances of being re-elected (Schwarz, 2014). Even after the successful implementation of a SSC, there are only limited possibilities for public sector organizations to adapt the SSC operations since several legal and political constraints have to be taken into account (Tomasino et al. 2014).

## 5 Theoretical Frame of Reference for the Case Study

*In order to answer the second research question by analyzing the case of Region Skåne's SSC and its extent of standardization, a theoretical frame of reference developed by Romero et al. (2015a) was selected for guiding and conducting the study. Therefore this chapter outlines the theoretical framework and its refinement according to the peculiarities of public sector SSCs.*

### 5.1 Theoretical Frame of Reference to evaluate the extent of standardization

Romero et al.'s (2015a) model reveals the impact of contextual factors on the business performance. According to their study, contextual factors influence the extent of process standardization, which affects the business performance. Figure 5.1 illustrates this relation.



**Figure 5.1: Relation between contextual factors, process standardization and performance**  
(Romero et al. 2015, p. 262)

Based on this idea, contextual factors have to be analyzed as relevant indicators to assess the degree of standardization of Region Skåne's SSC and its performance.

The developed conceptual model is based on the contingency theory. According to this theory, situational factors have a significant influence on the way organizations should be managed. As a consequence, there is no unique best practice in organizing and managing corporations, but appropriate actions rather depend on the respective internal and external conditions of the organization (Zeithaml, Varadarajan & Zeithaml, 1988). Otley (1980) defines the contingency theory in the context of management accounting as follows: "There is no universally appropriate accounting system which applies equally to all organisations in all circumstances" (Otley, 1980, p. 413). Following this approach, the accounting system has to be adjusted to the particular basic underlying conditions (Otley, 1980). Miller (1992) highlights the importance of adapting business activities and processes in order to ensure operations that are in accordance with the environmental requirements. Thus, contextual factors have a significant impact on SSC activities performed in companies and in particular on the level of standardization of SSC operations. Within the contingency theory, these contextual factors comprise environmental, organizational and individual features (Romero et al. 2015a). Among the contextual factors, the literature differentiates between externally and internally driven factors (Sila, 2007; Romero et al. 2015a). The external aspects consist of those factors that are given and cannot be influenced by the organization, whereas the internal factors apply to the organization and can be changed (Romero et al. 2015a).

The details of the conceptual framework are visualized in Figure 5.2 and the three components are further elaborated in the following.

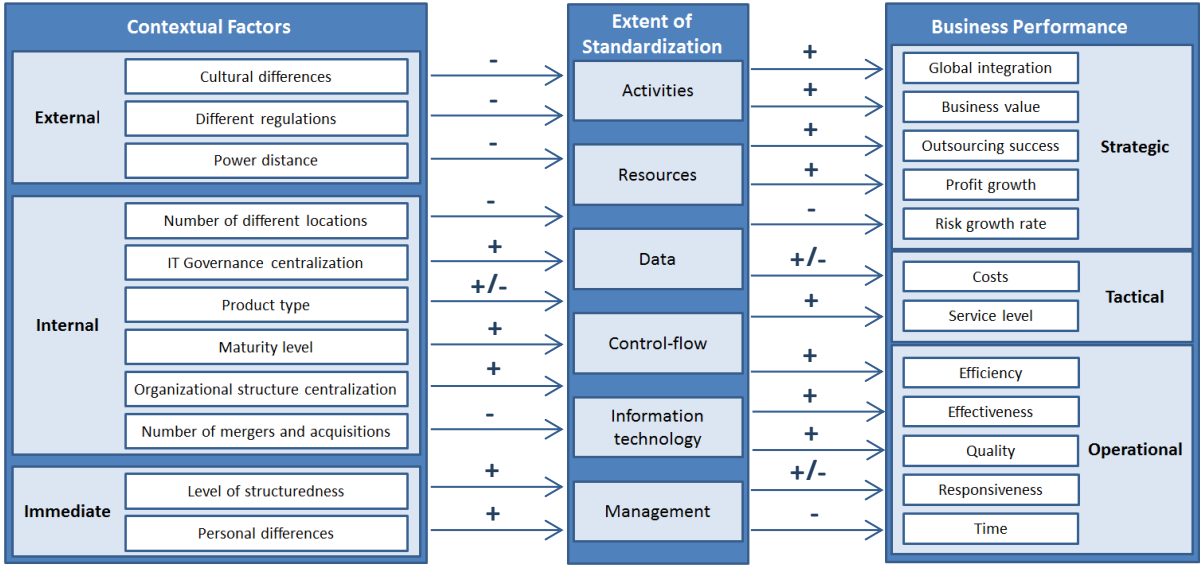


Figure 5.2: Theoretical Frame of Reference to evaluate the extent of standardization (Romero et al. 2015a, p. 267)

### 5.1.1 Contextual factors

In their conceptual model, Romero et al. (2015a) distinguish between three levels of the organizational context of which each consists of several factors. First, the external level covers macro-economic characteristics which affect the organization’s operations. Second, the internal level focuses on aspects within an organization. Third, the immediate level takes process specific aspects into account (Romero et al. 2015a).

Within the external tier, three factors determine the extent of process standardization. First of all, differences in the national culture suggest difficulties in knowledge transfer across these cultures which complicate the standardization of processes. Moreover, different legal requirements, such as financial and tax related laws as well as employment practices, hamper standardized processes. Finally, the nature and characteristics of the relationship between firms affect processes. In a rather low power distant practice, processes and business practices are more likely to be integrated than in high power distant surroundings (Romero et al. 2015a).

The internal level encompasses six aspects which affect the practice of processes. First, if operations are performed in different locations of one organization, the level of standardization is affected due to the frequency of communication between the individuals performing the respective process activity. Additionally, the centralization of the IT governance and the degree of homogeneity regarding the IT landscape have a significant influence on the level of standardization and thus on the business performance. Furthermore, variances among the type of products and services offered by the organization also demand varying processes in order to be able to handle the products and services. A high degree of variances compromises the process harmonization. The maturity level of the operations and processes represents another

affecting aspect. The longer procedures have been implemented, the more the activities are performed in a standardized way. Then, a centralized organizational structure and decision making within corporations is positively correlated with standardization potential. Eventually, the number of mergers and acquisitions raise the coexisting number of process versions and variety (Romero et al. 2015a).

On the process specific level, two factors play an important role for the level of process standardization. On the one hand, the process structuredness is an important indicator characterizing routine standardized procedures. The level of structuredness can be explained by the amount of same transactions. To be more precise, repetitive tasks are more structured than unique processes. On the other hand, personal differences occur whenever employees deviate from processes due to their individual preferences and perform activities in different ways (Romero et al. 2015a).

### **5.1.2 Extent of standardization**

The second component of the conceptual model, namely the extent of standardization, embraces a set of various aspects which are affected by the context and have to be considered in order to evaluate the degree of standardization with regard to a certain process (Romero et al. 2015a). First of all, it is necessary to consider the fact that a business process consists of several steps. Therefore, a comprehensive assessment cannot only focus on the construct as a whole, but also needs to analyze each individual activity. Secondly, there has to be a control-flow focusing on the functional and temporal interactions as well as on the transitions among those activities. Furthermore, the category data emphasizes the relevance to account for the extent to which input and output data is standardized. The same applies to the information technology and the associated IT systems of the organization. In addition, it is important to consider the human resources involved in a business process as well. Finally, the management represents an essential constituent of the examination. This includes the establishment of a clear strategy and vision, the configuration of customer service management, the way of performance measurement and the communication of results (Romero, Dijkman, Grefen, van Weele & de Jong, 2015b). However, it has to be recognized that the theoretical framework does not specify the influence these contextual factors have on the extent of standardization of the different aspects. Indeed, the model only defines the impact of the context on standardization in general and point out that identification of those individual relations is another area for further research (Romero et al. 2015a).

### **5.1.3 Business Performance**

Finally, the extent of standardization significantly affects the third segment of the framework, the business performance (Davenport, 2005; Münstermann, Eckhardt & Weitzel, 2010). However, this component is only described briefly for the sake of completeness, but is not an essential part of the subsequent analysis since the focus is on the extent of standardization and the contextual factors that affect it.



The component concerning business performance consists of a great variety of indicators which can be used to measure the performance of an organization. In general, these indicators are categorized into the three groups of strategic, tactical and operational factors which assess the performance on all corporate levels. The group of strategic elements includes global integration, business value, outsourcing success, profit growth and risk growth rate. The attributes costs and service level belong to the tactical category, whereas efficiency, effectiveness, quality, responsiveness as well as time are summarized under operational aspects. However, it should be noted that this classification is not mutually exclusive and that some indicators might be used on various levels since the boundaries between the defined categories are vague (Romero et al. 2015a). In this respect, it is crucial to develop and establish an appropriate performance measurement system (PMS) since only “what gets measured gets done” (Cochenour, 2000, p. 1; Lefkowitz, 2001, p. 20; Wilson, Croxson & Atkinson, 2006, p. 153; Sugianto, 2008, p. 15; Wallsten, 2011, p. 26).

**5.2 Refinement of the Frame of Reference concerning SSCs**

The six general aspects defined by Romero et al. (2015a) were refined within this thesis in order to take particular relevant factors related to SSCs into account and to allow for a more detailed and nuanced evaluation. This is also in line with Romero et al. (2015a) who recommend adapting the framework to the respective underlying conditions of the study. The review of the existing literature as well as existing consultancy reports focusing on SSC standardization revealed several indicators for the extent of standardization of SSCs. These indicators have been categorized according the six aspects as outlined by Romero et al. (2015a). Moreover, the aspect management was divided into three sub-categories since this aspect comprises three different main areas of interest in the context of SSCs. Table 5.1 presents the refined extent of standardization aspects that are used to analyze the case of Region Skåne.

Table 5.1: Selected indicators for the evaluation of SSCs’ extent of standardization

Indicator	Source
<b>1) Activities</b>	
Clear, transparent and documented activities	Deloitte, 2011; Forsmark, Gröndahl & Ekström, 2015; Jovanovic & Filipovic, 2016; Romero et al. 2015b; Van Looy, De Backer & Poels, 2011
Consideration of different sourcing options	Accenture, 2015; Capgemini, 2013
Implementation of Best Practices	Deloitte, 2011; Neely, Gregory & Platts, 2005

<b>2) Control-flow</b>	
Regulation of process cycle and internal controls	KPMG, 2011; Romero et al. 2015b
Clear, transparent responsibilities	Ernst & Young, 2013, p. 12; Romero et al. 2015b; Van Looy, De Backer & Poels, 2014
End-to-End process focus	Accenture, 2015; Capgemini, 2013
Global process ownership	Forsmark, Gröndahl & Ekström, 2015; KPMG, 2011; Suska, Zitzen & Enders, 2011
<b>3) Data</b>	
Availability of data	Romney & Steinbart, 2015
Standardized input and output data	Romero et al. 2015b
Standardized Reporting	Romero et al. 2015b
<b>4) Information Technology</b>	
Integrated ERP system	KPMG, 2011; Suska, Zitzen & Enders, 2011
Degree of automatization	Deloitte, 2011; Suska, Zitzen & Enders, 2011
Focus on new services and big data analysis	Capgemini, 2013
Benefits of IT investments are quantified and communicated	Carcary, 2011
<b>5) Resources</b>	
Employee empowerment and top-management commitment	Deloitte, 2011; Enkel, Bell & Hogenkamp, 2011; Van Looy, De Backer & Poels, 2011
Knowledge sharing	Deloitte, 2011; Jovanovic & Filipovic, 2016; Romero et al. 2015b
Training and competency development	Deloitte, 2011; Ernst & Young, 2013; Suska, Zitzen & Enders, 2011; Van Looy, De Backer & Poels, 2014
Perception of the SSC as a training ground for future leaders	Deloitte, 2011; Ernst & Young, 2013; KPMG, 2011
Incentives are linked to the improvement of the operational performance	Bloom & Van Reenen (2010); Ernst & Young, 2013; Van Looy, De Backer & Poels, 2014; Jovanovic & Filipovic, 2016

<b>6) Management</b>	
<b>6.1 Vision &amp; Strategy</b>	
SSC's objectives are aligned with the corporate strategy	Ernst & Young, 2013; Forsmark, Gröndahl & Ekström, 2015; Perego & Hartmann, 2009; Taylor & Taylor, 2014
Integration of all relevant aspects into the Vision & Strategy	Accenture, 2015; BCG, 2016; Enkel, Bell & Hogenkamp, 2011; Van Looy, De Backer & Poels, 2014
Development of action plans to realize the strategy	Accenture, 2015; Kaplan & Norton, 2000
Business model	Suska, Zitzen & Enders, 2011
<b>6.2 Customer Service</b>	
Perception of the SSC as an integral part of the organization and as a valuable business partner	Ernst & Young, 2013
Organizational culture based on customer orientation and continuous improvement	David, 2013; Garceau, Pointer & Tarnhoff, 2015; Mishra, Das & Murray, 2016; Suska, Zitzen & Enders, 2011; Van Looy, De Backer & Poels, 2014
Availability and communication	Forsmark, Gröndahl & Ekström, 2015
Pricing model and defined SLAs	Ernst & Young, 2013; Forsmark, Gröndahl & Ekström, 2015; Suska, Zitzen & Enders, 2011
<b>6.3 Performance Measurement</b>	
Existence of a comprehensive PMS	Accenture, 2015; KPMG, 2011; Mishra, Das & Murray, 2016; Neely, Gregory & Platts, 2005; Suska, Zitzen & Enders, 2011; Van Looy, De Backer & Poels, 2011
A balanced variety of KPIs (general & process specific; financial & non-financial)	Bloom & Van Reenen, 2010; Kaplan & Norton, 1992; Mishra, Das & Murray, 2016; Neely, Gregory & Platts, 2005; Nørreklit & Mitchell, 2007; Van Looy, De Backer & Poels, 2011

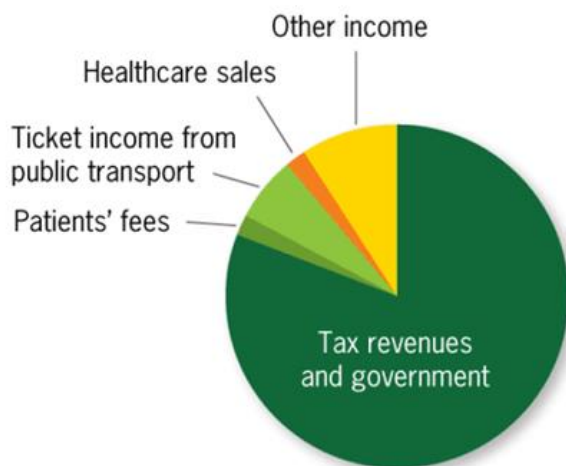
## 6 Results of the Case Study

This chapter briefly introduces the case company followed by the presentation of the contextual factors at Region Skåne's SSC as outlined by Romero et al. (2015a). Moreover, the refined framework is applied to analyze the extent of standardization of Region Skåne's SSC. This is followed by an evaluation of the findings and the derived recommendations for action.

### 6.1 The SSC at Region Skåne

The organization Region Skåne, which originated in 1999, has around 32.000 employees and records an annual turnover of approximately 40 billion Swedish kronor (SEK). The vast majority of its revenue is taxes and government grants. Moreover, a smaller amount of income comes from public transportation, patients' fees and healthcare sales. The main responsibilities and congruently the main expenditures of Region Skåne can be summarized under the headings: public health care, public transport, regional development and culture (Lagerlowahola & Persson, 2015). A more detailed segmentation of revenues and expenditures is presented in Figure 6.1.

#### Revenues



#### Expenditures

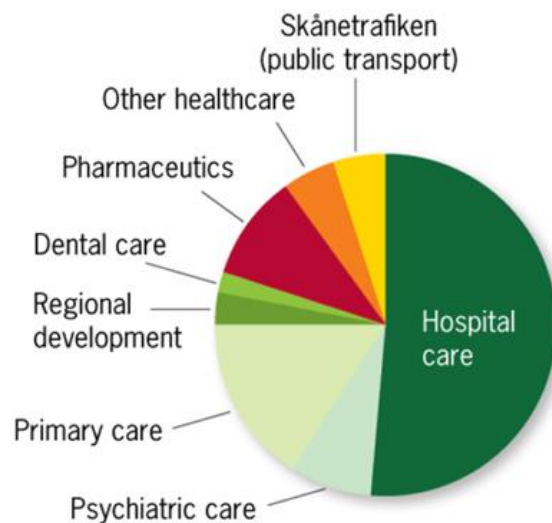


Figure 6.1: Revenues and Expenditures of Region Skåne (Lagerlowahola & Persson, 2015, p. 16)

Due to the intensified financial pressure to reduce its costs and enhance its efficiency as well as to meet the increasing demand for public services in terms of quantity and quality, Region Skåne decided to implement a SSC in 2010 (Lagerlowahola & Persson, 2015). As outlined in the literature review in chapter 4.2.2 there is no consistent definition of SSCs. Therefore, the following analysis always refers to the one of Region Skåne which is defined by:

*“Shared service means the coordination (concentration) of similar activities, often spread in an organization, in order to offer services to internal partners (customers) with the common goal of providing a higher value to both internal and external customers and organizations. Shared Service Center (SSC) is the organizational name of the unit which gathers and performs this service. The operations are placed in a separate organization or entity. The SSC is responsible for arranging one or more tasks, through standardization or competence concentration on core operations.*

*The purpose of forming a joint SSC is usually to achieve cost savings, a higher degree of service and/or to ensure a certain level of competence. The core business can then concentrate on its core processes. The organization achieves economies of scale and greater consistency in the performance of the services (Region Skåne, 2010, p. 8, translated).”*

The SSC is the working place of roughly 250 full time equivalents (FTE) and generates an annual turnover of 17.5 million SEK. It is located in Malmö and Kristianstad, but from May 2016 onwards it will be placed in Lund and Kristianstad. The core business of the SSC is to perform all activities related to the functions of Finance and Human Resources (HR) as well as their administration. In this respect, the organization distinguishes between basic services, such as customer support, information and education, and additional services as for instance month end closing and consolidation activities. On the grounds of these two areas of responsibility, the organizational structure is divided into the same two domains. The main customers of the SSC are hospitals, suppliers of Region Skåne, politicians and the citizens of Skåne (Lagerlowahola & Persson, 2015). There are several interesting facts that demonstrate the size of the SSC at Region Skåne. The SSC receives around 800.000 supplier invoices per year. This is more than the amount of invoices handled by the SSC of Volvo. Moreover, the SSC sends out around 80.000 invoices per month to patients leading to 5.600 phone calls. Furthermore, more than 35.000 salaries have to be managed every month (Lagerlowahola & Persson, 2015).

## **6.2 Contextual Factors**

### **6.2.1 External factors**

As previously illustrated, the applied theoretical framework encompasses three external factors that have an influence on the extent of standardization (Romero et al. 2015a).

To begin with, the possibility of *cultural differences* has to be taken into account (Romero et al. 2015a). In the context of public sector SSCs this aspect is negligible since one peculiarity of them is their geographical immobility (Schwarz, 2014). This means that a public sector SSC always has to be located within its particular region and that there are no opportunities to outsource activities to another country. Interviewee 3 confirmed this fact and pointed out that such an arrangement is not possible due to the public function of Region Skåne and its SSC. Therefore, the SSC does not have to worry about any cultural differences which might affect its business operations and negatively influence the process standardization.

The second external factor relates to the potential *different regulations* which have to be obeyed (Romero et al. 2015a). However, since the SSC only operates within Region Skåne, there is only one relevant set of regulations. Moreover, all customers of the SSC are located within Region Skåne and the organization is the main owner of all of those customers as well. The reason for this is the strict Swedish law which regulates that the SSC is only allowed to sell its services to public organizations owned by Region Skåne as explained by interviewee 3 like this: *“We cannot sell to private actors [...] and to municipalities [even though] we would be able to sell a lot of things to them”*. As a result, this implies that the SSC as well as its customers are subject to the same regulation which greatly simplifies the interaction. In addition, this law also determines the scope of Region Skåne’s SSC since it limits the number of potential customers. To sum up, the SSC has to comply with a single set of regulations and this will not change in the foreseeable future. This is a remarkable characteristic and facilitates the standardization of processes.

Finally, the level of *power distance* and the relationship between the organizations involved has to be kept in mind (Romero et al. 2015a). According to Hofstede (1984) the extent of power distance is rather low in Sweden from a cultural perspective. This indicates that the different parties should have a good relationship as well as that processes and business practices are more likely to be integrated than in high power distant surroundings (Romero et al. 2015a). This assumption has been confirmed by several interview partners who emphasized the close collaboration and intensive communication between the SSC and its customers. The main reason for this is the general perception that although they are different organizations and departments, they all are part of Region Skåne and should jointly promote the common good. This is underpinned by several statements of the interviewees such as: *“We have good relations with our customers [...] and] we always find a time to sit down and talk to each other”* (Interviewee 3). Furthermore, interviewee 3 stress the ongoing discussion about how the SSC can support the business even more and what kind of tasks could be transferred to the SSC in order to relieve the other organizations and ensure that the customers are able to focus on their core business activities.

### 6.2.2 Internal factors

Internal factors also affect the extent of standardization. As presented in chapter 5.1, Romero et al. (2015a) define six aspects as the most relevant ones to explain the drivers of standardization among the internal factors. These can be applied to the case of Region Skåne’s SSC as well.

First of all, *different locations* often lead to different working practices (Romero et al. 2015a). Region Skåne’s SSC operates at two different locations, in Malmö and in Kristianstad (Lagerlowahola & Persson, 2015) and in May 2016 the Malmö office moves to Lund (Interviewee 1 and 3). The employees in Kristianstad and Malmö respectively Lund perform similar tasks and processes in both locations. In the context of Region Skåne, the reason for the decentralized locations has a historical origin and is assumed to be driven by public interest and the objective to safeguard jobs in different areas of

the Region. Interviewee 3 explained the root cause for the two locations as follows: *“It’s political and it’s a lot of things that made it the way it is today. [...] It was important to keep a little bit in Kristianstad because in this part of Skåne, it is not that easy to find work like it is in the Region of Malmö and Lund”*. However, interviewee 3 noted that it would be advantageous if colleagues were located close to each other since this facilitates the communication and coordination of tasks in case of special topics and issues: *“It would be the best of course, if we all sat together”*. Thus, the two different locations compromise the communication regarding process practices and therefore the standardization as the likelihood of common, consistent practices is significantly reduced.

Homogeneous IT systems as well as the *IT governance centralization* including centralized IT departments play an important role for efficient and standardized processes (Romero et al. 2015). Region Skåne works with various IT systems and does not use one integrated ERP system. Details regarding this aspect are explained in chapter 6.3.4. Moreover the implementation of changes related to the IT systems is centralized within the Region. Interviewees 1 and 3 explained that the SSC has the freedom to change the execution of activities within the defined processes according to its own wishes as long as the IT system is not touched. The reason, as illustrated by interviewee 3, is the bigger picture and the all-embracing scope that the Region wants to achieve when it comes to IT systems. All units and departments of Region Skåne have regular meetings to decide on the improvements to be implemented taking the total overall budgets into consideration. Regarding the presentation of ideas for IT improvements, interviewee 1 explained: *“We all have to write down our questions and upgrades we want and then take them to a meeting where they decide what to develop depending on the budget”*. Multiple users with different needs and expectations participate in these meetings and not business case calculations are the decisive factors on IT implementations, but rather the majority of votes of the participants in these meetings. All participants in these meetings have one vote regardless of their entities’ size. Thus, the final decision for improvement projects and programming of the IT system is based on the ability to convince the other participants in the meeting to vote for the suggested IT upgrades. Interviewee 7 described the process: *“we have to convince them that we can cut our cost [...] and that they can have advantage of this development as well”*. To sum up, the IT governance is centralized, including the approval of implementations. However, the approval process for implementations is not based on transparent, objective criteria.

The *product type* has to be taken into account when analyzing the extent of standardization as well. Differences in products and services delivered might require variances in the processes including the handling of the administrative processes such as accounting tasks (Romero et al. 2015a). The services that Region Skåne provides comprise the public health care including dental services, the public transportation services, as well as regional development and cultural services. Examples for regional development and cultural services are the environmental efforts, tourism, recreation areas, events and the Malmö Opera. While the public health care sector accounts for 93% and thus the major part of the Region’s budget, the other services offered represent

rather minor parts in terms of the Region's total budget. Public transportation amounts to 5%, regional development and Culture to 1% each of Region Skåne's total budget (Lagerlowahola & Persson, 2015). Thus, the Region offers various services that require different processes to perform and deliver these services. Consequently, different financial processes depending on the services could be required. However, both interviewee 2 and 4 said that a very similar handling for different services and customers is in place. The slight variations rather exist due to personal differences in executing the activities. To sum up, the services offered by Region Skåne positively correlate with its standardization efforts.

Another factor affecting the standardization intensity of firms is the *organizational structure* (Romero et al. 2015a). Region Skåne's SSC is organized as a central entity of the Region that offers HR and finance services to all the Region's units (Lagerlowahola & Persson, 2015). An organizational chart of Region Skåne showing the central function of the SSC within the Region can be found in Appendix C. Thus, centralized administrative services performed by one specialized organizational unit are ensured at Region Skåne which supports the pursuit of standardized processes. The organizational structure of the SSC, which is clearly divided into HR and Finance, is visualized in Appendix D. The financial entity is in general organized by functions, though for health care, there is a separate divisional organization. The reason for this separate administration was explained by interviewee 3 as being driven by a customer oriented service: *"It is easier to talk about the process and it is easier to have a relation with the customer. This is why we try this to see what we can get out of it"*. Additionally, interviewee 3 highlighted that the existing separate division for health care was not established due to its significant part of the overall budget, but was rather historically driven. As a consequence, this separate entity might improve the customer service, but might negatively correlate with the standardization of the administrative processes performed for the Region's entities.

The *maturity level* also partly determines the process standardization level. Region Skåne's SSC was implemented about six years ago in 2010 (Region Skåne, 2010). Thus, the SSC is quite young with regard to the origins and development of SSCs as outlined in chapter 4.2. The organization and its management are currently identifying ways to improve the standardization of the SSC, but there is still much potential for further development. Interviewee 1 stated that: *"There are a lot of things that can be improved; I don't know where to start."* This statement was supported by a comment on the maturity level of the SSC given by interviewee 1: *"We are quite young in this matter; [...] we're still working on getting more standardized. [...] We are actually in the start-up [phase] of SSC"*. To sum up, it can be stated that the SSC at Region Skåne has not yet reached a mature status after six years of operations but still evolves constantly. At the moment, the SSC has reached a critical point in its evolution and is facing the transition from the stabilization phase to stagnation or successful optimization as outlined in chapter 4.2.1 in Figure 4.1.



Finally, *mergers and acquisitions* lead to various process variants which compromise the economies of scale objective in performing the accounting tasks (Romero et al. 2015a). Mergers and acquisitions are not relevant in the context of Region Skåne since the organizations that belong to the Region are clearly defined and do not change. A Region usually does not acquire new businesses and subsidiaries like firms in the private sector sometimes do. This would only be the case if the public sector would offer additional services on the regional level of the Swedish public organization which was not the case during the past five years of Region Skåne's SSC existence (Region Skåne, 2010; Lagerlowahola & Persson, 2015).

### 6.2.3 Immediate factors

Finally, Romero et al. (2015a) describe two immediate contextual factors which have to be taken into account.

The first point is the *level of structuredness* which emphasizes the comparability and repetitiveness of transactions (Romero et al. 2015a). Since the SSC at Region Skåne only provides comparable services to a manageable number of customers which are all part of the same overall organization, there should be a relatively high amount of similar transactions. A compelling evidence for the high level of structuredness of Region Skåne's SSC is the previously mentioned figures concerning the amount of invoices and salaries handled per month (Lagerlowahola & Persson, 2015). This fact is underpinned by interviewees 2, 4, 7 and 8 who explained that the tasks which have to be performed are quite repetitive. Indeed, interviewees 1 and 3 explained that the corresponding workload per activity can vary substantially each month on different grounds. Firstly, there might be new customers and contractors which have to be registered in the system. Secondly, there is a fluctuation of necessary manual labor due to the varying percentage of faulty invoices.

The last contextual factor which might affect the extent of standardization relates to the *personal differences* in executing the specific tasks (Romero et al. 2015a). In this respect, it has to be distinguished between the different types of tasks. As described by interviewees 1 and 2 the customer service activities as well as all basic services (e.g. accounts payable) that have to be executed are the same for every employee. In contrast, interviewees 4, 7 and 8 outlined that the execution of additional tasks and the month end closing activities might slightly differ among the employees. However, they further elaborated that the organization currently tries to increase the standardization of these tasks by *"align[ing] them, so all do the same"* (Interviewee 8). Additionally, the interviewees explained that the differences exist due to two reasons. On the one hand, they are historically driven and date back to the time before the SSC was implemented since every department performed the tasks in their own way at that time. On the other hand, the top-management wants to give the employees the freedom and flexibility to perform the task based on their own perception of the best way. In doing so, the workforce is stimulated to think out of the box and proactively search for possible improvements on condition that the result stays the same. Interviewee 4 explicated this by saying: *"The end result is the most important thing"*.

To summarize, there are still some deviations concerning the execution of tasks due to personal differences, but owing to the result-driven orientation they should not impede the standardization of processes. Furthermore, most of these varieties are likely to disappear in the near future in consequence of the initiatives to align all activities as far as possible.

## 6.3 Extent of standardization

### 6.3.1 Activities

Activities represent the sequence of steps which are performed within a process. The conditions and characteristics of these individual activities significantly affect the standardization of the whole process (Romero et al. 2015b).

In order to perform standardized activities, the activities have to be clear, transparent and documented. The documentations have to be reviewed and updated regularly so that they always reflect the current status of the process activities to be executed (Deloitte, 2011; Forsmark, Gröndahl & Ekström, 2015; Jovanovic & Filipovic, 2016; Romero et al. 2015b; Van Looy, De Backer & Poels, 2011). Region Skåne has implemented standardized process charts showing the workflow of activities. According to all interviewees that were asked concerning these process charts, these documentations were known and accessible by all SSC employees (Interviewees 2, 3, 4, 7, 8). An example for these process charts (*order to payment*) can be found in Appendix E. However, these process documentations are prepared on a rather high level. As a consequence, it is impossible for the employees to perform the individual process activities step by step on a more detailed level following these charts. Thus, many employees have created documentations for the activities they perform based on own initiatives. Interviewee 7 perceives the generally available high level process documentations as *“They show mainly what to do. [...] I have created a very detailed ‘how-to’ manual [...] for my tasks”*. Also employee 4 has documented the respective activities in a way that it can be used for the daily business: *“They are not telling us how to do it all over [the process] for everyone, but I’ve written down what I’m doing. Someone else has written down what he is doing”*. Also for the collaboration with the internal customers for the month end closing procedures and the respective activities, the employees have created lists regarding the necessary steps to be performed. Interviewee 8 stated that the employees at the SSC *“have created a checklist, so that [they] know what to do”*. According to interviewees 7 and 8, the general process charts were implemented a long time ago and have not been revised and updated since then. Thus, this kind of documentation does not represent a living documentation which is used in everyday work, but rather an illustration of the overall process.

A second aspect that affects the effectiveness and efficiency of the activities is the consideration of different sourcing options for various process activities. This implies the achievement of the right balance between insourcing and outsourcing of tasks and activities (Accenture, 2005; Capgemini, 2013). As the process charts of Region Skåne reveal, the scanning of incoming vendor invoices for instance is done by an external scanning service provider. This means that different sourcing strategies are considered within the SSC processes at Region Skåne. Though, the different sourcing options were implemented once and are no longer questioned as it will be presented in the following paragraph. Therefore, there is no real sourcing strategy in place and the decision-making is not based on business cases, but rather on the historically driven settings of the SSC.

Another important point that facilitates a high level of standardization in terms of activities is the implementation of best practices (Deloitte, 2011; Neely, Gregory & Platts, 2005). In order to gain insights into best practice processes, the employees of Region Skåne's SSC regularly meet representatives of other Swedish Regions. The head of Region Skåne's SSC mentioned that meetings with other Regions are arranged approximately twice per year: *"We have a network that we have fixed on our own with other Regions; it's just on our own initiatives that we meet"*. Also Interviewee 1 sometimes visits other Regions to compare Region Skåne's workflows with those of other Regions. Moreover, a yearly issued benchmarking report that assesses the performance of the different Swedish Regions is taken into consideration when evaluating best practices. Interviewee 5 highlighted: *"When we see that a Region works in the same way, we get together with that specific Region to look at how we can develop things"*.

However, the best practice evaluation is restricted to certain other Regions since only comparisons to similar organizations are currently taken into account by Region Skåne. As explained by interviewee 5, the similarity and thus the comparability are ensured when a Region has both approximately the same size and handles the work processes in the same way. Primarily, comparisons are currently conducted with Region Västra Götaland since the SSC of this Region is the most similar to Region Skåne's SSC. The way in which processes and activities might differ between the Regions may be caused by a different internal organization or different sourcing options. Due to these differences, Regions with best practices might not be considered when evaluating potentials for improvement. Associated with this point, the existing organization of activities and the present way of performing tasks are not questioned. Interviewee 5 confirmed this assumption: *"At the moment, we haven't considered [to change the organization]. At the moment we look at how we can improve within the existing organization"* and interviewee 6 added that Region Skåne is really convinced about the way its SSC processes are arranged: *"We are the best, we believe"*. Since many possible benchmarking partners are therefore out of consideration for the best practice determination and implementation, the evaluation and discussions leading to improvements neglect a greater scope. These strict selection criteria represent a contradiction to the initial idea of benchmarking which is explained by Camp (1989) as a "search for industry best practices that lead to

superior performance” (Camp, 1989, p. 12). As a consequence, Region Skåne has more potential to further enhance its activities by broadening its outward looking perspective.

To summarize, Region Skåne’s SSC has standardized process documentations on a high level and non-standardized step-by-step documentations that are based on the initiative of employees. Different sourcing options are in place but are rather based on historical decisions than on a sourcing strategy. Region Skåne considers different practices and potentials for improvement within its existing organization by regular meetings with representative from other Swedish Regions. The SSC has potentials to enhance its best practice evaluation since only the same organization of processes is considered for the assessment.

### 6.3.2 Control-flow

The process control-flow is another important aspect characterizing the status of standardization as it significantly influences the interactions among process activities (Romero et al. 2015b)

First of all, this aspect comprises the regulation of the process cycle as well as the effective use of appropriate internal controls (KPMG, 2011; Romero et al. 2015b). Two aspects account for a proper regulation of the process activities. First, the definition of the processes and the respective high-level charts illustrates the overall workflow and the transition between the individual activities within the process. Second, globally valid timetables are implemented that define until when certain steps have to be performed. This is the case for both month end closing procedures but also for daily tasks like the processing of vendor invoices. Interviewee 4 explained related to month end closings: *“We have the same timetable”*. Besides these pre-defined factors that are supposed to regulate a proper workflow, some internal controls are in place. Interviewee 1 listed some examples for internal controls. For instance, a process for the approval of access rights with regard to the IT systems and associated applications and functionalities is in place. Moreover, these access rights are reviewed on a yearly basis by several parties in order to ensure that only authorized persons have access to applications. Additionally, passwords regularly expire and IT user accounts are checked several times per year for plausibility according to interviewee 1: *“Also we do sum checks twice, maybe three times per year where we check against the HR system how many active accounts we have there and which accounts do not match”*. Another internal control is installed by an alarm system for invoices over 1 Mio. SEK which interviewee 1 described as follows: *“Every time a new contractor has an invoice over 1 Mio. SEK we have to check with the Finance department and they have to [approve it]”*. Interviewee 2 added further examples for internal controls. For the supplier invoice approvals segregation of duties is ensured since two persons have to release the invoices. Another internal control is installed within the accounts consolidation process. In this respect, interviewee 4 explained that manual controls need to be performed as the various IT systems are not integrated. All these examples indicate thorough internal control procedures. To conclude, the consciousness for clearly regulated processes as well as appropriate internal controls are present at Region Skåne and particular measures are implemented in order to

ascertain that internal procedures are fulfilled. Currently, there is a mix of automatic and manual controls in place which is recommended by Romney & Steinbart (2015) as well in order to create an effective internal control system.

Transparent, clear and standardized responsibilities within an organization represent a second crucial factor for a proper control-flow of process activities (Ernst & Young, 2013; Romero et al. 2015b; Van Looy, De Backer & Poels, 2014). According to both interviewees 2 and 4 who are responsible for the accounts payable process respectively the accounting processes such as month end closing procedures, there are clear and transparent responsibilities at Region Skåne. This also enables the employees to quickly identify the right contact persons for their questions. Additionally, interviewee 4 mentioned that positions are organized in a way that employees execute the same tasks and activities but just for different customers. Depending on the expectations of the customers, there might be slight differences in how the tasks are executed. This implies that roles and responsibilities are rather standardized and transparent.

A third important indicator among the control-flow aspect is the focus on end-to-end processes and the consideration of possible synergies within the process as these might enhance the business performance of the organization (Accenture, 2015; Capgemini, 2013). During our visits at Region Skåne, we could observe that teams regularly meet in order to share knowledge and discuss current topics and issues. These meetings and the associated communication allow for a holistic overview of end-to-end processes and for an all-embracing understanding of entire processes. Additionally, interviewee 1 works in a team that is charged with the continuous improvement of SSC processes. This job requires the consideration of the entire process since causes and effects have to be taken into account when adapting processes. In general, Region Skåne's SSC seeks to create transparency of the end-to-end processes at many levels.

As another aspect, the literature recommends a global process ownership in order to ensure the best possible control-flow (Forsmark, Gröndahl & Ekström, 2015; KPMG, 2011; Suska, Zitzen & Enders, 2011). The yearly issued benchmarking report compares Swedish Regions' SSCs and it reveals a comparably low performance of Region Skåne related to the process ownership (Forsmark, Gröndahl & Ekström, 2015). Interviewee 9 explained that *"it is a governance issue"*. According to interviewee 9, the main reason, is the separation between the roles SSC director, Finance director and IT director of Region Skåne. Thus, it is challenging to achieve process changes since many different persons have to be involved and several key decision-makers are not directly part of the SSC. This was underpinned by interviewee 9, who stated: *"We don't have the process ownership in the Shared Service Center and that is not good, it's not working very well. The process owner is placed in the staff of the financial director. [...] There are so many processes and we are just a small part of all the financial processes but they have the total ownership of all the processes which means that it is kind of hard for us to lead our own improvements. We can have our own suggestions but we have to align them both with the IT and the process owners"*. As a consequence, all processual changes take quite a long time until they are implemented as it will be explained in chapter 6.3.4. A global process

ownership for the Region is implemented, though the availability of the process owner for the SSC is rather poor due to his organizational placement within Region Skåne.

To sum up, Region Skåne aims at transparent process control-flow by different means and has a variety of internal controls ensuring both the correctness of data and standardized workflows. Additionally, standardized roles and responsibilities are generally in place and the Region attempts to allow for insights into end-to-end processes. Due to the organizational structure, the process owner is difficult to reach by the SSC which leads to slow process adaptations.

### 6.3.3 Data

Another important aspect that has to be taken into account is the extent to which data input and output related to the process are standardized (Romero et al. 2015b).

In this context, the availability of data in general is an important indicator (Romney & Steinbart, 2015). Moreover, the preparation of appropriate reports is crucial (Romero et al. 2015b). There are many different systems from which the data have to be extracted; chapter 6.3.4 will elaborate more on this point. Due to access right restrictions, communication is necessary in order to obtain the needed data and to combine them to an all-embracing overview. Interviewee 5 mentioned: *“There is not really one system where you can get the reports on the whole picture, you have to get it from a lot of different systems”*. Regarding the content of the data, interviewee 6 noted: *“You can get basically statistics on everything”*. However, the interview with person 9 revealed that the time aspects related to performed processes cannot be measured by Region Skåne’s IT system: *“Our system cannot deliver those figures. [...] In other Regions they have another financial system and they can measure it”*. For costs though, detailed information can be determined: *“We know exactly how much we spent on our different processes”* (Interviewee 9). The management at Region Skåne is interested in a holistic performance evaluation: *“We want to measure both time and quality but it is difficult. Time is not possible with our system. For quality, we have found our own way to measure that”* (Interviewee 9).

Interviewee 4 explained that in general, Region Skåne prepares and consolidates its accounts on a monthly basis, which implies that the data and information are available once per month. Until April 2016, the month end closing had to be finalized by the 14<sup>th</sup> day of the following month. Since May 2016, the closing period has been shortened to three days after the end of the month, so that reports on the monthly performance will be available earlier (Interviewee 1, 3, 4). However, according to interviewee 3, the SSC will need some time until everything runs smoothly.

Moreover, the SSC attempts to standardize the inputs and outputs of data. An example is the processing of vendor invoices that are scanned in case they are received in paper form by the SSC. Interviewee 1 explained that the scanning enables the SSC to perform the same process for all received invoices. Outputs are standardized as well since both interviewees 4 and 7 mentioned that the end-result has to be the same regardless of the activity design.

Reports to customers are issued on a regular basis using the business intelligence tool Qlik and as mentioned by interviewee 7, all customers are provided with the same standardized type of information. Moreover, interviewee 5 mentioned that *“we create a service report [...] to the customers”* that focuses on the customer service performance of the SSC and that is issued every four months. For the politicians, the SSC does not provide reports on a regular basis. Interviewee 9 outlined: *“Just when they ask. We have no regular reports”*.

To conclude, Region Skåne’s SSC has potentialities to improve the availability of data regarding time aspects related to processes. Moreover, standardized inputs and outputs of workflows are defined, though manual efforts are currently required to verify the standardization of inputs. By regularly reporting its performance to the customers, Region Skåne uses the available data to spread information throughout the organization in a standardized way. These reveal potentials for improving the business performance.

#### **6.3.4 Information Technology**

The use of IT systems and the respective IT landscape is a significant indicator of the extent of standardization (Romero et al. 2015a) as most of the business processes are nowadays performed by using IT systems (Romney & Steinbart, 2015).

Within the area of IT, one relevant factor describing the extent of standardization is the existence of one all-embracing ERP system that integrates all business applications of an organization (KPMG, 2011; Suska, Zitzen & Enders, 2011). This is particularly relevant as one system allows for a high degree of automatization such as an organization wide workflow system (Deloitte, 2011; Suska, Zitzen & Enders, 2011). At Region Skåne, there is no single ERP system in place that integrates all business applications within the organization. Instead, many different systems are implemented for different functions within the process (Interviewee 9). Thus, also at the SSC, the accountants have to work with the data of various systems in order to consolidate the necessary information for the preparation of the accounts in Raindance, the Financial IT system of Region Skåne. The preparation of the financial statements currently requires manual copying and processing of data from one system to another. For instance, interviewee 8 mentioned that at least seven different payroll systems are used from which the data has to be transferred to Raindance. In consequence of this, time-consuming manual account reconciliations and completeness checks between the systems are necessary to ensure accurate data. The usage of various non-integrated systems does not only raise the potential for variances in the process activities, but also increases the risk for errors in the financial statements as outlined by interviewees 4 and 7. The interviewees

emphasized the potential and need for optimization regarding the IT landscape and for the integration and interaction of the various systems. Interviewee 4 stated: *“For me personally, it could be better [to work with an integrated system]”*. Also interviewee 7 shared this opinion: *“The systems are not talking to each other today. [...] [The IT system could be improved in that respect] that they talk to each other. [...] It’s a mess”*. Moreover, interviewee 1 confirmed the potential for improvement: *“There are a lot of things that can be improved”*.

In general, there are currently a lot of projects going on aiming at the integration of the different IT sub systems. According to interviewee 9, automatization and the integration of systems are emphasized at Region Skåne’s SSC and a so called robotic project has started. The goal is to facilitate procedures and workflows and to create interfaces between the various information sources as it was explained by interviewee 5: *“This robot technology looks at ways to connect all these systems”*. Interviewee 9 stated that in general *“[Region Skåne’s SSC] wants to create a sense of new knowledge in order to work with automatization for administrative tasks”*. Many employees of the SSC mentioned these changes in the computerized processes that are currently taking place. Interviewee 7 stated that *“right now it’s very exciting because we have all this work that will improve our workflow”*. Also Interviewee 1 presented some projects and their respective goals: *“We have just started a project where we are looking in to getting some tasks semi-automated, called ‘real-time solution’”*.

In addition, sub processes such as handling the accounts payable, that take place exclusively in the financial IT system Raindance, do not consist of entirely automatized and computerized processes, but they sometimes require some manual steps as well. Interviewee 1 presented the approval of routine costs such as rent or standard phone contracts as an example. The approval of these invoices currently demands much manual labor. However, a concept for an automated process is designed at the moment. To sum up, Region Skåne has potentials to improve its IT landscape and thus its level of standardization by creating an integrated system and by automatizing certain tasks. Numerous initiated projects aim at improving the SSC’s performance regarding this aspect. However, most IT implementation ideas are currently at the development stage and are assumed to be realized in the future.

Another indicator of standardized processes is the focus on new services and the possibility for big data analysis. Moreover, the service to clients by web portals or customer relationship management tools is also ensured in order to foster standardized processes (Capgemini, 2013). Region Skåne uses the Business Intelligence tool Qlik, which allows for a visualization of complex data, as a reporting tool; the respective reports are used by the SSC, its internal customers and the politicians (Qlik, 2016). Interviewees 3 and 7 explained that reports are usually not issued by the SSC employees but are generated in Qlik by the end user of the reports. Additionally, the organization makes use of portals to inform customers regarding their performance, for instance by issuing and making the customer service report available in the intranet (Interviewee 9).



A third aspect that affects the level of standardization is the quantification and communication of benefits that are expected from IT investments. A value driven IT management is a significant indicator for improvements regarding IT towards optimized and standardized IT applications (Carcary, 2011). Obviously, there are only limited financial resources at Region Skåne for IT improvement projects (interviewees 1, 7). As mentioned in chapter 6.2.2, the implementation depends on the ability to convince the decision board that decides about the investments. Each member of this meeting has one vote regardless of the size of its entity in the Region. However, business cases might be calculated internally in order to determine the profitability of IT improvement projects and thus their priority. Interviewee 7 highlighted the different needs and interests of the Region's entities when it comes to IT improvements. Moreover, interviewee 9 highlighted the long duration until ideas are implemented in practice: *"Everything is kind of slow. [...] There won't be any quick fixes"*. The reasons might be both the size and the way the organization decides on investments in the IT system. Thus, IT investments are not approved based on quantified benefits and returns and it takes long to implement them.

Taking all those aspects into account, Region Skåne has potentials to improve its IT landscape and thus its level of standardization by creating an integrated system and by automatizing certain tasks. Numerous initiated projects aim at improving the SSC's performance regarding this aspect. Moreover, the decision making process for new IT implementations does not follow quantitative objective considerations. Apart from that, Region Skåne's SSC uses modern information technologies and reports to provide information to its internal customers as well as the politicians.

### 6.3.5 Resources

The next component of the framework relates to human resources involved in the business operations (Romero et al. 2015a). Therefore, the following section examines the indicators regarding human resources and how it can be ensured that they contribute to the standardization of processes.

The first relevant aspect relates to the encouragement of employees by the top-management to drive things forward and improve processes within their responsibilities (Deloitte, 2011; Enkel, Bell & Hogenkamp, 2011; Van Looy, De Backer & Poels, 2011). According to interviewee 9, who is part of the leadership team, the top-management at the SSC empowers employees and promotes them to make smart risk decisions and to try new things. In this respect, it is a fundamental prerequisite to give them freedom and flexibility as well as to allow them to make mistakes. Therefore, interviewee 9 mentioned that the SSC at Region Skåne needs *"[...] leaders who believe in the ability of their co-workers and who give them an arena to develop"*. Additionally, interviewee 9 elaborated further that there is a common understanding within the entire organization that *"it is okay that sometimes it goes wrong, but we learn from mistakes"*. These statements are supported by the interviewees 1 and 4 who share the view that workers' empowerment is not only an intention, but is actually realized and represents an integral part within the SSC. They both also pointed out that employees

are incited to come up with suggestions for improvement to enhance the overall performance. The importance of workers' contributions to the development of the SSC was picked up by interviewee 9 who stated that is crucial to "*establish a way of working with everyday improvements which include and secure the co-workers' creativity and ideas*". To sum up, the top-management at Region Skåne's SSC encourages the workforce to critically think about potential for optimization, give recommendations for action and drive changes forward within their responsibilities to promote the extent of standardization throughout the organization.

The second indicator which has to be examined is the procedure of knowledge sharing and the corresponding communication (Deloitte, 2011; Romero et al. 2015b; Jovanovic & Filipovic, 2016). As explained by interviewees 3 and 4, there are periodic team meetings and several regular meetings of each individual professional group to share information and discuss contemporary issues. In addition, there are rather spontaneous conversations about problems and potential improvements in everyday work. However, interviewees 7 and 8 stressed the fact that the communication between the different SSC locations is fragmented and not as close as within each site. Furthermore, there are internal and external meetings due to the benchmarking process. On the one hand, there are internal discussions about the findings and opportunities to eliminate the identified deficiencies. On the other hand, there are regular meetings where representatives of most public sectors SSCs in Sweden gather to share experiences, exchange ideas and present Best Practices as well as new projects. Taking all these points into account, the different meeting types and the interaction of employees foster knowledge sharing among the workforce. Even though, it seems as if there was some potential to enhance the communication and the information exchange between the two locations.

Another significant factor to foster standardization is the securing of an appropriate training and competency development (Deloitte, 2011; Ernst & Young, 2013; Suska, Zitzen & Enders, 2011; Van Looy, De Backer & Poels, 2014). In this respect, it has to be noted that this point can be ambiguous. On the one hand, qualified employees are better able to exploit the existing potential of improvement. On the other hand, a broader variety of tasks to expand their expert knowledge could counteract the process of standardization. According to interviewees 7 and 9, the education and personal development of employees is a core objective of the organization. This goal can be achieved in various ways. First of all, interviewees 5 and 6 explicated that the workers at Region Skåne's SSC often do not have only one core task, but rather miscellaneous areas of responsibility which sum up to one FTE. This is justified by interviewee 9 with the objective to "*have more stimulating tasks*" which challenge the employees to increase their motivation and enhance their competencies. Moreover, the organization measures the competences and the behaviour of its workforce, for example by collecting customer feedback, to identify knowledge gaps and to determine suitable training methods. Based on this evaluation the employees receive a general training as well as a special education program which is customized to the individual needs (Interviewee 5).

As a result, the competences of workers at Region Skåne's SSC are ranked among the top group in the benchmarking study by Forsmark, Gröndahl and Ekström (2015). However, it has to be kept in mind that there is a trade-off between the stimulation and development of employees by providing diversified tasks on one side and the extent to which standardization can be increased on the other. Therefore, it is crucial for the SSC to find a reasonable balance between both aspects.

The next indicator is directly connected to this educational aspect and relates to the perception of the SSC "as a training ground for future leaders" (KPMG, 2011, p. 6) and associated collaborations with other departments concerning job rotations and secondments (Deloitte, 2011; Ernst & Young, 2013). Thereby, the SSC can ensure the professional education of managers who understand the linkages between the different business units of the organization. This enables them to get a comprehensive picture and to develop a greater awareness for the implications of their decisions. In consequence of this they can make adequate decisions to promote the extent of standardization. As outlined by interviewees 3 and 9 there have been several debates about how to realize this idea since they are convinced that the SSC should be an essential part in the education of future managers within the overall organization of Region Skåne. This is underlined by the statement of interviewee 3 who said: *"The SSC should be the plant school for people to grow"*. Furthermore, interviewee 9 emphasized that this can be another component to increase the popularity of Region Skåne and in particular of the SSC as an employer. Thus, it might be easier to attract and retain the required professionals which are needed to continuously make the organization evolve: *"We want to attract and to keep co-workers who want to develop themselves and who want to be part of developing our organization"* (Interviewee 9).

But although there are ideas about the concept of job rotations and the establishment of the SSC as a training ground, it is only a vision at the moment. According to interviewee 3, the main issue in this context is the fact that the SSC would have to invest in the education of workers, whereas all other departments would benefit from it. Therefore, it is necessary to develop a joint solution which ensures the funding of this project and a fair distribution of associated expenditures.

Finally, it is beneficial to provide incentives which are linked to the improvement of the operational performance and business partnering in order to promote standardization (Bloom & Van Reenen, 2010; Ernst & Young, 2013; Van Looy, De Backer & Poels, 2014; Jovanovic & Filipovic, 2016). This topic seems to be problematic due to the already mentioned financial pressure inherent in the public sector and the associated requirement to reduce costs (Bergström, Magnusson & Ramberg, 2008; Schwarz, 2014; Tomasino et al. 2014). This fact is expressly underlined by interviewee 9 who mentioned: *"An organization like ours can never compete with salaries. Never. It is not possible. [...] If you are motivated by bonuses, benefits and other kinds of compensation, then you should not work here"*. In consequence of this circumstance, the SSC is forced to find alternative solutions to stimulate its employees. As interviewee 9 elaborated further: *"We think that everyone is motivated by good leadership and the ability to*

*influence your everyday tasks. And also by letting our co-workers be part of the development*". However, interviewees 7 and 8 explained that it is not always enough to retain skilled personnel within the organization. This applies especially to young professionals who do not have such a strong connection to the organization as long-term employees. In this context, the fact that an enhancement of the SSC's performance will decrease its own budget in the following year represents a major challenge according to interviewee 3 since it restricts the financial leeway even more. Moreover, there is no possibility to invest the realized savings in employee benefits or additional improvement activities. This short-termism not only entails the risk to undermine employees' motivation, but also to counteract the process of standardization in the long-run. Therefore, the SSC needs to think thoroughly about ways to retain professionals in the future.

To summarize, the employees at Region Skåne's SSC are encouraged by the management to critically reflect on all operations and to look out for potential improvements. Additionally, managers stress the importance of appropriate training and competency development as well as of knowledge sharing to constantly develop the workforce. In this respect, the SSC is currently thinking about the implementation of a job rotation program for its future managers. In contrast, the use of financial incentives directly linked to the operational performance to complement the current incentive structure is not considered.

### **6.3.6 Management**

The last constituent which has to be evaluated is management. As previously described management refers to a set of different aspects according to Romero et al. (2015b). Therefore, this component is divided into three categories, namely vision and strategy, customer service management and performance measurement which will be analyzed separately.

#### **Vision and Strategy**

First of all, it is important to develop a clear vision and strategy for the SSC. Thereby, it is crucial to align the SSC's objectives with those of the overall organization (Ernst & Young, 2013; Forsmark, Gröndahl & Ekström, 2015; Perego & Hartmann, 2009; Taylor & Taylor, 2014), to encompass all relevant aspects concerning employees, customers, business processes, IT systems and performance measures as well as to stress the significance of standardization (Accenture, 2015; Enkel, Bell & Hogenkamp, 2011; Van Looy, De Backer & Poels, 2014). In this respect, interviewee 3 illustrated that the SSC has just recently developed a strategic agenda called GSF 2020 which defines the planned development of the SSC over the next years and interviewee 9 explained: *"Last year we started a process of designing a strategy and a vision for our Shared Service Center. We did not have one before"*. Additionally, both interviewees stated that the vision and strategy were aligned with the corporate strategy and overall objectives of Region Skåne and also that it is still the beginning of a long process. Furthermore, interviewee 9 elucidated that the strategy is based on three key pillars to enable a holistic view. To begin with, the

people are an integral part since they are the most valuable asset of the organization. Their education and personal development are of great importance for the SSC. Secondly, customers and the corresponding service management are taken into account since they represent the core business of the SSC. The third strategic pillar is technology as the IT systems are indispensable to perform the SSC's activities and to facilitate the business operations. Within all these areas the SSC strives for continuous improvement and thereby wants to increase standardization and to deliver an excellent performance. This ambitious goal is justified by the self-conception of the SSC as expressed by interviewee 9 with the words: *"We cannot aim for anything less"*.

Even though it seems like the SSC at Region Skåne has developed a clear and purposeful vision and strategy, it is at least equally important to determine an action plan to realize it (Accenture, 2015; Kaplan & Norton, 2000). According to interviewee 1, the implementation of the strategic objectives on an operative level can be difficult since there is often a clear vision of what should be achieved, but no concrete plan of how to implement the associated changes. In this context, interviewee 9 added that the management is aware of these difficulties, but the GSF 2020 is a starting point to enhance the situation due to the fact that *"[the SSC has] made it more specific in how we want to make it happen in our everyday life"*. However, interviewee 3 pointed out that although a precise vision and strategy has been implemented, it also has to be acknowledged that *"we do not have the answers to everything yet, but we have started"*. Taking all those aspects into consideration, the SSC developed a clear and holistic vision and strategy which represents a significant progress and will contribute to its success in the future. Despite this, it is necessary to refine and communicate the existing action plans to incorporate the strategic idea on an operational level as well. Only in this way it will be possible to constantly evolve and improve standardization.

Another relevant factor in conjunction with action plans and the implementation of strategic goals in everyday work is the workers' autonomy and flexibility to decide about changes to improve processes (Forsmark, Gröndahl & Ekström, 2015). As already mentioned in chapter 6.3.5, the top-management encourages employees to adjust business operations within their area of responsibility and provides them the necessary freedom to do so. But this autonomy is restricted by the governance issue and the complex process ownership structure. Interviewee 9 stated that in consequence of that it is often difficult to drive ideas forward and to realize the desired changes. In this context, the applied business model of the SSC is a point of particular interest as well. Basically, there are two different options. On the one hand, the SSC could be run on a cost center basis and on the other hand, it could be run as a profit center (Suska, Zitzen & Enders, 2011). The major difference between those options is the fact that the profit center model enables the SSC to generate and reinvest profits, whereas the cost center model does not (Hoffman, 1999). Currently the SSC at Region Skåne makes use of a profit center model, but there have been discussions whether it should be changed to a cost center (Lagerlowahola & Persson, 2015). The main reason for this debate is the already outlined financially strained situation in the public sector which is underpinned by the statement of interviewee 7 who explained that many departments have *"a lot of*

*problems with the economy [...] and they really, really need to cut the costs*". Therefore, the entire organization of Region Skåne is forced to carefully consider how it handles its financial resources.

As demonstrated by Knutsson, Mattisson, Ramberg and Tagesson (2008), public organizations in such a situation often tend to prioritize a successful cost reduction in the short-run and to neglect the overall picture. This short-term focus on costs might be associated with a cost center structure, whereas a profit center model indicates a rather long-term focus. Moreover, they showed that it is beneficial to put long-term financial stability above those quick cost savings. In consequence of their findings it would be a better choice to run the SSC as a profit center and that is what Region Skåne will do at least in the near future. This is also in line with the recommendation of Suska, Zitzen and Enders (2011) who state that the possibility to re-invest the generated profits not only increases the motivation, but also is a key driver for the improvement of SSCs' standardization.

Taking all those points into consideration, the SSC has a clear vision and strategy which is aligned with the overall strategy of Region Skåne and encompasses all relevant aspects to provide a holistic view. In spite of that, there is still some potential for developing precise action plans to integrate the strategic objectives on an operative level. Moreover, the SSC management needs to make Region Skåne's leadership team aware of the advantages maintaining a profit center model.

### **Customer Service Management**

The first indicator regarding customer service management is the perception of the SSC from the higher-level perspective of Region Skåne in general and whether the SSC is considered as a fundamental component of the organization or not (Ernst & Young, 2013). First of all, it is obvious that the workforce of the SSC wants to be acknowledged for its contributions since the employees would like to be seen as a great support function and valuable business partner that facilitates the operations of its customers and the overall organization. Indeed, the SSC seems to be an integral part and well-recognized within Region Skåne due to the fact that nearly all potential customers decide to use the SSC as a service provider for additional services according to the interviewees 5 and 6. They stated that the SSC delivers services to almost the entire target audience and explained: *"We have 17 out of 18 [potential customers]"*. The only exception is Skånetrafiken which decides to perform some activities by itself.

Furthermore, the adoption of a culture which is based on customer orientation and continuous improvement is a substantial factor to foster business performance (David, 2013; Garceau, Pointer & Tarnhoff, 2015; Mishra, Das & Murray, 2016; Suska, Zitzen & Enders, 2011; Van Looy, De Backer & Poels, 2014). During the interview process many interviewees emphasized the strong focus of the SSC on the enhancement of standardization. In addition, interviewees 2, 3 and 7 stressed the relevance of customer feedback to identify potential for optimization. Interviewees 4, 5, 6 and 8 elaborated further that the SSC collects feedback from its customers and creates a service report

every four months to illustrate the current status of the customer service management and to stimulate a discussion. In this respect, the SSC informs its customers about things they could do to facilitate processes and increase efficiency as well. Moreover, the SSC tries to adjust the execution of tasks on the basis of customers' suggestions in order to meet their individual needs. However, they also added that it is always a trade-off between an appropriate level of customer orientation and a reasonable extent of standardization.

Another important characteristic of customer service management is the availability of and the communication channels used by the SSC (Forsmark, Gröndahl & Ekström, 2015). To begin with, interviewee 1 stated that the SSC at Region Skåne has implemented a support hotline as well as a Questions & Answers (Q&A) webpage to simplify the communication and to allow for a quick problem solving of recurrent issues. Additionally, Forsmark, Gröndahl and Ekström, (2015) acknowledge in their benchmarking report the large investments of Region Skåne's SSC in leading edge technology to develop a case management system with the aim of upgrading its customer services. In order to evaluate the current situation and the impact of these investments, the SSC defined several service levels as targets. One example which was provided by interviewee 8 relates to the waiting time of customers in the telephone hotline. She stated: *"We have service levels that we want to achieve [as for instance the fact that] 80% of all calls should be answered within 3 minutes"*. Beyond that, interviewees 4, 5 and 6 mentioned that the employees communicate at least once per day with their particular customers via e-mail or phone and that there are several personal contacts per year. Due to this steady exchange and the meetings which are scheduled on demand, there are no predefined appointments throughout the year. This was pointed out by interviewee 3 who said: *"We do not need a structure on a paper to meet [since] we meet anyway"*.

Besides the availability and communication, it is also necessary to implement an adequate pricing model and determine SLAs with all customers (Ernst & Young, 2013; Forsmark, Gröndahl and Ekström, 2015; Suska, Zitzen & Enders, 2011). Region Skåne's SSC makes use of a detailed pricing model which is based on actual transactions and efforts respectively workload. This means that there are clearly defined variable cost drivers for the individual services and a reasonable overhead cost allocation on the basis of customer's volume (Lagerlowahola & Persson, 2015). Besides that interviewee 9 highlighted the fact that the pricing model rewards the customers in case they contribute to a proper workflow and thereby reduce the amount of work for the SSC. According to interviewee 3, SLAs are updated at the beginning of every year by means of the estimated volume caused by each customer. Furthermore, the customers need to inform the SSC at least 12 months in advance about changes regarding their service orders. As a result, the SSC has a high planning certainty concerning its workload and the opportunities to offer additional services. However, interviewee 3 elaborated further that *"according to the catalogue, we would like to give more levels that maybe we had services that we will deliver in 24 hours. We want to go there, but we're not there right now"*

*to tell the customer that.*" This means that the SSC currently has no defined timeframes for the first reply to delivery requests concerning its services.

To sum up, the SSC is perceived as an integral part of Region Skåne and has an organizational culture which clearly emphasizes customer orientation and continuous improvement. This fact is underpinned by the defined targets concerning availability, the intensive communication with its customers and the regularly gathered feedback on the performance. In addition, Forsmark, Gröndahl and Ekström (2015) evidence in their benchmarking study the SSC at Region Skåne for its pricing model and SLAs and refer to it as a role model for other SSCs in Sweden in terms of customer service. However, it has to be noted that the SSC is inevitably facing a trade-off between customer orientation and standardization of processes and it is essential to find a reasonable balance regarding these two objectives.

### **Performance Measurement**

The first step in terms of performance measurement is the implementation of a comprehensive PMS to evaluate the current status of performance (Accenture, 2015; KPMG, 2011; Mishra, Das & Murray, 2016; Neely, Gregory & Platts, 2005; Suska, Zitzen & Enders, 2011; Van Looy, De Backer & Poels, 2011). As illustrated by interviewee 8, Region Skåne's SSC applies an elaborate PMS which collects as much information as possible and allows for the creation of statistics on all relevant topics. Basically, there are two reasons why the SSC is in need of a reliable PMS. First of all, the previously described pricing model only functions properly if the cost data is complete and accurate. Otherwise, the subsequent cost allocation to the customers would be flawed. But according to interviewee 9, the organization is convinced to have a well-conceived system to make all relevant costs transparent as described in chapter 6.3.3. Secondly, the PMS enables the organization to constantly monitor its performance, identify potential problem areas and implement corrective actions. This is fundamental since the SSC is like all organizations under pressure to perform and has to deliver high-quality services to its customers (Lagerlowahola & Persson, 2015). Interviewee 7 formulated this as follows: *"Even if we are a part of Region Skåne, we still have to perform well to be hired"*. Thereby, she expressed the opportunity of customers to terminate an existing contract and to change the service provider. However, interviewee 3 mentioned that this is only possible for additional services since all customers are forced by law to buy basic services from the SSC as illustrated in chapter 6.2.1.

The second important factor is the definition of a broad variety of KPIs. In this respect it is crucial to find a balance between general KPIs which can be used for all procedures and process specific KPIs. In doing so, the organization is able to evaluate the overall picture as well as the particular details of each individual process (Bloom & Van Reenen, 2010; Kaplan & Norton, 1992; Mishra, Das & Murray, 2016; Neely, Gregory & Platts, 2005; Nørreklit & Mitchell, 2007; Van Looy, De Backer & Poels, 2011). The SSC at Region Skåne considers this point since interviewee 9 emphasized: *"We have a variety of KPIs to reflect the total of our work; and then we have some other KPIs which are more connected*



*to the different processes*". Furthermore, interviewees 1, 7 and 8 illustrated that the PMS not only comprises financial KPIs, but also non-financial ones which is in line with the recommendations of Kaplan and Norton (1992), Neely, Gregory and Platts (2005) and Nørreklit and Mitchell (2007) who all stressed the relevance of this aspect concerning a purposeful PMS design. Some examples they provided for non-financial KPIs are the total number of errands, the percentage of errands solved with the first phone call, the waiting time in the support hotline, the percentage of invoices received electronically or via regular post and the customer satisfaction. Additionally, the SSC tries to ensure that all applied KPIs are aligned with the organizational strategy and cover its key pillars as suggested by Perego and Hartmann (2009) as well as Taylor and Taylor (2014). This is demonstrated by the fact that the KPIs as a whole provide information about costs and quality of services, employees and customers as explained by interviewee 9. However, there are two major drawbacks as mentioned in chapter 6.3.3. First, the current IT system does not allow for a tracking of time which represents another significant performance dimension. Second, the data for the reporting is quite fragmented and has to be collected from various different systems in order to provide a holistic picture.

To conclude, Region Skåne's SSC makes use of a comprehensive PMS and a balanced variety of KPIs including financial and non-financial as well as general and process specific aspects. However, the fact that the current IT system does not allow for the measurement of the process cycle time and necessitates a sophisticated method to evaluate quality is a substantial deficit.

## **6.4 Evaluation and Recommendations for action**

### **6.4.1 Contextual Factors**

The contextual factors set the frame and limit the scope of recommendations for action to improve the extent of standardization at the SSC.

The analysis of the contextual factors at Region Skåne reveals aspects that both foster and compromise the SSC's extent of standardization. While the external factors such as cultural as well as regulatory aspects and the low power distance allow for a high degree of standardization, the internal factors partly hamper harmonized SSC processes. The similarity in the services offered, the maturity level and the negligibility of mergers and acquisitions promise a positive influence on the unification of SSC processes and thus the business performance. In contrast, both the number of locations and the complex, inconsistent organizational structure complicate homogeneous processes. Moreover, the IT Governance centralization hampers smooth, consistent SSC procedures at Region Skåne. This contradicts the framework as developed by Romero et al. (2015a). The presented theoretical framework focuses on the benefits of centralizing IT structures and thus achieving a greater scope of IT applications and functionalities. However, it does not consider possible inertia in adapting IT processes as well as conflicting needs and expectations of IT systems in centralized structures of huge organizations like Region Skåne.

Both immediate factors, the level of structuredness and personal differences in executing the tasks, positively correlate with standardized processes. Figure 6.2 summarizes our findings and presents the effect of the different contextual factors on the extent of standardization regarding the SSC at Region Skåne.

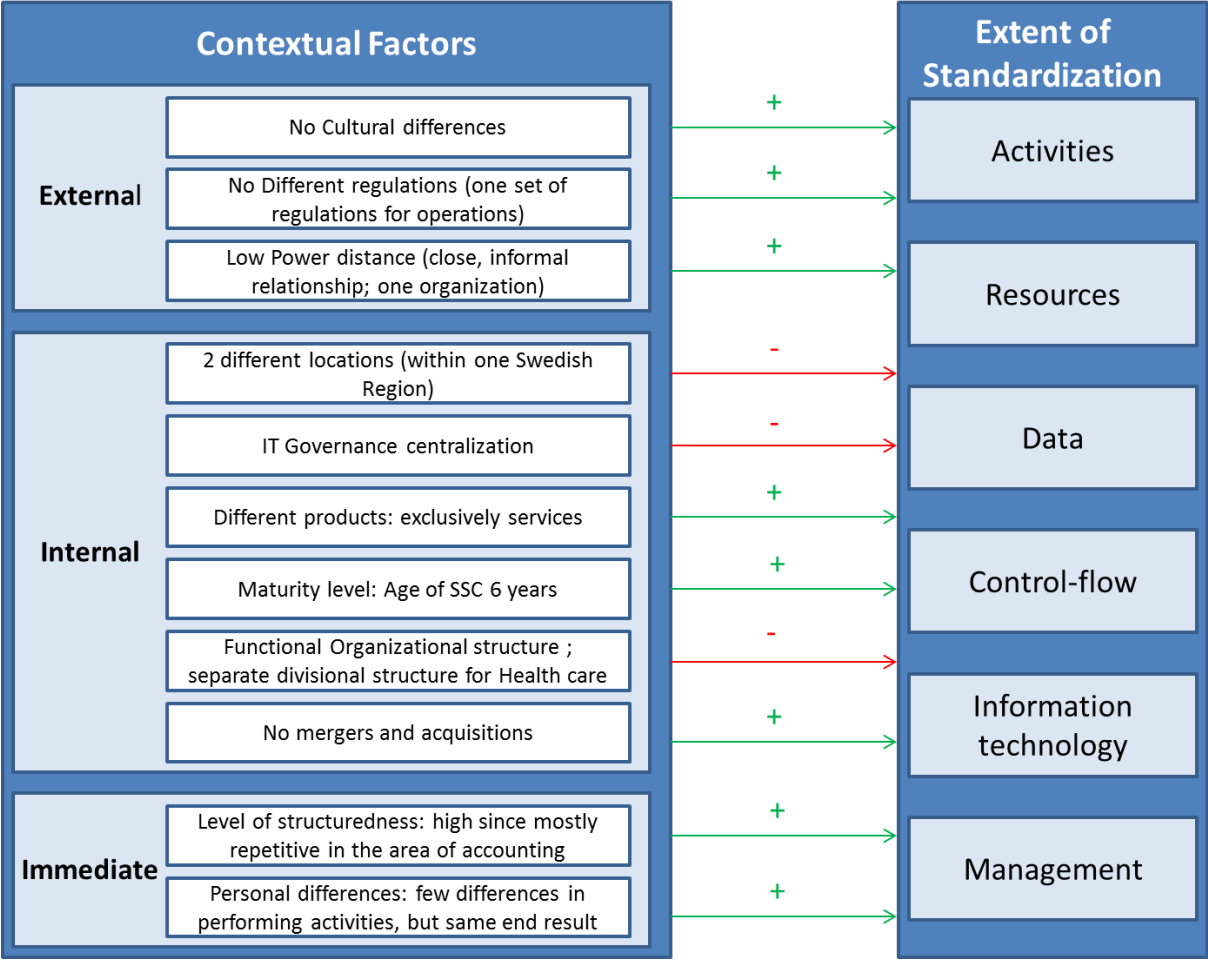





Figure 6.2: Effects of contextual factors on the extent of standardization at Region Skåne's SSC

### 6.4.2 Activities

The indicators related to activities that were presented in chapter 6.3.1, reveal both strengths and weaknesses. The current status of the SSC's performance related to these indicators can be derived from the determined positive and negative performance aspects. Table 6.1 summarizes strengths and weaknesses and the respective current status applying a traffic light system. Additionally, suggestions for improvements are outlined in the table.

Table 6.1: Evaluation of Activities

Indicator	Strengths	Weaknesses	Current Status	Recommendations for action
Clear, transparent and documented activities	High level workflow charts; Checklist for processes in case communication with customers is necessary	A broad variety of detailed documentations which were created by each individual employee		Development of common ways to document the individual tasks
Consideration of different sourcing options	Combination of insourcing and outsourcing (Outsourced scanning division)	Past decisions are not questioned; No clear sourcing strategy		Critical reflection on sourcing options and regular review of their suitability
Implementation of Best Practices	Yearly benchmarking study of public sector SSC in Sweden; Regular meetings with other Regions	Strict selection criteria for benchmarking partners which lead to the risk of overlooking Best Practices		Questioning of existing structures and thinking out of the box; Expansion of the benchmarking scope (e.g. all Swedish Regions; private sector)

First of all, the SSC at Region Skåne demonstrates potential for improvement related to the aspect clear, transparent and documented activities. Since the SSC is working on common ways to perform activities throughout the whole SSC, the development of a unique way to document the activities and tasks on a detailed level might further increase the level of standardization. The documentation of the process steps does not only enhance the level of documentations, but the design process of the individual tasks and the associated communication might also promote the unification of tasks.





Secondly, even though several sourcing options are in place, Region Skåne’s SSC has to critically reflect on its sourcing options and regularly review the suitability of the selected approach. This is also in accordance with Larsson (2015) who recommends to right-source the activities within a value chain regularly in order to achieve the maximum benefit of operations.

Third, regarding the implementation of best practices, Region Skåne reveals significant potential for improvement. As explained in chapter 6.3.1, only best practices among the Swedish Regions with the same organizational structures are considered for the determination of best practices. However, thinking out of the box should be urged in order to implement actual best practices. This means that the SSC should also consider organizations with different organizational structures and varying approaches in order to identify potential for optimization. Bloom and Van Reenen (2010) explain the strong differences in management practices as the drivers for variations in productivity. As a consequence, a lack of attention devoted to different practices might compromise an improved overall performance. Thus, the expansion of the benchmarking scope is strongly advisable for the SSC at Region Skåne.

### 6.4.3 Control-flow

Table 6.2 summarizes the performance of Region Skåne’s SSC regarding the process control-flow.

Table 6.2: Evaluation of Control-flow

Indicator	Strengths	Weaknesses	Current Status	Recommendations for action
Regulation of process cycle and internal controls	Defined timetables for all activities; Mix of manual and automated controls			
Clear, transparent responsibilities	Standardized responsibilities enable a quick identification of contact persons			
End-to-End process focus	Project teams which consider the entire workflow; Regular team meetings			
Global process ownership	Established process owner for the entire Region Skåne	Governance issue; Process owners are located outside the SSC		Place the process owner in the SSC, but the SSC is not able to influence this aspect




Among the process standardization indicators related to the control-flow, mainly strengths could be determined regarding the SSC’s current performance. This implies that there are no explicit recommendations for improvement related to the regulation of process cycle, internal controls and the definition of clear responsibilities. Furthermore, a strong focus on end-to-end processes can be noted so that no specific recommendations for action can be derived in this area.

The global process ownership though represents a crucial area for improvement. The function of a global process owner is established for all finance processes which is an indicator for standardized processes due to the global scope of process implementations. But since the process owner is located outside the SSC, improvement projects are difficult to realize in practice due to the poor accessibility for SSC issues. Thus, it would be beneficial to place the process owner in the SSC. However, it has to be noted that the SSC itself is not able to influence this aspect, but only the management of Region Skåne can change the organizational structure. In general, the case of Region Skåne revealed that the aspect global process ownership cannot only be considered as a factor fostering the level of standardization. In huge organizations, the reduced flexibility due to global functions has to be taken into account which might diminish the pace in standardizing processes.

#### 6.4.4 Data

Table 6.3 summarizes the major strengths, weaknesses and current status of performance as well as the suggestions for improvement.

Table 6.3: Evaluation of Data

Indicator	Strengths	Weaknesses	Current Status	Recommendations for action
Availability of data	Information on cost and quality available; updated data available once per month	No possibility to measure the process cycle time		Reconsider IT system; implement a system that can measure the cycle time
Standardized input and output data	Standardization of input data to ensure a proper workflow; Standardized pre-defined end result	A large amount of manual labor is required for data input and verification		Information and training for new contractors
Standardized Reporting	Standardized regular reports provided to customers			





As outlined in chapter 6.3.3, data and information are available for both cost and quality at Region Skåne. In contrast, there is no possibility to measure the process cycle time related to SSC processes. As a consequence, the IT system should be reconsidered in order to come up with a solution which allows for measuring the process cycle time. This issue is also relevant in terms of other areas such as performance measurement which is explained in chapter 6.4.7.

Besides the availability of data, inputs and outputs are a crucial aspect which describes the extent of standardization. Since currently a lot of manual labor is required for verifying the correctness of vendor invoices and the consequent correction of errors, attention should be devoted to the improvement of input data. An enhancement of these processes can be achieved by providing information and training to new contractors which not only improves the standardization of inputs but also reduces the workload and thus the efficiency related to this process.

#### 6.4.5 Information Technology

Table 6.4 presents all positive and negative performance aspects related to IT at Region Skåne's SSC. Moreover, the current status and recommendations for improvement are outlined.

Table 6.4: Evaluation of Information Technology

Indicator	Strengths	Weaknesses	Current Status	Recommendations for action
Integrated ERP system	Raindance is used as a Finance system	A large variety of different systems are involved and there are no interfaces at the moment		Creation of interfaces; Consider the implementation of an integrated ERP system
Degree of automatization	Several projects to increase the degree of automatization	Many activities require a large amount of manual work		Review processes to identify potential for automatization
Focus on new services and big data analysis	Use of Business Intelligence and web tools to foster end-user development			
Benefits of IT investments are quantified and communicated	Internal business cases for discussions regarding the priority of individual suggestions	The final decision-making process is not based on the benefits of IT investments		Stronger focus on quantification of IT investments within Region Skåne, but the SSC cannot change the decision-making process

Among the information technology indicators, the lack of an integrated ERP system significantly affects the extent of standardization at Region Skåne’s SSC. Thus, the organization is currently working on a number of projects that aim at creating interfaces between the various different systems. The establishment of interfaces might substantially enhance the level of standardization in general and associated with this the performance of the SSC. Besides the programming of interfaces, the implementation of an integrated ERP system should be taken into account as an alternative option, since the implementation of an all-embracing ERP system might have a shorter launch time. Furthermore, it might reduce the efforts for future maintenance work for the various different IT systems that are in place (Kumar, 2009). Integrated applications and functionalities are in accordance with Davenport (1998), who suggests the attractiveness and benefits of integrated systems within an organization. In general, an integrated IT solution mitigates several other existing deficiencies related to Region Skåne’s SSC processes such as the availability of data.






Another aspect that could be improved is the degree of automatization. Since many activities require a lot of manual work, processes should be reviewed in order to identify further potential for the automatization of processes. An increased level of automatization might reduce the processing time and increase the efficiency and the performance of SSC operations.

Finally, the quantification and communication of IT investments reveal potential for optimization. A stronger focus on calculating business cases and quantifying the benefits of investments would ensure the implementation of the most appropriate and beneficial IT systems. However, it has to be noted in this context that the SSC itself cannot change the decision-making process since it is valid throughout Region Skåne. In this respect, the initial theoretical framework does not consider the peculiarities regarding decision making in public sector organizations.

#### 6.4.6 Resources

The findings concerning strengths and weaknesses related to human resources as well as the recommendations for action derived on the basis of these findings are summarized in Table 6.5.

Table 6.5: Evaluation of Resources

Indicator	Strengths	Weaknesses	Current Status	Recommendations for action
Employee empowerment and top-management commitment	Top-management at the SSC empowers employees and promotes them to make smart risk decisions and to try new things			
Knowledge sharing	Periodic team meetings; Professional group meetings; Spontaneous conversations about problems and potential improvements in everyday work	Communication between the different SSC locations is often fragmented		Establishment of regular information exchange between the two locations
Training and competency development	Every employee receives a variety of responsibilities; Customized training programs; Customer feedback on competencies to identify potential for optimization			
Perception of the SSC as a training ground for future leaders	Vision for a job rotation and training program for future managers	No concrete action plan and no idea about the funding		Implementation of a focus group to develop an appropriate program and ensure its funding
Incentives are linked to the improvement of the operational performance	High efforts to outweigh the lack of financial incentives by good leadership, training and personal development opportunities	Improvement of SSC performance and associated savings will lead to a lower budget which can undermine employees' motivation		Increase the efforts to develop employees; Make use of the psychological aspect of financial incentives

In connection with the human resources of the SSC, there are three recommendations for action. First of all, the interviews revealed that there is still potential for improvement regarding the knowledge sharing and communication between the two different locations. Therefore, it would be beneficial to establish a regular exchange of information (Romero et al. 2015b). This could be done by periodic meetings to discuss current issues as well as by jointly performing workshops about process alignment and simplification of activities (Subramaniam, Stewart, Ng & Shulman, 2013).

Secondly, the SSC needs to implement a concrete action plan including a training program for future managers to attract qualified employees and to highlight the opportunities for personal development within the SSC. In this respect, it would be valuable to collaborate with other business units of Region Skåne to ensure the funding and to offer participants the possibility to gain experiences in various positions within the organization (Baker, 2010). Additionally, this enables the organization to educate leaders who understand the bigger picture and the links among different entities.

Thirdly, the SSC should take a moderate modification of the current incentive structure into account and provide more incentives which are linked to the business performance (Van Looy, De Backer & Poels, 2014; Jovanovic & Filipovic, 2016). This includes the consideration of financial incentives, even though we acknowledge the financially distressed situation of most public organizations (Bergström, Magnusson & Ramberg, 2008) and the ongoing debate in academic research about the implications of financial incentives such as crowding-out effects (Kunz & Quitmann, 2011). However, Kunz and Quitmann (2011) argue that a nuanced and purposeful application to supplement non-financial incentives has a favorable effect on employees' motivation. Ho and Yeung (2015) underpin this argument by their empirical analysis which demonstrates that already "a one-time outcome-based financial incentive can effectively induce workers' long-term commitment" (p.114). As a consequence, financial incentives could be used as a sign of recognition and do not focus on an economic aspect, but rather on a psychological one (Ho & Yeung, 2015).





#### **6.4.7 Management**

##### **Vision and Strategy**

Table 6.6 presents all positive and negative aspects regarding the SSC's vision and strategy and also the potential actions for improvement.



Table 6.6: Evaluation of Vision and Strategy

Indicator	Strengths	Weaknesses	Current Status	Recommendations for action
SSC's objectives are aligned with the corporate strategy	Vision and strategy were aligned with the corporate strategy and overall objectives of Region Skåne	The strategy for the SSC was developed just recently		Regular review of the strategy and adjustment based on new information
Integration of all relevant aspects into the Vision & Strategy	The vision and strategy is based on all relevant key pillars (employees, customers, business processes, IT systems and performance measures) to enable a holistic view on the SSC			
Development of action plans to realize the strategy	The strategic agenda "GSF 2020" makes the objectives on an operative level more specific and transparent	Concrete actions are not realized yet		Refinement and communication of the existing action plans; Involvement of employees (e.g. Q&A sessions)
Business model	SSC runs as a profit center	Discussion of change of business model to cost center		SSC has no influence on this aspect, but focus on convincing decision makers of profit center model

With reference to the vision and strategy of Region Skåne's SSC, three recommendations for action can be derived. To begin with, the SSC developed its vision and strategy just one year ago for the first time. Since strategies relate to a long-term perspective, this is not a one-off exercise, but rather a constant and tedious procedure. Furthermore, it is crucial to regularly review the strategy and defined action plans and to adjust them based on new findings and orientations and previous experiences (Jones, Aguirre & Calderone, 2004).

Second, it is necessary to become even more precise in how the strategy should be implemented on an operational level. This requires the refinement and communication of action plans as well as the involvement of employees since their understanding and commitment are relevant critical success factors (Subramaniam et al. 2013). To do so, the SSC has various alternatives such as project teams, workshops or Q&A sessions.





Finally, the management of the SSC should actively participate in the discussion about the business model of the SSC and point out the benefits of being a profit center to the decision-makers (Suska, Zitzen & Enders, 2011). To do so it is valuable to perform business cases about the potential improvements that could be realized by reinvesting the generated profits and the long-term advantages for the entire organization of Region Skåne. Additionally, they can make use of the empirical research by Knutsson et al. (2008) who recognize that it might be possible to achieve cost savings in the short-run by solely focusing on a single resource management factor within the individual

business units. However, they demonstrate that it is beneficial in the long-run to consider all resource management factors and apply a broader, region-wide scope to reach a financially stable situation.

### Customer Service Management

The strengths and weaknesses with regard to customer service management are outlined in Table 6.7. In addition, it highlights the recommendations for action which can be derived from these findings.

Table 6.7: Evaluation of Customer Service Management



Indicator	Strengths	Weaknesses	Current Status	Recommendations for action
Perception of the SSC as an integral part of the organization and as a valuable business partner	Nearly all potential customers decide to use the SSC as a service provider (17 out of 18)			
Organizational culture based on customer orientation and continuous improvement	Customer feedback is used to identify potential for optimization; Several project groups to ensure a continuous improvement			
Availability and communication	Support hotline, Q&A webpage, Daily contact via phone or e-mail			
Pricing model and defined SLAs	Clearly defined SLAs for all customers; The pricing model rewards customers for their efforts to ensure a proper SSC workflow	No SLA for the time period regarding the first reply to a request		Integrate service delivery time in SLA for reply after first contact (e.g. 24 h)

In terms of customer service management, the SSC at Region Skåne is quite mature and has standardized procedures. However, there is one point related to the SLAs that could be improved in order to stress the customer orientation. The SSC could integrate defined timeframes for the first reply to delivery requests in their SLAs for two reasons. On the one hand, this demonstrates a clear commitment to customer service and in particular to the reliability of the SSC. On the other hand, this makes it more clear what customers can expect from the SSC as a service provider and thus increases the transparency of the collaboration (Byrnes, 2011).

### Performance Measurement

The result of the analysis and the corresponding recommendations for action concerning the performance measurement are summarized in Table 6.8.

Table 6.8: Evaluation of Performance Measurement

Indicator	Strengths	Weaknesses	Current Status	Recommendations for action
Existence of a comprehensive PMS	The SSC makes use of an elaborate PMS			
A balanced variety of KPIs (general & process specific; financial & non-financial)	The SSC's PMS considers general & process specific KPIs as well as financial and non-financial ones which cover all pillars of the strategy	Due to the IT system the information have to be gathered from several data sources and to not allow for a tracking of process time		Update of the IT system to enable a time tracking as well and to facilitate the measurement of quality aspects

The main potential for optimization in conjunction with the performance measurement results from the already outlined deficiencies concerning the current IT landscape and the fact that the process cycle time cannot be measured. According to Hirst (2015), a holistic and balanced variety of KPIs also needs to include the factor time. By measuring the required time for certain activities it is possible to identify critical process steps and to enhance the planning and management of those activities. Moreover, the analysis of time differences between the same tasks at the two locations and the comparison of results with benchmarking figures possibly indicate potential for standardization and need for training of employees. In general, there are several ways to implement a time measurement system as for instance the already mentioned ERP system or an additional IT application to complement the existing IT system (Hirst, 2015).

## 7 Summary and Conclusion

### 7.1 Findings

#### 7.1.1 Findings of the Structured Literature Review

First of all, the structured literature review revealed that the topic of SSCs in the public sector has received limited attention in academic research and that it has been mainly driven by practical contributions of consultancy firms. Therefore, it has to be noted that the theoretical foundation of this research area is rather weak, although the basic characteristics already have been examined in the academic literature. However, it is likely that the situation will change in the near future due to the constantly raising popularity and high relevance of the SSC concept for public sector organizations.

The findings show that the current academic research can be divided into three categories. Firstly, there are papers dealing with the development, definition and characteristics of SSCs. In this respect, the literature review showed that there is no general and consistent definition of the term, but at least a common understanding of the main characteristics. Secondly, motives, opportunities and threats regarding the adoption of SSCs are examined by a number of articles. The most frequent motives comprise an increase of standardization and efficiency, a reduction of costs as well as the improvement of quality. In general, the opportunities and threats can be classified into economic, organizational, political and technical aspects. Thirdly, there is a category which focuses on the issue of implementing a SSC and points out necessary requirements, critical success factors and potential challenges during this process.

Furthermore, the findings of the literature review reveal existing gaps in academic research and thus potential for further research. These aspects are explained in chapter 7.4.

#### 7.1.2 Finding of the Case Study

The analysis of Region Skåne's SSC and its extent of standardization based on Romero et al.'s (2015a) theoretical framework showed various results.

First of all, the findings indicate that some contextual factors foster standardized processes whereas others rather compromise harmonized procedures and workflows. In this respect, the analysis illustrates that it is not always possible to establish the suggestion with a high impact on standardization by Romero et al. (2015a) due to the peculiarities of the public sector. One example is the number of locations for which a centralized approach facilitates standardization. However, Region Skåne and the SSC also have to consider the public interest and political motives such as the strengthening of economically underdeveloped areas. In contrast, there are other characteristics inherent in the public sector which can directly promote standardization. A good example for this is the Swedish law and associated regulations. They restrict the scope and potential target audience of the SSC by prescribing that services can only be delivered to public organizations owned by Region Skåne. Thereby, the Swedish law

leads to the fact that different regulations or cultural differences do not apply to the SSC which reinforces standardization. All those aspects illustrate the relevance as well as the impact of contextual factors regarding the potential standardization of SSCs.

The six considered categories characterizing the extent of standardization comprise both positive and negative aspects concerning the current performance of Region Skåne's SSC in terms of harmonized, smooth workflows. Most attention should be devoted to the improvement of areas that currently show a rather poor performance. First of all, the implementation of best practices should be expanded by considering a broader scope of benchmarking possibilities. Second, Region Skåne's management should revise and adapt the process ownership structures in order to increase the accessibility of the process owner. Third, significant improvements to the IT systems are necessary. This concerns both the integration of various applications at Region Skåne and the quantification of IT project benefits and the related implementation of the most beneficial projects. In this context, it has been observed that advances related to IT significantly improve the SSC's overall performance related to many of its deficits. Fourth, the SSC has to elaborate more on its plan to act as a training ground and to offer talent programs to skilled employees.

While most of the performance aspects within the theoretical framework represent factors that indicate a strong level of process standardization, some of the studied parameters constitute factors that compromise a high extent of harmonized processes. These factors comprise the empowerment of employees to try new things and providing training to develop employees as well as the customer service orientation. However, these indicators significantly contribute to the business performance. Therefore, it is essential for the SSC to find an appropriate balance between them and the objective to increase the extent of standardization.

By focusing on the mentioned areas for improvement and implementing respective changes that enhance the performance related to the current deficiencies, the SSC can significantly increase its extent of standardization. Ultimately, this could raise the SSC's performance in terms of its objectives.

## **7.2 Contributions**

### **7.2.1 Theoretical Contribution**

The overall theoretical contribution of this study is the fact that it adds knowledge to the research area of SSCs and in particular to SSCs in the public sector. Moreover, it closes a gap in the existing literature as according to our research no empirical investigation exists related to the evaluation of public sector SSC's extent of standardization. On the one hand, the structured literature review summarizes the current state of academic literature on public sector SSCs and reveals the existing gaps related to the topic. Thereby, the findings illustrate the rather sparse and fragmented theoretical basis despite the significant practical relevance of the SSC concept and point out opportunities for further research. On the other hand, the performed case study contributes to the

academic literature by providing empirical findings about a theoretically sound approach for the evaluation of the extent of standardization concerning public sector SSCs.

In addition, the study adds value by demonstrating a potential application of the conceptual model presented by Romero et al. (2015a). In this respect, their theoretical framework was adapted to the specific context of public sector SSCs and refined based on academic literature as well as suggestions of consultancy firms to enable a more comprehensive and nuanced evaluation outlined by the case of Region Skåne's SSC. Moreover, the analysis shows that there are possible contradictions inherent to the conceptual model when applied to separate business entities and not to the overall organization itself. As indicated by the framework, a high centralization of IT governance should foster standardization. However, the results of the case study outline that centralized structures can also counteract standardization due to the fact that they undermine flexibility. The same issue can be found related to the centralization of process ownership since this can result in an insufficient availability of the process owner for the employees which slows down the harmonization of procedures. In consequence of this finding, it has to be noted that the theoretical framework by Romero et al. (2015a) was developed to analyze organizations in their entirety and not separate business units. The SSC represents a business unit of Region Skåne which explains the observed contradictions.

Taking all these points into account, the study reinforces the link between the theoretical foundation and the practical application regarding public sector SSCs' evaluation of the extent of standardization. Moreover, the findings can be used as a basis for future research as it will be explained at the end of this chapter.

### **7.2.2 Practical Contribution**

Besides the theoretical contribution, the findings of this study are also relevant from a practical point of view. Due to the refinement of the general conceptual model and the adoption to the context of public sector SSCs, this study provides a holistic frame of reference to evaluate the overall extent of standardization of their organization. Furthermore, it serves as a good starting point for the top-management to identify main issues and potential for improvement. The example of the SSC at Region Skåne illustrates the application of the theoretical framework and how recommendations for action can be derived based on the analysis. In this respect, it is necessary to acknowledge that the framework is only suitable on a high-level perspective of the organization. As a consequence, a more nuanced assessment requires the in-depth examination of each individual business process. Another contribution is the fact that Region Skåne can identify the major strengths and weaknesses of its current SSC operations and is able to derive appropriate recommendations for action.

To sum up, the presented conceptual model is a comprehensive and simple approach for managers to evaluate the current extent of standardization of their SSC and to identify areas with potential for optimization.

### 7.3 Limitations

To begin with, this study has several limitations concerning the research design and methodology that have to be acknowledged. On the one hand, the limitations of the structured literature review were discussed in chapter 2.2.1. In this context, one aspect is that a literature review can never be complete. In addition, the utilization of the snowball principle might impede the replicability of our review. On the other hand, the limiting factors associated with the case study were illustrated in chapter 2.3.5. These limitations include a potential lack of generalizability as the findings are affected by the contextual factors and specific circumstances of Region Skåne's SSC. Moreover, the data collected through the interview process can be biased since it is subject to the interpretation of the individual interviewees. The same applies to the analysis of the data since our own perceptions as researchers might have influenced the data interpretation and the derived conclusions.

Furthermore, the applied theoretical framework and the indicators do not allow for an in-depth evaluation of a specific process, but are only applicable for the assessment of standardization on a rather high organizational level. Additionally, their practical suitability has not been tested before. In this respect, the absence of a broad theoretical foundation and the lack of academic literature on public sector SSCs can be considered as another limitation. However, the fact that the topic of this study addresses a highly relevant but also comparatively unexplored research field represents one of its main theoretical contributions.

Finally, the scope of this study could be criticized as a limiting factor as well. Due to the given timeframe, it was not possible to perform further investigations such as additional interviews with customers of the SSC and an observation of daily business operations. Additionally, it would have been beneficial to compare the findings with other Regions to strengthen the generalizability of our results.

### 7.4 Further Research

As previously mentioned, SSCs in a public sector context are a relatively unexplored research area. This is shown by the identified gaps within the structured literature review as well. All these research gaps represent opportunities for future research. To begin with, it could be valuable to conduct a literature review on the contributions about the implementation of SSCs since this part was out of scope for this thesis. Furthermore, the findings of this study indicate that there is a need for additional research concerning the evolution of SSCs after their implementation. This includes for example the expansion of existing SSCs through the integration of other functions such as procurement or IT. Moreover, there are opportunities to analyze potential indicators for SSC stagnation as well as to investigate approaches to avoid stagnation and ensure a continuous improvement of public sector SSCs. In this context, researchers could examine the link between public sector SSCs and other research areas as for instance performance measurement. Additionally, other researchers could elaborate further on our performed literature review for example by examining the potential changes related

to the motives, opportunities and threats concerning a SSC implementation over time. Another possibility would be the analysis of geographical differences related to public sector SSCs.

Besides that, there is potential for further research regarding the case study. First of all, there are several possibilities to expand the case study performed in this paper. One option to do so would be an investigation to test the completeness, reliability and accurateness of the applied indicators to evaluate the extent of standardization. Moreover, it would be valuable to complement this qualitative approach by a quantitative analysis and specific KPIs to measure the level of standardization of an organization. Another opportunity for further research is a multiple case study to examine the public sector SSCs at various Regions to compare the findings and thereby strengthening their credibility. Furthermore, a comparison between SSCs in the public and the private sector could reveal additional findings such as important differences and their implications for the management of SSCs in general. Finally, a cross-national case study represents an interesting approach to analyze especially the impact of contextual factors on SSC standardization and to emphasize the corresponding differences among countries.



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## Appendix A – Interview Guide

<b>General questions</b>
1. How many SSC locations does your organization have across all functions?
2. In which fields do you offer services? (e.g. HR, Finance, IT)
3. How many employees work in the SSC(s)?
4. How does the organizational structure of the SSC look like?
5. In which countries / where are the organizations located for which you offer your services?
6. Are there any differences in the regulations that apply to the business units / your customers?
7. How would you characterize is the nature of the business practice (power distance in collaboration; financial/legal (in)dependence; operational / cultural diversity)
<b>Processes (Activities, Control-Flow, Data)</b>
1. How does the process look like in practice?
2. Are processes standardized across business units / regions / systems? (Same process for all business units?)
3. How repetitive are the tasks that you perform?
4. Is a continuous- improvement culture embedded within the SSC? (Do you regularly improve the processes?)
5. Is there any detailed process documentation?
6. What is the average length of the process?
<b>Information Technology</b>
1. How is the process automatized?
2. Do you have one system or several different IT systems?
3. Is there an automated workflow?
4. Are there automatized / standardized GL reconciliations?
<b>Resources</b>
1. What is the professional / educational background of the employees?
2. How do you attract and retain skilled employees?
3. How high is your employee turnover rate?
4. Are the roles and responsibilities standardized?
5. How does your SSC organization look like?
6. Who is the process owner of the SSC processes?

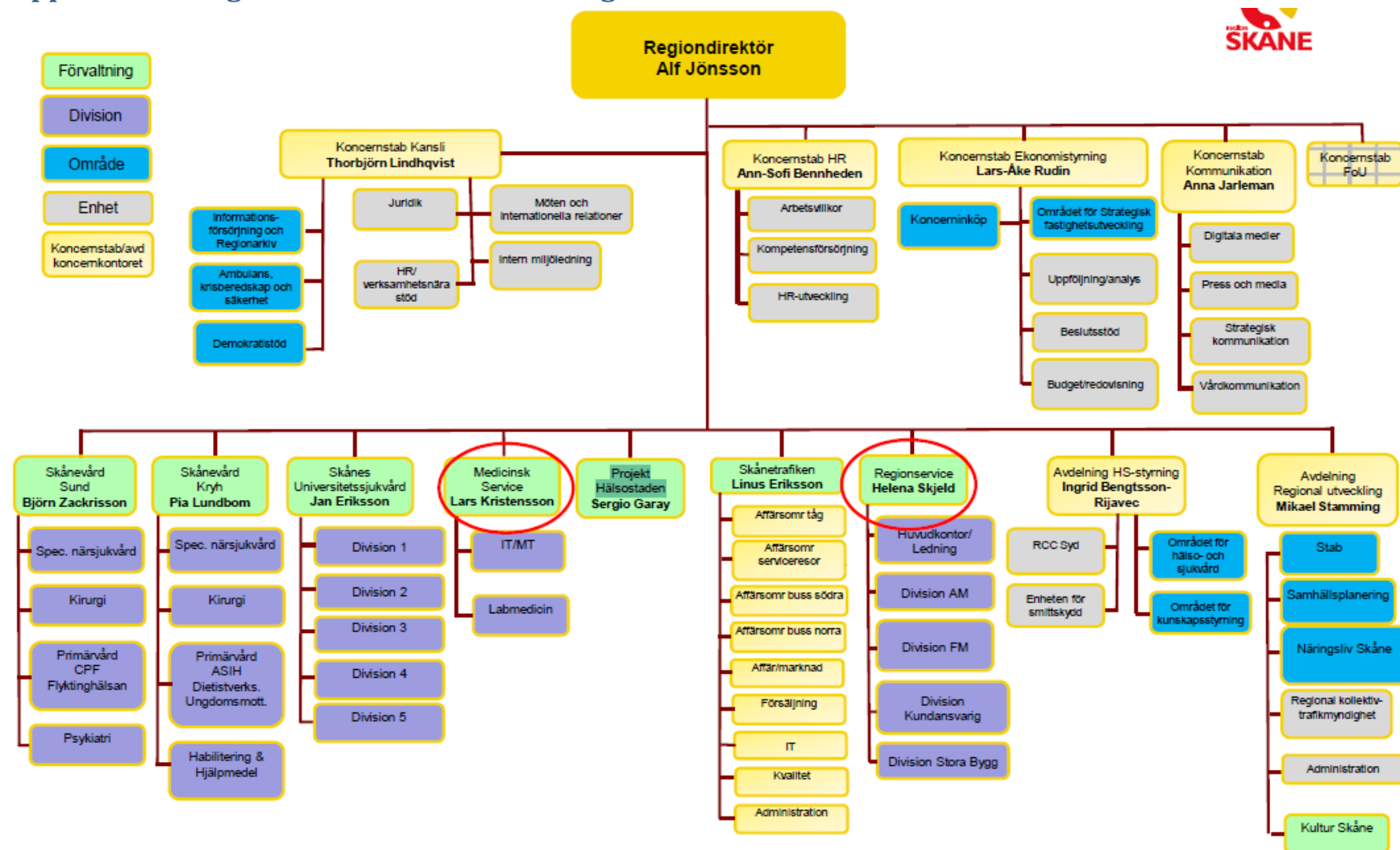
<b>Vision &amp; Strategy</b>
1. What is the strategy of the SSC? (What is the strategy of the organization?)
2. What percentage of the organization is served by your SSC? (Which parts are served? Which parts aren't served? In which cases are the services outsourced?)
3. How do you expect your organization to change its use of Shared Services and Outsourcing in the next 3-5 years?
4. How are standardization, scalability and scope of the services relevant for the strategy? Do you continuously improve central elements of the strategy?
<b>Customer Service Management</b>
1. Do you think that there is a culture of performance measurement which is built on customer feedback?
2. How are service level agreements performed?
3. How do you perceive the business relationship with your internal customers? What could be better?
4. How satisfied are you with the results? What could be better?
5. Do you evaluate customer satisfaction? (How and in which frequency?)
<b>Performance management</b>
1. Are there any common KPIs or scorecards used to increase transparency of performance?
2. What are the main KPIs?
3. Are the results regularly reviewed and compared with the targets?
4. Is there an established benchmarking process in term of KPIs?
5. Can you provide any performance reports?
6. Is the organization actively looking for best practice initiatives?
7. Are the targets adjusted regularly?

## Appendix B – Doctrinal components of NPM

Doctrine	Typical justification	Replaces	Operational significance	Some possible accounting implications
<b>Unbundling of the PS into corporatized units organized by product</b>	Make units manageable, and focus blame; split provision and production to create anti-waste lobby	Belief in uniform and inclusive PS to avoid underlaps and overlaps in accountability	Erosion of single service employment; arms-length dealings; devolved budgets	More cost centre units
<b>More contract based competitive provision, with internal markets and term contracts</b>	Rivalry as the key to lower costs and better standards; contracts as the key to explicating performance standards	Unspecified employment contracts, open-ended provision, linking of purchase, provision, production, to cut transaction cost	Distinction of primary and secondary public service labour force	More stress on identifying costs and understanding cost structures; so cost data become commercially confidential and cooperative behaviour becomes costly
<b>Stress on private sector styles of management practice</b>	Need to apply proven private sector management tools in the public sector	Stress on PS ethic fixed pay and hiring rules, model employer orientation centralized personnel structure, jobs for life	Move from double imbalance PS pay, career service, unmonetized rewards “due process” employee entitlements	Private-sector accounting norms
<b>More stress on discipline and frugality in resource use</b>	Need to cut direct costs, raise labour discipline, do more with less	Stable base budget and establishment norms, minimum standard	Less primary employment & less job security, less producer-friendly style	More stress on the bottom line
<b>More emphasis on visible hands-on top management</b>	Accountability requires clear assignment of responsibility not diffusion of power	Paramount stress on policy skills and rules, not active management	More freedom to manage by discretionary power	Fewer general procedural constraints on handling of contracts, cash, staff; coupled with more use of financial data for management accountability
<b>Explicit formal measurable standards of performance and success</b>	Accountability means clearly stated aims; efficiency needs hard look at goals	Qualitative and implicit standards and norms	Erosion of self-management by professionals	Performance indicators and audit
<b>Greater emphasis on output controls</b>	Need for greater stress on results	Stress on procedure and control by collibration	Resources and pay based on performance	Move away from detailed accounting for particular activities towards broader cost centre accounting; may involve blurring of funds for pay and for activity

Source: Hood (1995, p. 96)

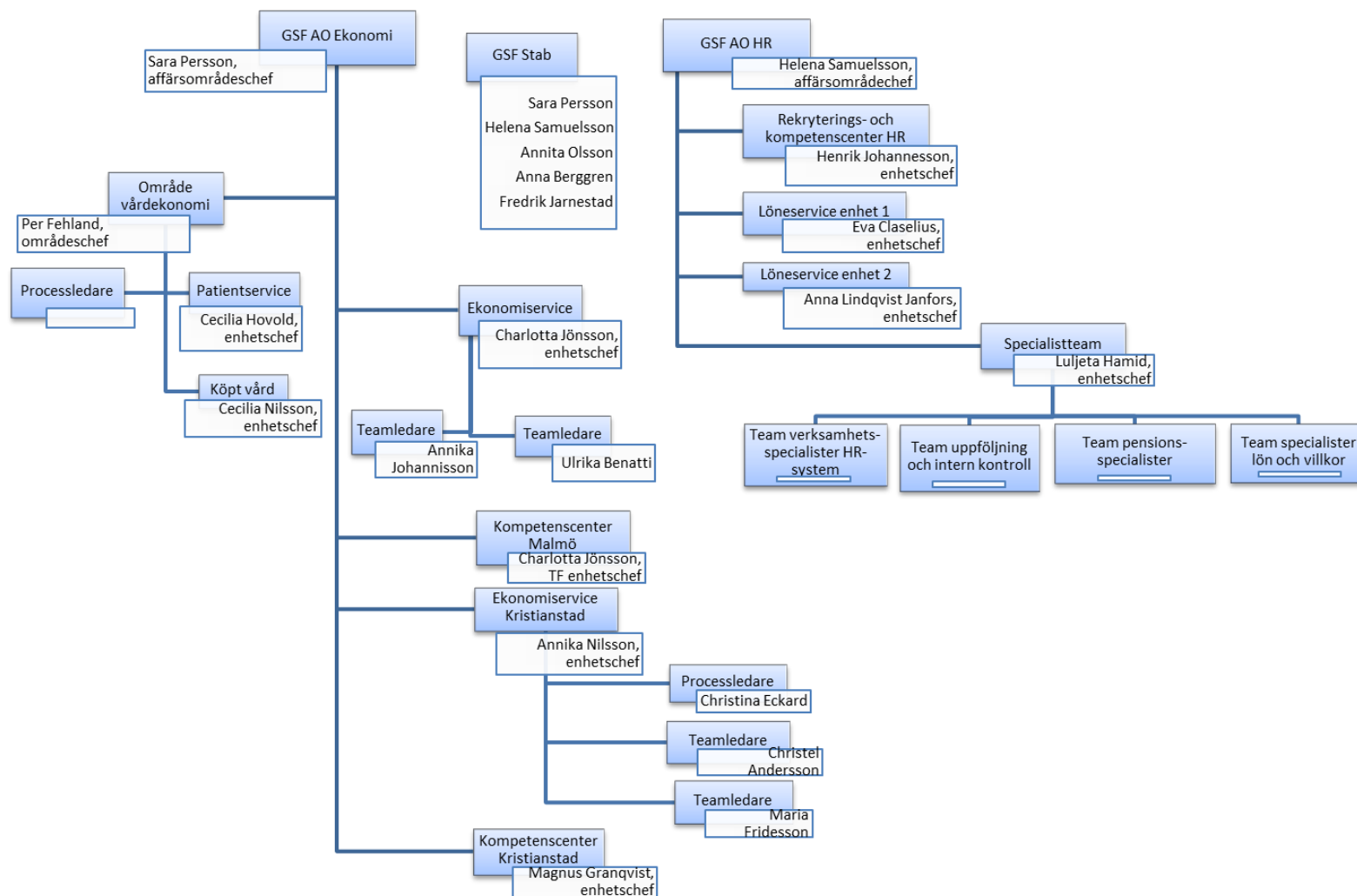
## Appendix C – Organizational structure of Region Skåne



Source: Lagerlowahola & Persson, 2015, p. 27

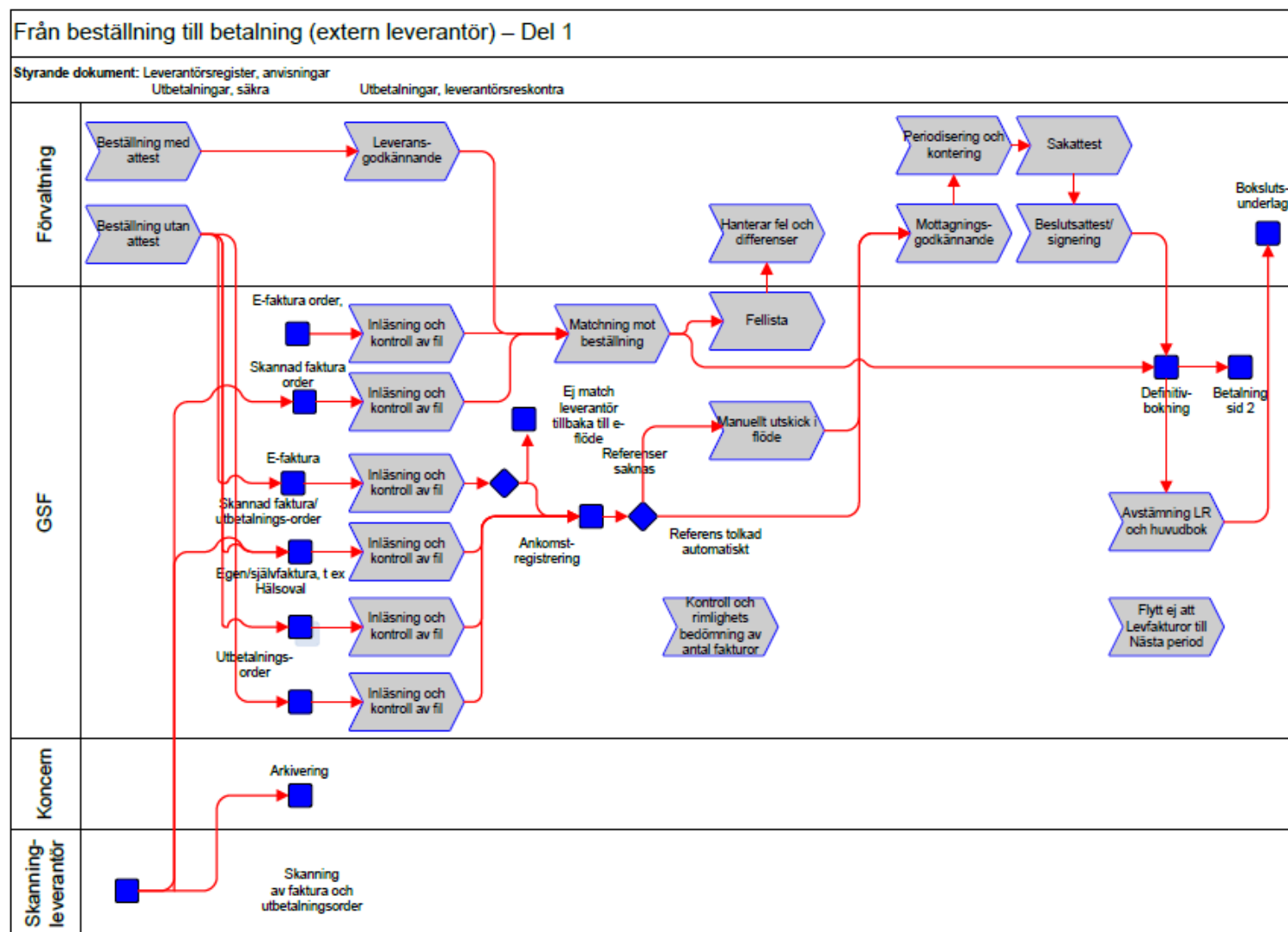


## Appendix D – Organizational structure of Region Skåne’s SSC



Source: Region Skåne, 2016

## Appendix E – Example of process charts: Order to payment

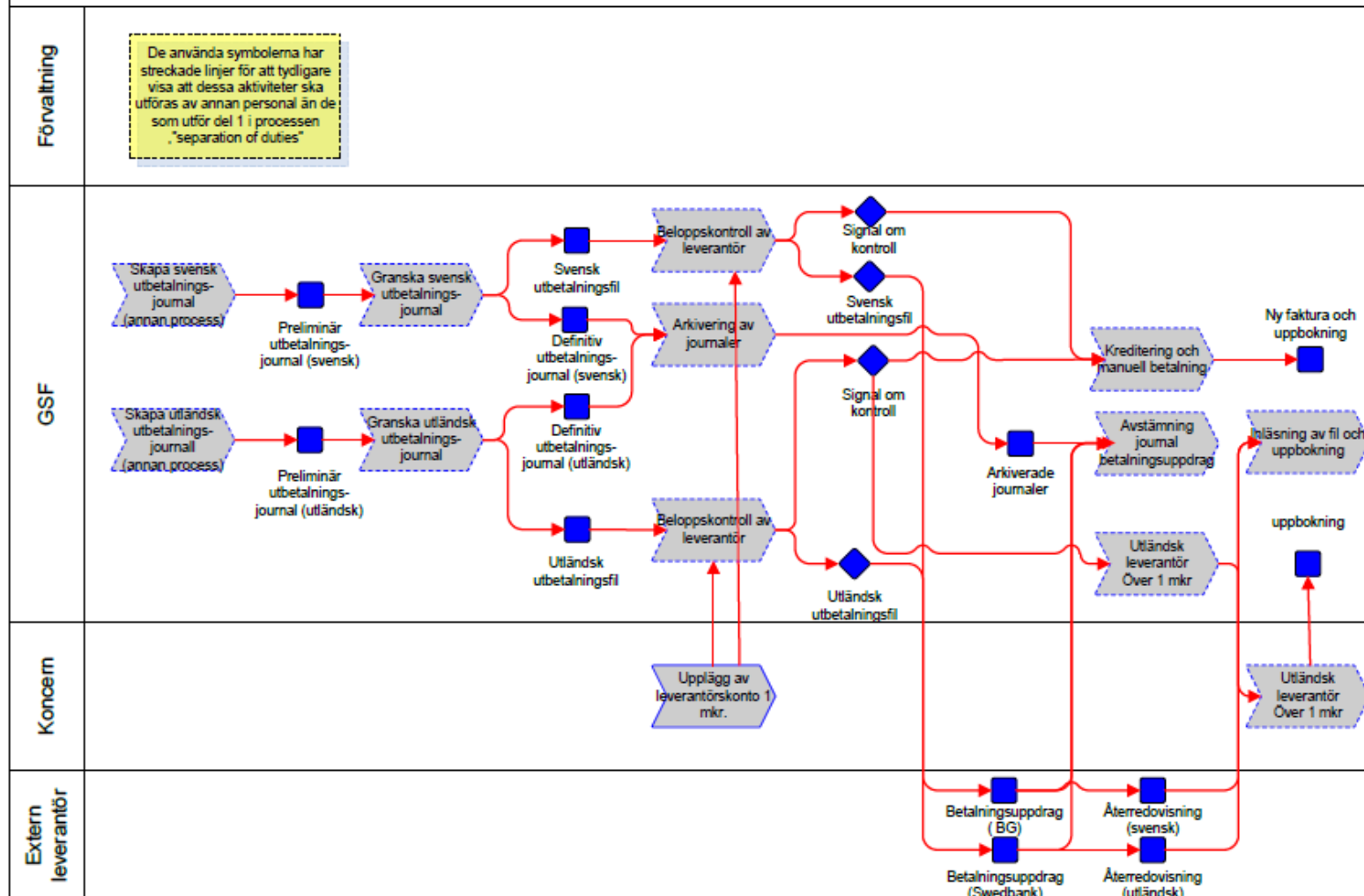


Source: Region Skåne, 2014, p. 6

## Från beställning till betalning (extern leverantör) - Del 2

Styrande dokument: Leverantörsregister, anvisningar  
Utbetalningar, säkra

Utbetalningar, leverantörsreskontra



Source: Region Skåne, 2014, p. 7