EFFECT OF ORGANIZATIONS OBTAINED HR SHARED SERVICES: A SELECTIVE STUDY

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ABSTRACT
This paper helps in fulfilling the objective of understanding the effect of HR shared services in the selective four organizations specifically Kellogg, Air France, Rolls Royce and Renault Nissan under selective three industries namely Cereals, Transport and Automobiles using case study approach under exploratory research design. Along with this, major critical success factors for shared services and HR shared services were identified by several studies as clear vision and governance, strong leadership, identification of clear-cut processes, sufficient Investment, technology, management support, stakeholders concern and Key Performance Indicators. The findings of the study resulted in reduction of employee inquiries, productivity raised by 30%, 60-70% fall in first call resolution, increased efficiency and 20% staff productivity, 80% increase in customer satisfaction and better provision of Administrative tasks. This paper provides an understanding about shared services for private organizations, thinking about the pros and cons in implementing shared services concept. The study has uncovered the governments’ implementation of shared services concept and it is confined to the private organizations under above mentioned industries along with its results and also to the single function in-house form of shared service implementations i.e Human Resources (HR), acts as a major limitation provides a path for the future scope of research.

KEY WORDS: HR Shared services, Administrative tasks, Key Performance Indicators

I. INTRODUCTION
In the recent global shared services survey conducted by Delloite (2011 Global Shared Services Survey Results 2011), the responses from 270 includes majorly 54% of manufacturing and 47% of consumer product segments. The maximum of 29% of shared service centres are in USA/Canada and only 6% of shared service centres are covered in India as observed from the collected data of 718 shared service centres under the survey. From the survey, it was also revealed that the 93% of organizations were obtaining shared services in finance and 60% in HR shared services. This paper is confined to the study of four organizations undergone HR shared service centres implementation namely Kellogg, Air France, Rolls Royce and Renault Nissan covering three Industries including Cereals, Transport and Automobiles respectively. The study has uncovered the governments’ implementation of shared services concept and it is confined to the private organizations under above mentioned industries and the results are confined to those industries only and also to the single function in-house form of shared service implementations i.e Human Resources (HR), acts as a major limitation of the study. The scope of this paper had excluded the other four forms of five shared services namely multi-function in-house, co-opt
model, joint venture model and outsourcing model, left for future research (Goodman and Haigh 2009). This paper also discusses certain most important critical success factors for the successful implementation of HR shared service centres in the organizations.

The next section deals with the literature helps in strengthening the basics of the shared services and HR shared services. The third, fourth and fifth sections deal with the study objectives, research methodology and results respectively followed by discussion and conclusion in the last section. Let’s move to the next section, literature review.

II. LITERATURE REVIEW

i. Shared Services concept

One of the reports has discussed that the division of business processes as core business processes, non-core key business processes and non-core non-key business processes (Shared service centres- Enabling you business for success 2011). The non-core key business process i.e shared services includes finance, customer services, Human resources, procurement/supply chain and information technology.

a. Definition

The concept of shared service(s) is an operational philosophy that fundamentally involves centralizing functions those are usually performed in separate divisions or locations. The shared services are naturally back office functions including Finance, Purchasing, Inventory, Payroll, Human Resources (HR) and Information Technology (Goodman and Haigh 2009). Simply, the shared services can be referred as a consolidation and sharing of services by different units or locations within an organization. Shared services are typically driven in the aspiration of achieving economies of scale, enhancing consistency or standardization across the organization, to improve quality, leverage technology investments, and manage labour costs within certain functions to provide greater value to the business (kroll and Carpenter 2008). Shared Service is a service that provides corporate change through the convergence and streamlining of processes within multiple organizations or group companies (Kimura 2007).

b. Operating models of shared services

There are five forms of shared services as mentioned above from which joint venture model or outsourcing model can further be classified in to four target operating models namely captive, shared captive, outsourced and hybrid. In captive model, the organization owns facility and employees where as third party assists and advice them. Under shared captive model the facilities, employees and management activities are shared among the organization and third party. In the third model of outsourcing, third party fully owns facility, employees and manages all. The last model hybrid is a mixed composition of any of the other three models.

c. Location variations

When the discussion of location variations comes to the picture, four variations are usually studied. They are onsite, on-shore, near-shore and off-shore. In onsite, work is carried out on the organizations’ premises whereas in on-shore work is carried out in any location within the country. Under the near-shore the work is carried out of the country but nearer to it while in off-shore, work is carried out of the country in any part of the world (Goodman and Haigh 2009). There are so many multinational shared service providers namely Accenture, Unisys, IBM, EDS
and others help organizations for leveraging benefits of the concept. From the studies, it was also identified that nine out of ten organizations have applied shared services concept (Fershet, et al. 2011).

In one of the surveys conducted by ABeam consulting, only 65 companies responded out of 600 companies surveyed. Out of these 71% of companies already implemented shared services and about 12% are planning for implementation. Only 17% of organization decided not to implement shared services considering the unsatisfactory Know-how and their firm’s size (45% of overall 17%), implementation risk and external outsourcing(55%) as the identified reasons behind by them. Overall 93%, 67% and 54% of 65 companies have adopted shared services for their cost reduction, improving product quality and for aggregation of process know-how. The survey resulted that 57%, 64% and 66% of companies were almost satisfied with their implementations respectively, towards achieving their objectives. Overall results showed that 57% of the companies informed that they are satisfactory by implementing shared service centers. In 2003, Shared services Business Process Outsourcing Association(SBPOA) conducted worldwide survey on shared services including 188 companies, where it was found that 41% were American’s, 36% were European’s, 10% were Asian’s and the rest were others implemented shared services (Kimura 2007). Some of the early implementers of shared services were Electronic Data systems(EDS), Essar ( Implemented by Capgemini), Shell(6 SSCs), Royal Philips Electronics( 3 SSCs), American Express, British Airways, HP, Citigroup, Dell, JP Morgan, AT&T, Sykes, ITEL, Convergys, GE, HBSC and so on.

ii. HR Shared Services -concept

When it comes to the discussion of the second most important function in shared services, it was observed as Human Resources as per the Deloitte consulting survey 2011. Human Resources Shared services( HRSS) can be regarded as internal outsourcing providing well defined services for internal customers that consist of more than one unit (Cooke 2006).The basic classification of HR shared services in to Administrative, Operational and strategic segments (HR Shared Services 2006).

The major activities of HR shared services function includes payroll changes, employee records administration, relocation services, recruitment administration, benefits administration, company car provision, pension administration, employee welfare support, training administration, absence monitoring and management information (Reilly 2010). Some other studies also relieved that learning, staffing and global services are also major activities of HRSS (HR Shared Services 2006).

There are four reasons identified by the studies in setting up HR shared services. The first reason is to become a part of wider business change, second is to achieve a greater structural facility, third and fourth are to improve organizational learning across organizational boundaries and to be more strategic. The increasing advanced call center technologies enabled HR shared services adoption by large number of firms like Barclyas, Motorola, Shell, Compaq, Deutsche Bank, Alied signal Inc. etc.,. The most common delivery models include e-HR and HR shared service centers (Cooke 2006).

The studies had recommended a multi-tier approach for organizations in implementing HR shared services including three tiers namely Tier 0,Tier1 and Tier 2, where Tier 0 meant for employees self service, Tier 1 send tickets to shared services help desk and Tier 2 helps in solving those queries unanswered by Tier1 by the experts support. The senior vice president of Enwisen, a HRSS provider intimated that the multi-tier approach resulted very well by stating
two examples, one company had 3300 portal hits per month with 80% calls resolved on first call saved USD 2,75,000 and in the other company 10000-14000 hits per month on portal where 93% of calls resolved on first call (Abbatii et al. 2009). The famous service delivery model was given by US academic, Dave Ulrich that includes 3 elements namely shared services those deal with administrative tasks, centers of expertise and business partners called Ulrich model (P. Reilly 2010).

There are several advantages and disadvantages obtained by organizations in implementing HR shared services. The major advantages are lower costs, more efficient resourcing, better quality of service, customer satisfaction ratings increased, greater transparency of costs, improves match between customer expectations and service delivery, ease of access, career development, cross-group learning and better management of information where neglecting the significance of the knowledge of users, boundary management issues, absence of accountability, communication difficulties, project misconceptualization and allocation of resources are some of the major disadvantages (P. Reilly 2000). There are several organizations those got benefited by implementing HR shared services. Naming a few are Bayer AG, Henkel of America Inc, Monsanto co., Swisscom group, Unilever, Airfrance, Kellogg, Rolls Royce, Renault-Nissan, Thales UK, RATP, Cuna mutual group, BP and Whirlpool. This paper will discuss in detail four cases among these organizations as mentioned in the introduction.

III. OBJECTIVES OF THE STUDY
The objectives of the study are
i. To examine the effect of HR shared services implemented by chosen organizations.
ii. To explore the most important critical success factors for the successful implementation of shared services and HR shared services by the organizations.

Let us understand the research methodology supported in fulfilling the objectives of the study.

IV. RESEARCH METHODOLOGY
In this paper, the methodology applied is exploratory research method i.e case study. Researchers can use case study methodology for many purposes such as to explore new areas and issues, to describe a process or the effects of an event, especially when such events influence many different parties and to explain a complex phenomenon (Kohn, 1997). Four organizations are considered for the study those went for HR shared service centres implementation namely Kellogg, Air France, Rolls Royce and Renault Nissan covering three Industries including Cereals, Transport and Automobiles respectively. Let us know the effect of HR shared services implemented by chosen organizations in the Results section.

V. RESULTS
The results section deals with two aspects. One aspect covers case analysis and the other covers critical success factors to be considered while implementing HR Shared services by the organizations. Let us move towards case analysis.

A. Cases Analysis
The four cases are in detail discussed below.

Case I
Name of the Company : Kellogg
Year of Establishment : 1906  
Present Location : Battle Creek, Michigan  
Industry : Cereals and convenience foods; Convenience foods include cookies, crackers, toaster pastries, cereal bars, fruit-flavoured snacks, frozen wafers and vegetarian foods.  
Spread : Production facilities in 18 countries & Marketing facilities in 180 countries.  
Employee Workforce : 31,000  
Challenges Before : To harmonize HR policies and processes across the company. Overcome the problem of decentralization and inefficient data entries by employees. Self service portal creation for better employee support for reducing their access time.  
Solution provided : Self service portal, Call center operated in four languages – English, Spanish, Portuguese and French Canadian.  
Delivery Model : Enwisens’s Saas solution - online HR Knowledge base using multi-tier approach  
Duration of Implementation : 13months  
Critical Success Factors (CSF): Change Management, Stakeholder’s communication, Auditing Information availability.  
Outcome (Effect) : Attended 12000 calls, 3000 Manager Self Service (MSS) transactions, 1700 Employee Self Service (ESS) transactions per month, less than 30 seconds to answer, more than 60%-70% first call resolution, 13% reduction in staff time on first call resolution, 80% of customers were satisfied.

Case II  
Name of the Company : Air France  
Year of Establishment : 1933  
Present Location : Paris, France  
Industry : Transport airline  
Spread : 272 destinations (as on mid 2012)  
Employee Workforce : 1,32,000  
Challenges Before : To manage increased volume of inquiries due to merger with Dutch airline. To establish global shared service centers for managing its Roissy and Orly airports in France to manage request load of 34000 employees.  
Solution provided : Neocase HR, provided two identical HRSS at Roissy and Orly.  
Delivery Model : Highly secured Saas( Software as a service)  
Period of Implementation : Few weeks  
Outcome (Effect) : 30% reduction in inbound employee requests, increased efficiency and staff productivity up to 20%, 40% increase in employee satisfaction.

Case III  
Name of the Company : Rolls Royce  
Year of Establishment : 1904  
Present Location : United Kingdom  
Industry : Automobile manufacturer  
Spread : 50 countries  
Employee Workforce : 39,000
Challenges Before: Volatile oil prices, currency exchange challenges and then a global economic crisis created a challenging backdrop for the Rolls-Royce HR Function. To manage all HR processes like benefits, rewards, learning, pension and employee data administration. (Named a few)

Solution provided: HR Shared Service in support for SAP ERP
Delivery Model: Ulrich HR model (Three elements- Shared services, Centers of Excellence Business Partners)

Critical Success Factors (CSF): Change management
Year of Implementation: 2007
Outcome (Effect): Providing services to 22000 employees at UK. (First HRSSC)
In total five HRSSC supporting around 38700 personnel,
Supporting 1,20,000 personnel under pension administration,
Dealing with 1500 internal and external vacancies/year,
Reduced to 6 recruitment agencies from 280 agencies,
Supporting the corporate circulars and learning management,
HRIS- Human Resources Information systems support and
Supporting all benefits, rewards, employee data administration along with global mobile services.

Case IV
Name of the Company: Renault- Nissan Alliance
Year of Establishment: 1999
Present Location: Paris, France
Industry: Automobile manufacturer.
Spread: ~118 countries
Employee Workforce: 1,30,000

Challenges Before: To establish an HRSSC for increasing HR operational efficiency and employee satisfaction and to provide a manager-employee rapidly adaptive solution. To increase productivity at least up to 30%, Reports of daily performance, queue management and meeting strategic objectives.

Solution provided: Neocase Self service portal
Neocase Knowledge base & Neocase HR
Delivery Model: Saas (Software as a service) Delivery model
Period of Implementation: 50 days
Outcome (Effect): Productivity raised over 30% & Reduction of inbound inquiries, Employee and manager satisfaction by 40%

B. Critical Success Factors- CSFs
i. Critical success factors for Shared Services

The past studies have found several CSFs for shared services. Findings from the 2010 conference sponsored by MIDAS gave seven factors. They are
1. Ensure the content for the shared services journey
2. Get the right sponsor and shared service center director.
3. Developing a compelling vision
4. Build a staged TOM and have clarity about how it will be achieved.
5. Drive a positive culture and equilibrium between customer service, quality and efficiency.
6. Manage stake holders well.
7. Apply governance appropriately.

Some other studies reveal six factors and seven factors combinely identified as follows (Rethore 2009; shared services in social housing 2006).
1. Clear, strong leadership and right decisions
2. Shared understanding
3. End to end processes management
4. Clear governance
5. Early identification of barriers
6. Sufficient investment
7. Tangible benefits
8. Complexity reduction.

The other critical success factors identified are strong project management skills, senior-level support, effective communication, strong change management and a phased approach to implementation (Burns and yeaton 2008).

ii. Critical success factors for HR Shared Services
The critical success factors are the one required for the successful implementation of HR shared services. Dovetail software has provided five areas that are often overlooked but critical to your HR SSC success. They are processes, roles, technology, improvement and measures.
1. Standardizing common HR processes
2. Redefining roles, responsibilities and performance goals for professionals
3. Right technology to manage employees effectively.
4. Measuring Key Performance Indicators (KPIs), such as HR Service Level Agreement first Call Resolution rates, response times, time to resolution and the number of incoming requests being resolved by HR SSC advisors.
5. Took the support of KPIs to improve your service delivery model.

For the successful implementation of HR shared services, the above mentioned factors are critical.

VI. DISCUSSION AND CONCLUSION
From the results, it is revealed that the maximum number of companies had applied shared services and achieved successful results in reducing cost and better managing administrative tasks. In case of Kellogg, 80% of its customers were satisfied, whereas increase in employee satisfaction by 40% in case of Air France, massive reduction of recruitment agencies from 280 to 6 in case of Rolls Royce and 30% raise in productivity of Renault Nissan Alliance has given qualitative and quantitative inputs for the adoption of shared services concept in their organizations. But certain studies revealed that for further better management of shared services implementation, critical success factors should be considered whether it may come under private or public sector. The clear cut vision, strong leadership, clear governance, management support, processes identification, KPI, technology are major CSFs to be considered. Finally, it can be concluded that organizations can implement shared services happily under the preview of CSFs.
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