

**A QUALITY FRAMEWORK FOR SERVICES IN A
SHARED SERVICE ENVIRONMENT**



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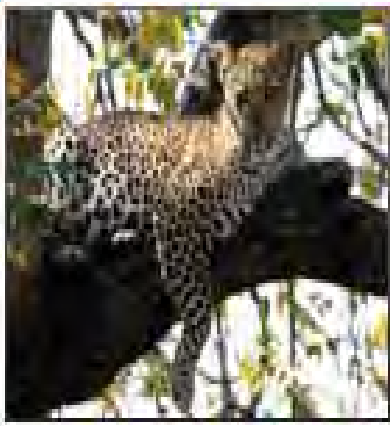
University of South Africa



National President:
Southern African Society for Quality



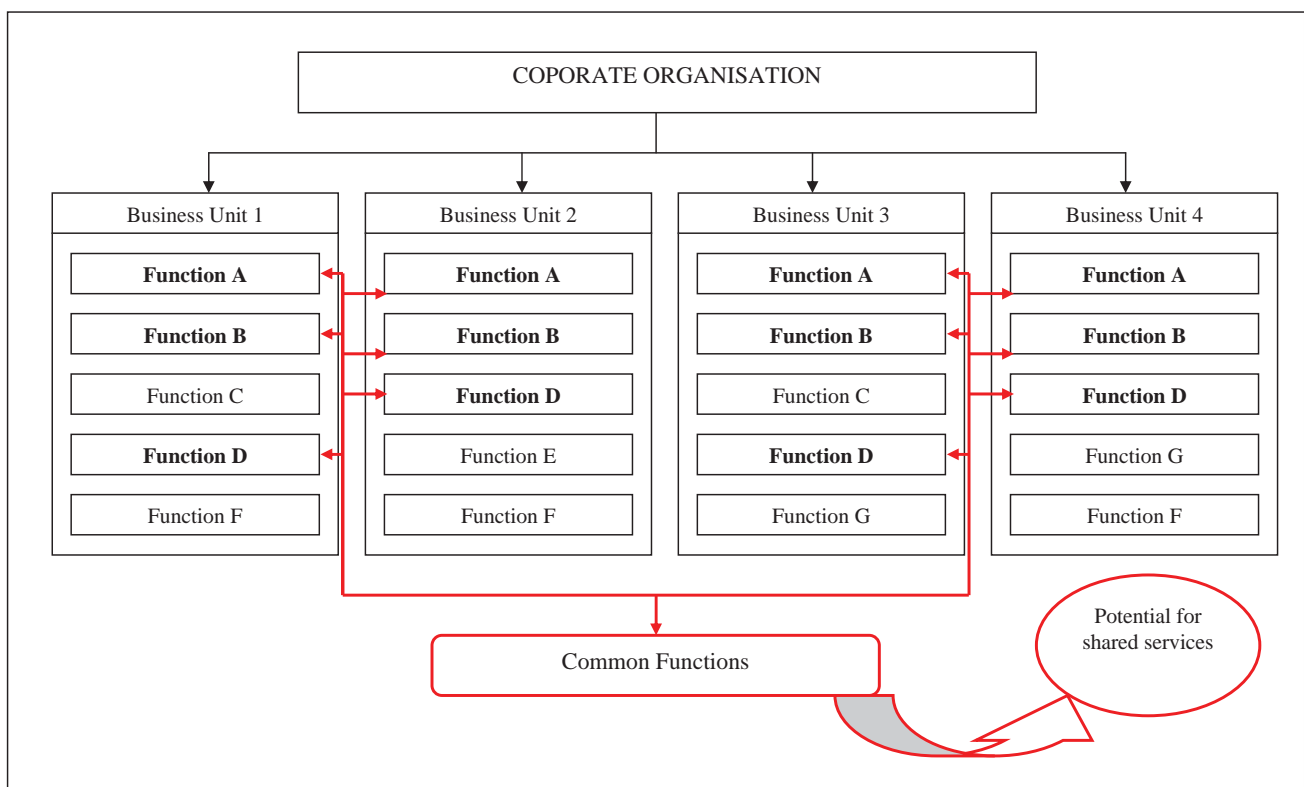
South Africa's Big 5



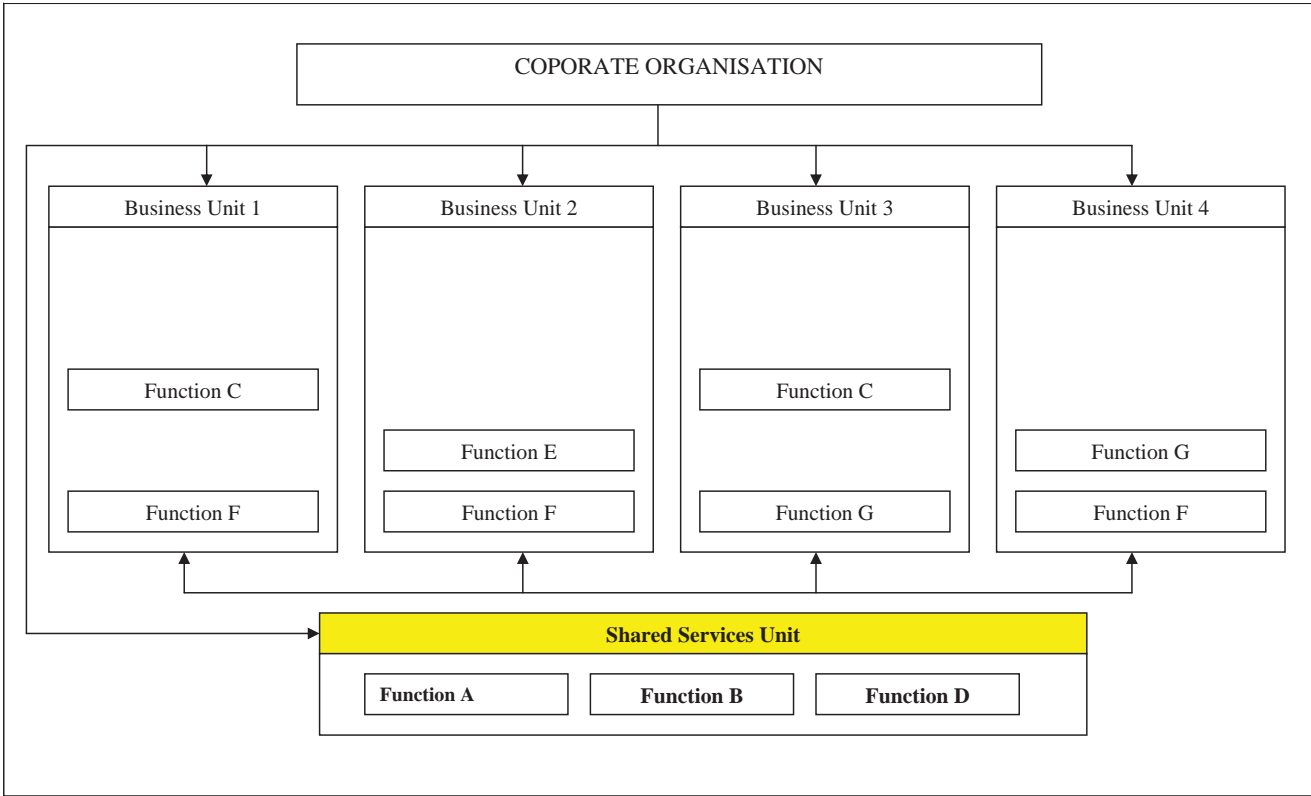
Agenda

- Overview of shared services.
- Research problem and aim of the research
- Research objectives.
- Research plan and methodology
- Key elements of the literature reviews
- Research findings
- Value/ significance of the research
- Difficulties
- Recommendations for future research
- Acknowledgements

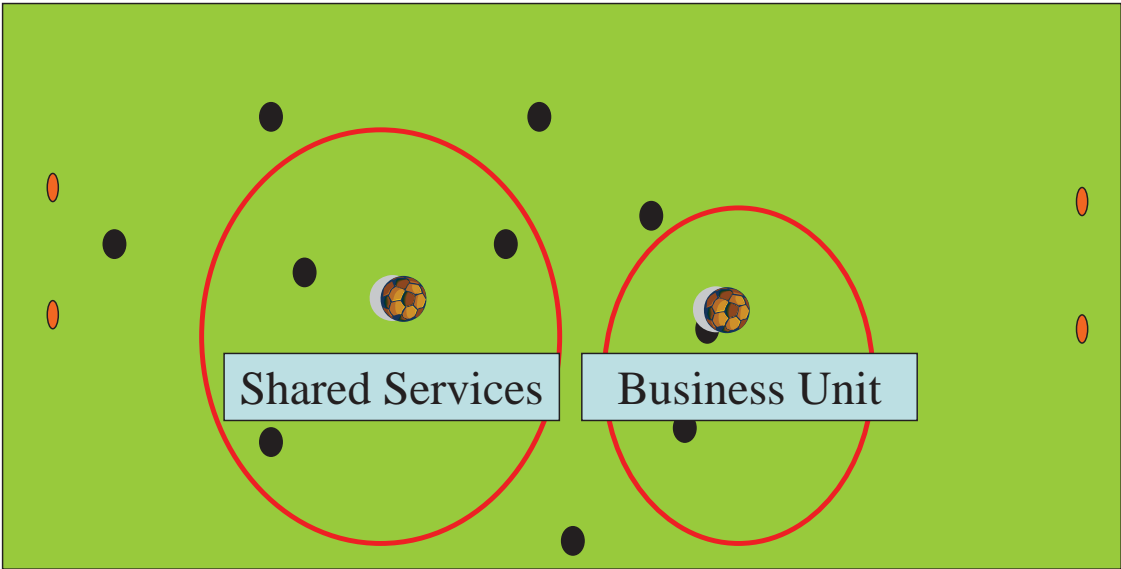
Overview of shared services



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Overview of shared services

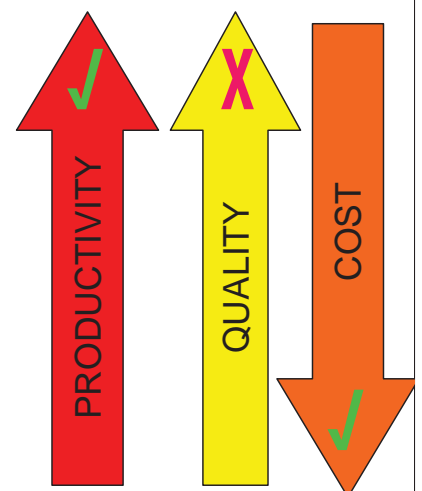
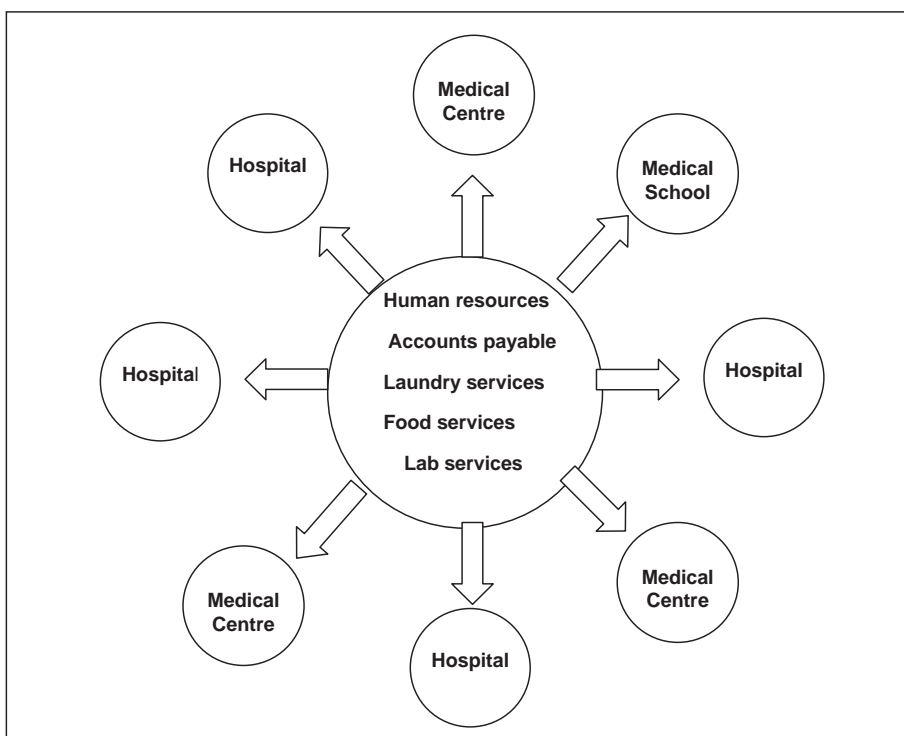


Definition

- A **collaborative strategy** in which a subset of existing business functions are concentrated into a **new**, semi autonomous **business unit** that has a management structure designed to promote **efficiency, value generation, cost savings, and improved service** for internal customers of the parent corporation, like a business operating in the open market” Bergeron (2003:3)

A **concentration of company resources** performing like activities, typically **spread across the organisation**, in order to service **multiple internal partners at lower cost, higher productivity and with higher service levels**, with the common goal of enhancing **corporate value**” (Schulman, Dunleavy, Harmer & Lusk 1999:9)

Overview of shared services



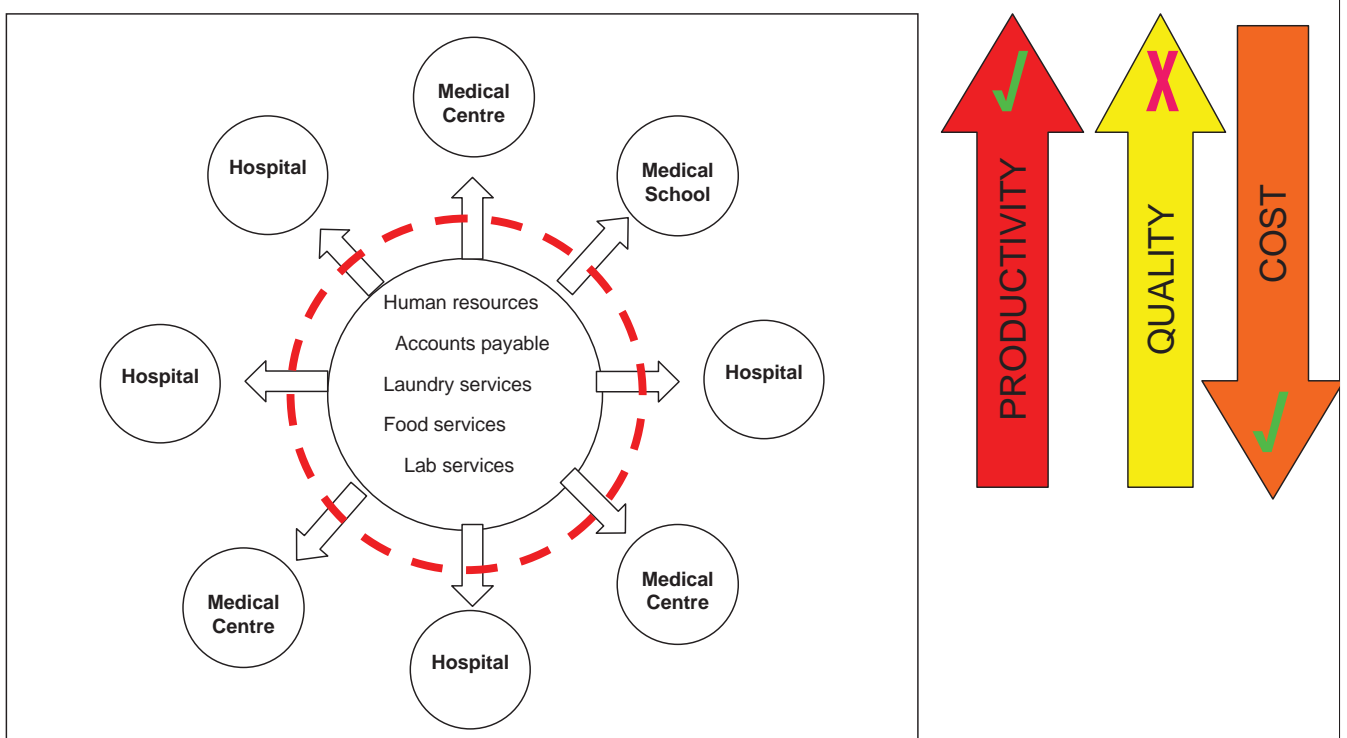
Quality Problems?

One of the conclusions drawn by Kearney (2003), from a study comprising 140 shared services organisations in North America and Europe, was that **58,0%** of the respondents felt that there was **no improvement of internal customer satisfaction**.

Accenture (2005)- involving 143 interviews with senior government executives from 13 different countries, including South Africa, it was concluded that there is a **lack of quality in the shared services provided**.

Donelly (2005:22) indicated that as shared services become more sophisticated, **quality must become more important than quantity**

Overview of shared services



Why Quality

- Quality management programmes are **vital to enable management to improve overall organisational effectiveness** (Sharma & Gadenne 2001).
- The need for quality in internal departments is clear but the **nature of the quality concepts required is unclear** (Gryna, Chua & DeFeo 2006)

Difference

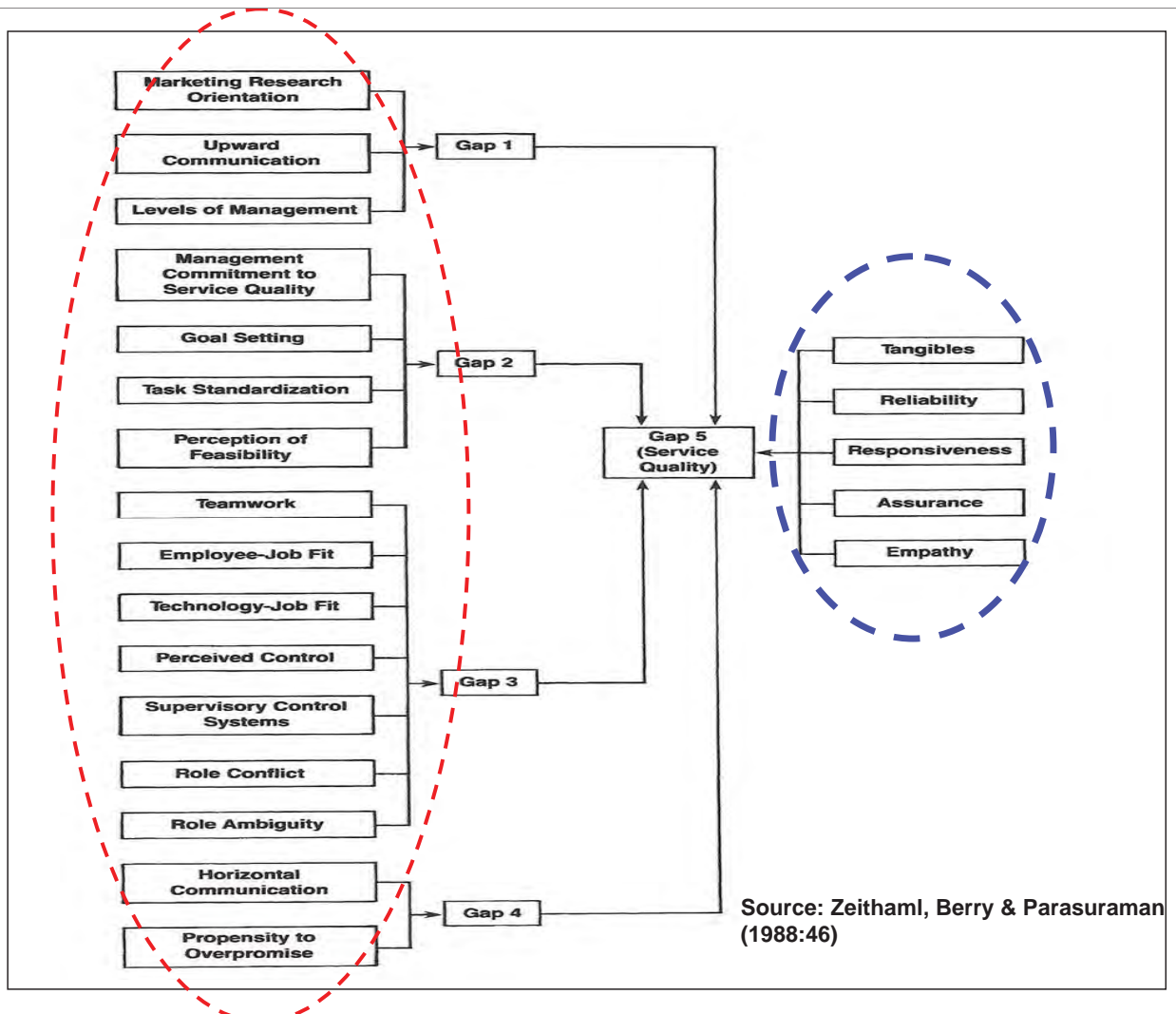
Traditional internal services	Shared internal services
Business units and services have a master-slave relationship.	Business units and service units work as partners.
Business units involved with core and supporting services.	Business units are involved solely with the core functions.
Business units do not make demands of quality, cost or efficiency on services.	Business units require higher levels of quality, lower prices and more efficient services.
Business units strive to maintain control of the functions.	Business units can outsource the services.

Research Problem & Aim of the research

There is **no appropriate service quality framework** for the high performance provision of effective and efficient services in shared services environments.”

To develop an appropriate quality framework for shared services environments that can be implemented by shared services centres to ensure high quality service delivery to internal customers.

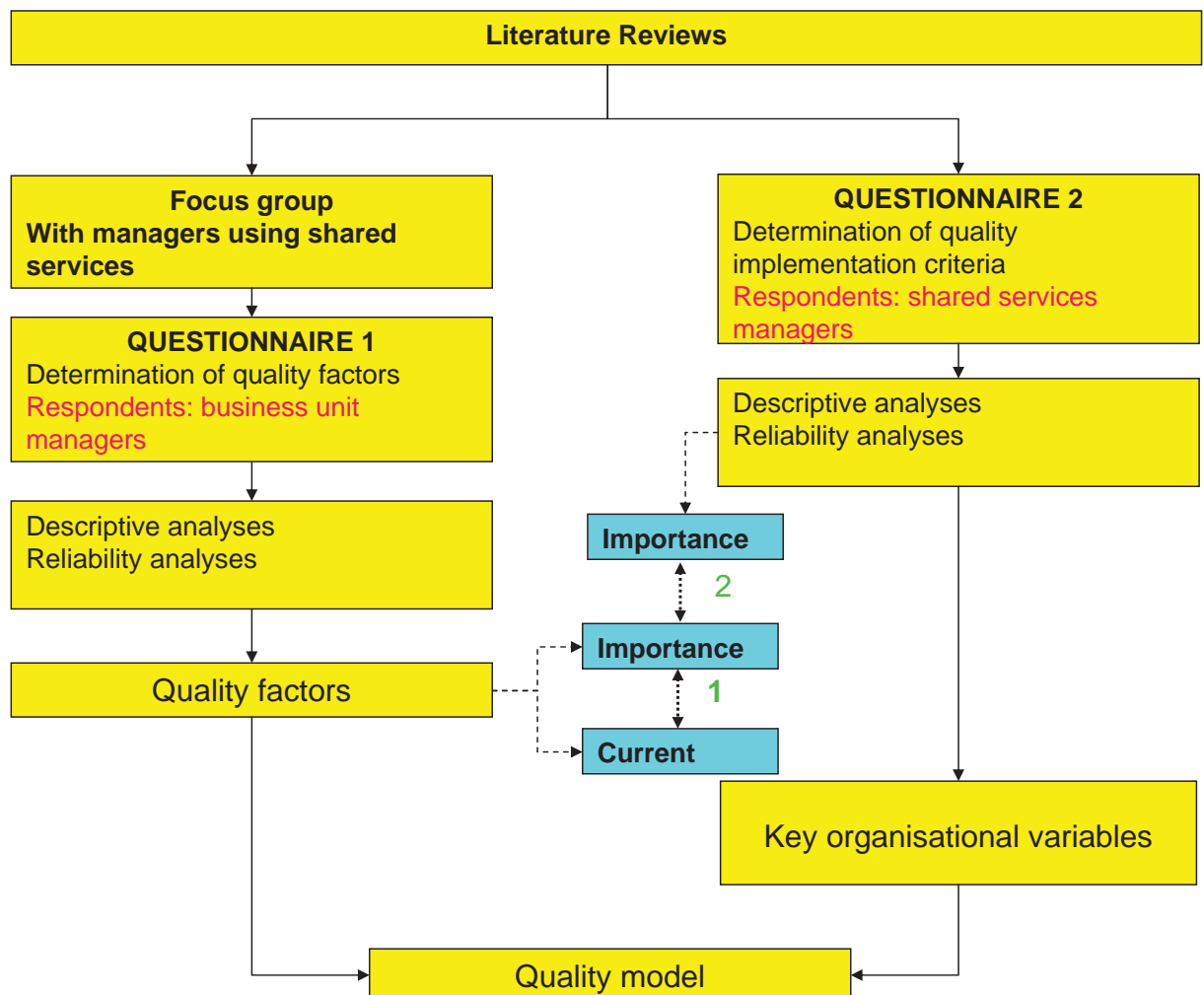
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Research Objectives

- to identify the critical quality factors
- to establish the key organisational requirements
- to construct an appropriate quality framework
- to determine the components necessary for the monitoring of the quality factors
- to determine the main components for the implementation of the key organisational requirements

RESEARCH Design



From Literature: Elements of shared services

- Multiple contact points
- Technology
- Service level agreements
- Shared services employees
- Service provider-service receiver relationship
- Performance measurement
- Self-service products.

Focus Group

The focus group discussion was conducted over a period of 90 minutes with eight business unit managers who were customers of shared services for more than two years.

Information from the focus group discussion

- Availability of shared services
- Shared services product training for users
- Sense of urgency by the service staff
- Shared services objectives must support business units
- Professional shared services employees who should be specialists in their respective fields
- Channels for feedback from users
- Partnership approach when drawing up service level agreements
- Professional service centre
- Shared services employees to understand the business of business units
- Performance standards for service delivery
- Proactiveness of service employees
- Updated menu of shared services products to be always communicated

Quality Factors & Key Organisational Variables from the literature reviews and focus group

- Quality of service provision [5]
- Quality of shared services employees [5]
- Quality of the contact centres [5]
- Quality of service level agreements [5]
- Quality of communication [6]
- Quality of the shared services service products [4]
- Leadership [5]
- Management commitment [6]
- Shared services employees [7]
- Customer focus [6]
- Quality care [6]
- Quality culture [7]
- Quality documentation [5]
- Quality processes [9]

Content of the questionnaires

QUESTIONNAIRE 1

1. organisational position of the business unit manger.
2. characteristics of the business units.
3. characteristics of respective shared services units.
4. current quality status
5. importance of the various quality scale items
6. level of satisfaction
7. personal details

QUESTIONNAIRE 2

1. organisational position
2. characteristics of the holding company.
3. level of significance of the scale items of the quality implementation factors
4. level of importance of the various quality factors
5. personal details

Validity

- Validity was maintained by consulting with a panel of shared services practitioners, quality practitioners and an expert in questionnaire design.
- In addition the questionnaires were initially tested with five respondents and minor corrections were made before conducting the research.

Validity

- **Population 1**
- The respondent is a manager of a business unit.
- The business unit utilises services from a shared services unit.
- **Population 2**
- The respondent is the most senior manager responsible for the total operations of the shared services centre.

RESULTS

Responses				
Questionnaire	Target Population	Received	Rejected	Accepted Population
1	500	64	4	60
2	30	12	2	10

Data Analyses

- **SPSS v15 for windows, statistician (UJ statkon)**
- Reliability Tests – cronbach alpha > 0.7
- Mean Values – categorisation

Symbol	Interval	Nature	Outcome
****	mean \geq 6.00	Critical – level 1	Compulsory
***	5.50 \leq mean < 6.00	Very important – level 2	Compulsory
**	5.00 \leq mean < 5.50	Important – level 3	Compulsory
*	4.0 \leq Mean < 5.00	Not that important	Select if necessary
	Less than 4.0	Not important	Not considered

Profile of the BU manager

- **34%** were middle managers, **35%** were senior managers, **26%** were executive managers and **5%** were board directors.
- **26%** between 28 and 35 years, **39%** between 36 and 45 years, **35%** over 45 years
- **83%** male and **17%** were female
- **58%** had 2 to 10 years experience, **24%** from 11 to 20 years experience, **15%** between 21 and 30 years experience and **3%** had over 30 years experience.
- **45%** had between 2 and 3 years, **50%** had between 4 and 10 years and **5%** had over 10 years experience
- Qualifications ranged from diplomas to doctorates

Profile of the SS Executive

- 40% middle managers, 40% senior managers 20% executive managers
- 30% reported to board members, 30% to executive members 40% to senior managers
- 50% females and 50% males
- 50% between the ages of 41 and 45 years, 20% between 36 and 40 years and 20% were between 30 and 35 years.
- 70% between 2 and 5 years relevant experience 20% had between 6 and 10 years and 10% between 11 and 15 years relevant experience.
- 40% have qualifications on a masters level and 60% have qualifications on a honours level.

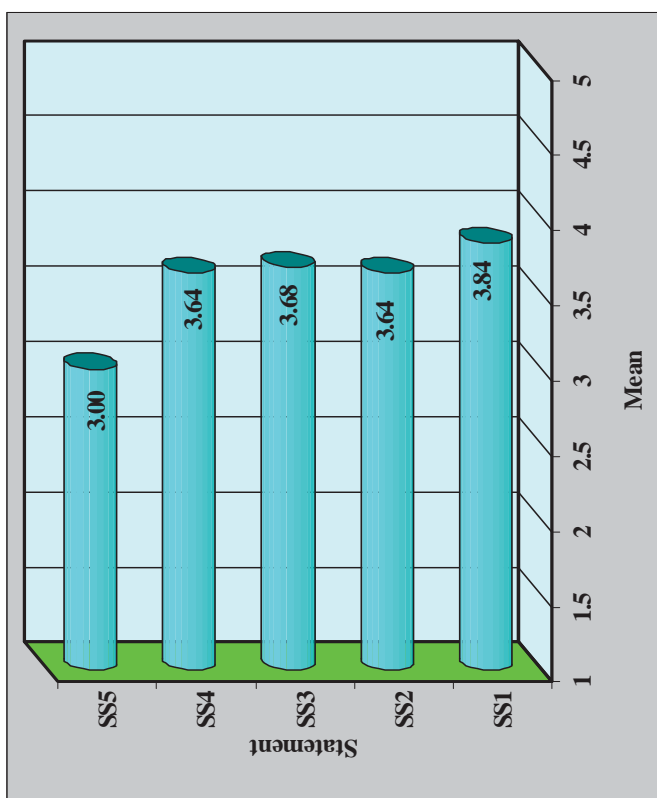
Characteristics of the business unit

- 100 % South African
- 66% have a turnover of over R55 M per annum 12% have less than R10 M per annum
- 25% from energy, 16% in government services, 16% in manufacturing, 14% in research, 11% in health, 9% in mining 5% in support services, 2% in legal services, 2% from transport,
- Operating age over 2 years
- 84% demand high quality services from their respective shared services units
- common services provided to business units include human resources services, financial services, information technology, computer services, procurement and supply chain services
- Shared services were distributed in all provinces with the bulk in Gauteng.

Results

- **23%** of the business unit managers are satisfied with the quality of shared services received.
- **37%** of business unit managers do not have a “happy” relationship with the shared services managers.
- **55%** are comfortable having indirect control of services, which shows there is confidence in using shared services.

Present SSC performance



- SS 1: There has been a reduction of the business unit's operating costs due to the introduction of shared services.
- SS 2: The staff members of the business unit have more time for core activities due to the introduction of shared services.
- SS 3: The business unit pays a fair price for the shared services used.
- SS 4: The business unit will utilise services from external sources if they are better than those provided by the shared services unit.
- SS 5: The customer satisfaction level of the business unit increased due to the use of shared services.

Results – Factors of quality

Item number	Reliability and Mean Values	For Factor	If item deleted	Mean	result
Factor 1: Service provision		0.852		5.76	
1	The shared services provision is delivered with a sense of urgency .		0.822	6.00	C
2	The shared services providers notify business units when there are changes in the service plans that can affect business.		0.832	6.00	C
3	The shared services are provided as requested even if the request in emergencies may be in conflict with the objectives of the shared services unit.		0.868	5.21	I
4	The shared services provision is continually evaluated in terms of the quality of service delivered to business units.		0.799	5.84	VI
5	The procedures and controls of shared services provisioning are not bureaucratic .		0.790	5.74	VI

Results – Factors of quality

Item number	Reliability and Mean Values	For Factor	If item deleted	Mean	Level
Factor 2: Shared services employees		0.859		5.82	
6	The shared services employees are available when needed by business units.		0.806	6.02	C
7	The shared services employees are specialists having the necessary expertise in their respective functions.		0.837	5.87	VI
8	The shared services employees understand the strategic operations of business units.		0.811	5.74	VI
9	The shared services employees are proactive to the service needs of business units by taking action without the need for formal requests.		0.847	5.86	VI
10	The shared service employees are tolerant towards the staff of the business units who may make mistakes when making use of shared services.		0.847	5.55	VI

Results – Factors of quality

Item number	Reliability and Mean Values	For Factor	If item deleted	Mean	Level
Factor 3: Contact centre (help desk/call centre/service centre)		0.764		6.00	
11	The shared services help desk/call centre is available during the entire operating hours of the business unit.		0.863	5.83	VI
12	The shared services help desk/call centre ensures that problems are addressed without delay .		0.647	6.23	C
13	The shared services help desk/call centre agents provide assistance with problems without unnecessarily referring them to other parties.		0.705	5.95	VI
14	The shared services help desk/call centre agents will escalate requests that are not completed in the allotted time.		0.667	6.08	C
15	The shared services help desk/call centre agents consult(s) with the originators of the requests before marking them as closed.		0.716	5.90	VI

Results – Factors of quality

Item number	Reliability and Mean Values	For Factor	If item deleted	Mean	Level
Factor 4: Service level agreements		0.929		6.08	
16	The service level agreements are drawn up jointly between the business units and the shared services unit.		0.865	6.02	C
17	The roles and responsibilities of business units and the shared services provider are clearly documented in the service level agreement.		0.873	6.22	C
18	The service level agreement shows a detailed structure of the standards (e.g. quality, cost, response) for service delivery.		0.872	6.10	C
19	The service level agreement includes a procedure for the resolution of disputes .		0.876	5.86	VI
20	The shared services unit always provides services as documented in the service level agreement.		0.897	6.19	VI

Results – Factors of quality

Item number	Reliability and Mean Values	For Factor	If item deleted	Mean	Level
Factor 5: Communication		0.885		5.90	
21	The shared services unit keeps business units informed of the progress of requests initiated.		0.868	6.17	C
22	The shared services unit provides communication channels to receive feedback on their performance from the business units.		0.865	6.22	C
23	The shared services unit frequently provides the business unit with shared services performance reports .		0.863	5.73	VI
24	The shared services unit ensures that a menu of their services and products are communicated to the business units.		0.845	5.95	VI
25	The shared services unit utilises the most efficient technology for service delivery.		0.884	5.80	VI
26	The shared services unit communicates general information through a newsletter, intranet or other publication.		0.866	5.53	VI

Results – Factors of quality

Item number	Reliability and Mean Values	For Factor	If item deleted	Mean	Level
Factor 6: Shared services products		0.824		5.85	
27	The shared services unit promotes “self service” products to their clients.		0,858	5.50	VI
28	The shared services unit provides services that add value to the business unit.		0.778	6.23	C
29	The shared services unit provides training to the business unit employees in the use of the services offered.		0.763	5.82	VI
30	The business unit is notified when these are changes to the menu of services offered.		0.736	5.87	VI

Results – Key organisational requirements

Reliability and Mean Values		For factor	If item deleted	mean	level
KOR 1: Leadership		0.745		5.94	
	A vision for the shared services unit.		0.508	6.00	C
	A mission statement for the shared services unit.		0.695	5.60	VI
	A documented shared services quality policy .		0.805	6.00	C
	A shared services quality strategy .		0.637	5.90	VI
	Documented shared services quality objectives .		0.744	6.20	C

Results – Key organisational requirements

Reliability and Mean Values		For factor	If item deleted	mean	level
KOR 2: Management commitment		0.854		5.73	
	A shared service charter indicating how the service quality requirements of the business unit will be determined.		0.855	4.80	N
	Clear definition of the responsibilities and authorities of the role players of quality in the shared services unit.		0.805	6.20	C
	Ensuring shared services employees are trained in the procedures that are applicable to their jobs.		0.827	6.60	C
	Management review of the shared services quality system at planned intervals to ensure its suitability and effectiveness		0.798	6.20	C
	Having the quality system certified for compliance by an official registered certifying body		0.860	4.20	N
	The performance of the employees of the shared services unit must be frequently assessed.		0.830	6.00	C

Results – Key organisational requirements

	Reliability and Mean Values	For factor	If item deleted	mean	level
	KOR 3: Shared services employee support	0.706		6.06	
	The employees of the shared services unit to be empowered to make the necessary decisions to meet business units's requests without unnecessary delays.		0.688	6.40	C
	The employees of the shared services unit to create and maintain good relationships with the employees of business units.		0.670	6.60	C
	The employees of the shared services unit must support the implementation of quality initiatives in the shared services unit.		0.667	6.30	C
	There must be adequate incentives to motivate shared services employees to provide excellent customer service (e.g. performance bonuses, time off, etc).		0.705	6.00	C
	The shared services help desk/call centre agents to be adequately skilled in conducting electronic transactions .		0.613	6.00	C
	The shared services help desk/call centre agents to be regularly tested for telephone skills.		0.665	5.80	VI
	The shared services help desk/call centre agents to be skilled in business writing.		0.696	5.30	I

Results – Key organisational requirements

	Reliability and Mean Values	For factor	If item deleted	mean	level
	KOR 4: Customer Focus	0.890		5.78	
	The implementation of quality assurance (i.e. providing assurance to the business units that their quality requirements will be met).		0.894	6.00	C
	The use of service level agreements for service delivery.		0.890	6.00	C
	The provision of additional costs for services not included in the service level agreement.		0.910	5.20	I
	The use of a service centre/help desk to assist employees who have problems with shared services.		0.900	5.20	I
	Regular measurement of shared services performance (e.g. customer satisfaction surveys, focus groups).		0.881	6.00	C
	The shared services unit to ensure that shared services rendered are more beneficial to the business unit than the same services rendered by external providers.		0.882	6.30	C

Results – Key organisational requirements

Reliability and Mean Values		For factor	If item deleted	mean	level
KOR 5: Quality care		0.926		5.72	
	Frequent quality audits to identify non-conformances and continual improvement opportunities.		0.936	6.20	C
	Implementing action to correct identified non-conformances.		0.918	6.20	C
	Improving service delivery performance by means of incremental continuous improvements.		0.893	6.00	C
	Improving service delivery performance by means of big step drastic improvements (breakthrough improvements).		0.916	5.30	I
	Improving service reliability by using statistical techniques to reduce process variability (e.g. Six sigma techniques).		0.894	5.10	I
	Improving service delivery by using benchmarking techniques.	?	0.908	5.30	I

Results – Key organisational requirements

Reliability and Mean Values		For factor	If item deleted	mean	level
KOR 6: Quality culture		0.798		5.83	
	A shared services quality manual.		0.774	5.40	I
	The identification of shared services quality performance metrics .		0.786	6.00	C
	Implementing preventative measures to prevent the recurrence of non-conformances.		0.773	6.30	C
	The employees of the shared services unit to be highly service driven .		0.779	6.70	C
	Continual improvement by using customer feedback.		0.750	6.00	C
	The shared services unit to have a price for each service rendered.		0.795	4.60	N
	Criteria for the evaluation of suppliers who provide services and/or products to the shared services unit.		0.701	5.50	VP

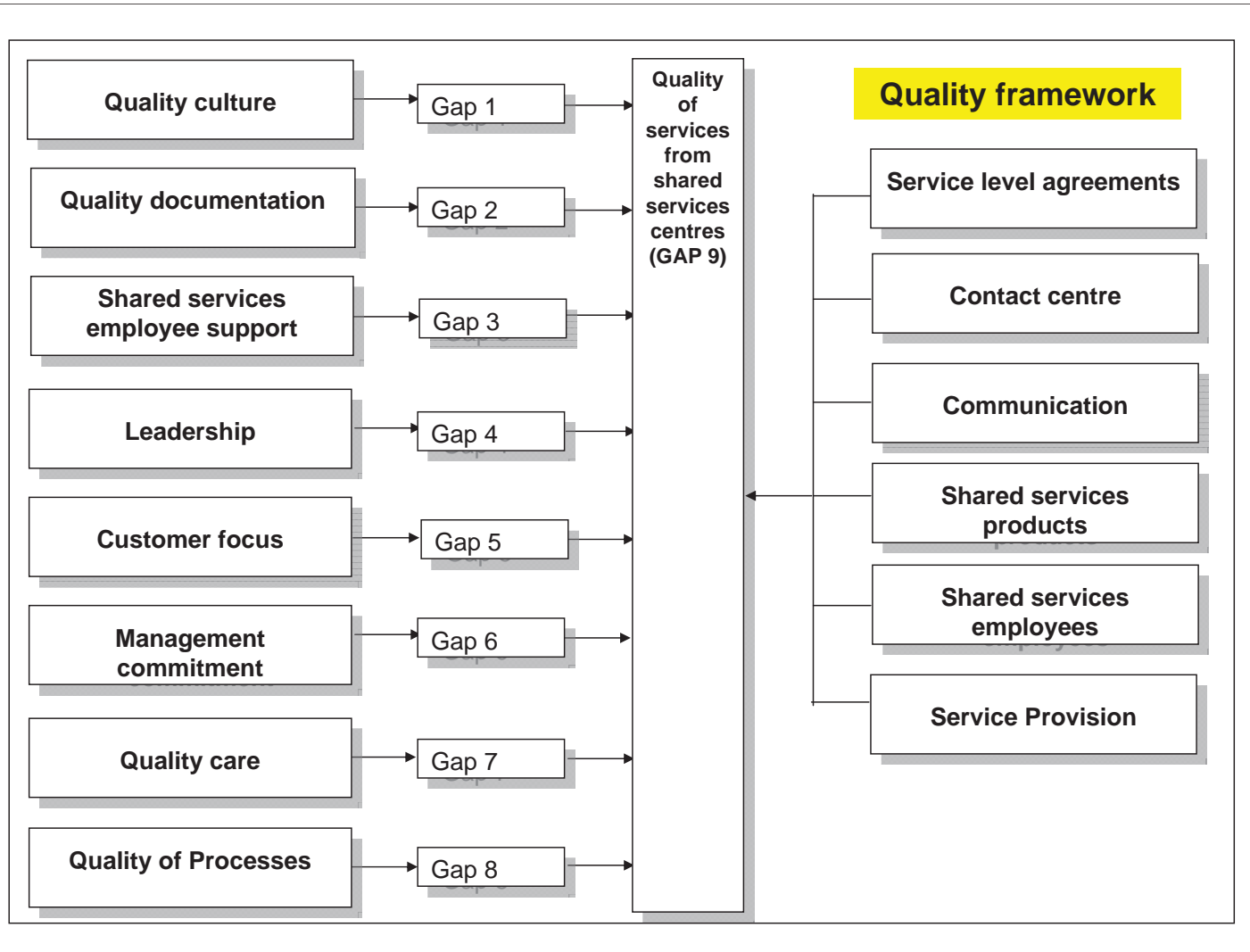
Results – Key organisational requirements

Reliability and Mean Values		For factor	If item deleted	mean	level
KOR 7: Documentation		0.851		6.16	
	A shared services procedures manual/standard operating procedures (SOP) of all work instructions.		0.825	6.30	C
	A shared services process manual of all shared services process maps.		0.847	6.50	C
	Provision of records to show evidence of conformance to procedures.		0.773	5.90	VI
	Information given to the business units must be accurate .		0.792	6.30	C
	A preferred supplier list for the shared services unit.		0.849	5.80	VI

Reliability and Mean Values		For factor	If item deleted	mean	level
KOR 8: Shared services processes		0.906		5.03	
	A dedicated quality centre for the implementation and maintenance of quality requirements. (e.g. a shared services quality department).		0.901	3.80	N
	The implementation of quality control (i.e. observing performance, comparing it with standards and taking action if different).		0.891	5.30	I
	The implementation of methodologies that are used to promote quick response processes . (e.g. lean, just-in-time, automation).		0.888	5.80	VI
	The implementation of good practices (e.g. good laboratory practices and good manufacturing practices).		0.898	5.90	VI
	The integration of practices that prevent any environmental damage (e.g. ISO 14000).		0.902	4.30	N
	The integration of practices to comply with occupational health and safety requirements.		0.909	5.10	I
	The implementation of statistical methods to measure and analyse process performance (e.g. process charts mean and range charts).		0.894	5.50	VI
	The use of statistical techniques (e.g. Pareto analyses, probability analyses, regression).		0.890	4.70	N
	The shared services unit to have a dedicated department for development (e.g. for the development and design of processes and self-service products).		0.891	4.90	N

Quality Factors	Cronbach	Mean	Rank
Service level agreements	0.929	6.08	1
Contact centre	0.764	6.00	2
Communication	0.885	5.90	3
Shared services products	0.824	5.85	4
Shared services employees	0.890	5.82	5
Service provision	0.852	5.76	6

Key organisation requirements	Cronbach	Mean	Rank
Quality culture	0.798	6.83	1
Quality documentation	0.851	6.16	2
Shared services employee support	0.706	6.06	3
Leadership	0.745	5.94	4
Customer focus	0.890	5.78	5
Management commitment	0.854	5.73	6
Quality care	0.926	5.72	7
Quality processes	0.906	5.03	8



Gap 1: Quality

Pair		Mean (current)	Mean (Importance)	Difference
1	Service provision	3.64	5.80	2.16
2	Shared services employees	3.84	5.79	1.95
3	Contact centre	4.28	6.03	1.75
4	Service level agreements	4.37	6.17	1.80
5	Communication	3.84	5.93	2.09
6	Shared services products	3.99	5.86	1.87

Gap 2: BM & SSM valuations

		Mean (business mgr) n=60	Mean (SS Mgr) n=10	Diff	Rank BM	Rank SSM
1	Service provision	5.76	6.08	0.32	6	4
2	Shared services employees	5.80	6.26	0.46	5	2
3	Contact centre	6.00	5.76	- 0.24	2	6
4	Service level agreements	6.08	6.36	0.28	1	1
5	Communication	5.90	6.00	0.10	3	5
6	Shared services products	5.85	6.20	0.35	4	3

Difficulties

- No International respondents.
- Protected by a circle of practitioners and academics are not readily accepted into this circle.

ORIGINAL CONTRIBUTION TO BODY OF KNOWLEDGE

The traditional quality factors for service delivery are tangibles, reliability, responsiveness, assurance and empathy. The quality factors for shared services environments are different ; service provision, shared services employees, service centres, service level agreements, communication and shared services. The quality framework constructed is the first one for quality in shared services environments. This makes the output of this study a new contribution to the body of knowledge.

Value of research

Shared services and quality practitioners

Quality institutions such as the AQS, SAQI, SASQ,SAEF

Quality professionals and consultants.

Organisation of International Standards (ISO)

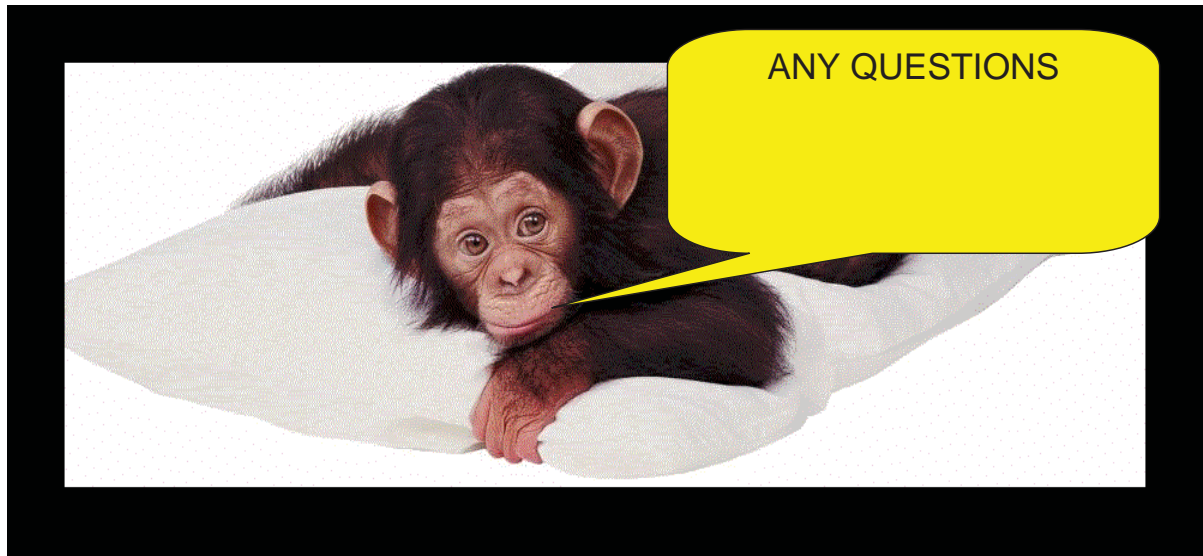
Future research

- Investigate validity with a bigger sample
- Investigate the poor performance of SA SS.

SERVICES



SERVICES



Thank you for your attention