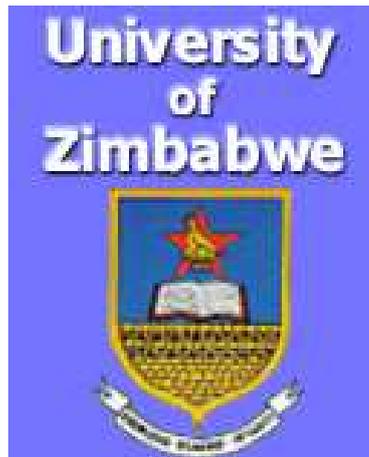


**An assessment of the effectiveness of IT Shared services In  
RioTinto – A case of Murowa Diamonds**

**By  
Dout Jolani**

**A dissertation submitted in partial fulfilment of the requirements of the  
Degree of Master of Business Administration**

**August 2010**



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**Supervisor Mr S Gumbe**

## Declaration

I, **DOUT JOLANI** do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of this report, and that it has not been submitted in part or full for any other degree to any other university.

Signed .....Date .....

Student

Signed .....Date .....

Supervisor

## **Dedications**

This dissertation is dedicated to my lovely wife, **Fadzai** and our boys, **Nelson Tinotenda** and **Nigel Kudakwashe** who had to bear with being deprived of quality time with their husband and father for the duration of this study. My wife stood by me encouraging me all the way

I also dedicate this research to my Mother. She understood the work I had in my hands and never complained

## ACKNOWLEDGMENTS

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I wish to give special thanks to my former boss and head of Sales and Services department at Murowa Diamonds Mrs Ellah Muchemwa. She facilitated progress at a critical hour of study.

I wish to thank all the respondents of my questionnaire at Murowa Diamonds for their cooperation without forget Shephard Mphambela for his advise.

I wish to thank my wife for labouring with me during the hard times all in pursuit of bringing closure to this study.

I lastly thank all those who assisted me directly and indirectly in caring this study , all those whom I have not mentioned herein. I say please keep up the good work

I will give back glory to the almighty who eventually made this work possible when at times things appeared impossible.

## ABSTRACT

This study sets out to investigate the effectiveness of Information Systems Shared services in RioTinto PLC with focus on a case of Murowa Diamonds.

The study aims to establish benefits that Murowa Diamonds users of computer systems enjoyed due the establishment of the shared service as well as establish any problems that were a direct result of the implementation of the service.

Relevant literature on Shared services was extensively reviewed in order to identify gaps in the body of knowledge thereby establishing justification of this study.

Data was collected , analysed and results presented and interpreted. Questionnaires were used for data collection and these were administered electronically.

While Shared services arrangement are designed to deliver cost savings and efficiency, it was established that in the case of Murowa Diamonds, IS&T Shared services arrangement had not produced the desired results so far. More work needs to be done to improve service as well as meet customer expectations and confidence.

Recommendations were made which among other things included revisiting the Service level agreement to come up with achievable deliverables which are acceptable to the users. Restructuring of the service arrangement was also recommended to make better use of local IS&T staff.

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## **LIST OF ABBREVIATIONS**

BU Business Unit

IS&T Information Systems and technology

IT Information Technology

SSC Shared service center

MoU Memorandum of Understanding

SLA Service level Agreement

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## **CHAPTER ONE**

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### **1.1 INTRODUCTION**

Shared services is a business model where a company is created to offer same services to business units which are a member of a group of companies. This company is known as the Shared Services Centre. The company is not allowed to offer its services to any company outside the group.

A number of companies have adopted shared services for a number of reasons. The proponents of shared services concur that the arrangement when successfully implemented can lead to lower costs and higher efficiency. Shared services allow a company to concentrate on its core business while sub-contracting non-core activities. (king,1996). Subcontracting can be in the form of Shares services or outsourcing

### **1.2 BACKGROUND**

Murowa Diamonds is a subsidiary of RioTinto PLC. The core business of the company is mining diamonds in Zvishavane. RioTinto has long embraced the concept of Shared services and various names have been used to refer to this strategy within the group. Shared services and centre of expertise are common acronyms. RioTinto started implementation in Australia in the early 1990s. To date various services are now under shared services in Australia. To

enhance centralisation as well as to leave business unit to concentrate on their core business which is mineral extraction, RioTinto has outsourced some services which include messaging centre, data centre and email and networking.

When Murowa started its operations on commercial basis in Zimbabwe in 2005, it became a requirement that its operations align to RioTinto Operations. Murowa was invited to join Shared services and requested to contribute staff to the centre that was formed in South Africa. The business unit was however, not obliged to join immediately but had to consider its options based on satisfactory business case. Business units had an option to opt out of the arrangement. Using shared services strategy, RioTinto has managed to set up the following centres of services in South Africa to serve Africa;

- Procurement
- Information technology support
- Human Resources

Procurement was the first service to be transferred to Shared services followed by Information technology and then Human Resources. IT Shares services is fully functional.

Murowa Diamonds eventually joined IT Shared services in March 2009. The implementation of shared services has not been a big bang approach rather did it entail wholesome transfer for all affected service and staff. Each department had a number of staff members remaining in the country at Murowa Diamonds and of Significant is the IT services where only one person was moved to the shared services center.

### **1.3 PROBLEM STATEMENT**

Murowa Diamonds joined the RioTinto IT Shared services with the desire to achieve better service delivery and reduce costs of running the IT department. The other reason sighted was

the need to have cheap access to specialised skills. The reduction in costs would be achieved partly through reduction of headcount as only few low level IT staff will be based in Zimbabwe while the highly skilled staff will be based at Shared Services Center.

The problem that Murowa is experiencing is that the costs of IT Services have gone up significantly. The costs as shown in the table below can be extrapolated to reach US\$1million in four years. This is a huge cost by all standards.

The headcount for IT staff has gone up from 3 to 5 including a resource seconded to the shared services centre in South Africa.

**Table 1.3 IS&T Shared Service Costs and IT Head Count**

IT Shared Services Costs	US\$
Monthly Shared cost	29,000
Total cost from March 2009 to March 2010	348,000
IT Staff Head Count	
IT staff complement before Shared Services	3

IT staff complement After Shared Services	5
---	---

The purpose of this study is to ascertain the effectiveness of IT shared services for Murowa Diamonds. The study will help explain the deviation from anticipated results.

#### **1.4 Research Objectives**

The purpose of this study is to achieve the following objectives;

1. To investigate the extent to which Shared services have been rolled out in Murowa Diamonds for IT services.
2. To evaluate the benefits derived from participation in shared services.
3. To analyse the problems that can be faced by implementing shared services.
4. To establish critical success factors for shared service organisations

#### **1.5 Research proposition**

Use of IT shared services has led to a more efficient delivery service as well as helped bring down IT costs.

#### **1.6 Justification**

There are three major justifications for this study;

1. This study will help build knowledge on shared services.
2. This study is being done in partial fulfilment of my MBA studies
3. This study will help Murowa Diamonds and industries in a similar setup identify and resolve issues critical to the successful implementation of shared services

## **1.7 Scope of research**

The scope of this research is confined to IT services for Murowa Diamonds. Information will nevertheless be gathered from both Murowa Diamonds and RioTinto Shared Services Centre (SSC) which is based in South Africa.

## **1.8 Research Outline**

This dissertation has five chapters. **Chapter one** provides the justification of the study and gives the background of the case under study. In this case RioTinto IS&T shared services delivery to Murowa Diamonds is the subject of study .

**Chapter two** covers various literature concerning shared services. Advantages and disadvantages of running shared services will be explored. Findings by different authors and researchers will be discussed.

**Chapter three** details the methodology that was followed in conducting the study. The design of the study data collection and analysis techniques employed and their justifications are explained.

**Chapter four** presents the results of the study using various presentation methods.

**Chapter five** provides the recommendations based on the study and the conclusion.

## **1.9 Conclusions**

Share services as a form of centralisation is a strategy that any business unit will certainly consider implementing when companies within a group increase in number. You can either centralise or decentralise. As Webber (1975) noted, "Centralisation is not like a disease you either have or do not have." Alan L Part (1981). By the same token where a strategic decision is taken to centralise through shared services, a review of the strategy internally or externally is automatic especially where unanticipated results are obtained hence the effort of the researcher in conducting this study.

## **CHAPTER TWO:**

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### **LITERATURE REVIEW**

#### **2.0 Introduction:**

This chapter seeks to review various literature focusing on the theoretical and empirically information on the concept of shared services. The literature will be an important component in assessing the findings of this study. Contributions of other researchers will be reviewed and summarised. Arguments and discussions by authors and scholars will be summarised at the end of each section.

#### **2.1 Definitions of Shared services**

The decision to use a Shared Service Center (SSC) is a decision whether to centralize or decentralize activities and systems. Managers have been confronted with this kinds of decision ever since the computer was introduced ( King 1983).

Shared services is a concept that blossomed in the late 1980s when companies like GE and Digital Equipment Corporation led efforts to standardize systems and business processes and to drive cost reduction. Shared services continued to expand and evolve through the 1980s and 1990s, incorporating good business practices such as Six Sigma, service level. Recently, shared services have widely spread in government and private sectors as an alternative to outsourcing (Janssen and Joha, 2006; Leavell, 2006; Rolia *et al.*, 2006; Williams, 2006).

There is no clear information on who was the first to use the term Shared service. Some claim Jim Bryant was the first to use the term when carrying out a project for Baxter Healthcare in the late 1980s (Ulbrich 2003). Others state that Bob Gunn of A.T. Kearney was the first to use it when doing a best practice study. (Quinn et al.,2000).

It is generally agreed that shared services was first implemented in the United States of America.

### **Definitions**

Shared service is the standardization and consolidation of common functions across multiple organizations to reduce operational cost and to increase information and knowledge sharing. The cross-organizational dimension of shared services makes up distinctive characteristics in contrast to other business processes (Davenport *et al.*, 2004; Ulbrich, 2003).

Table 1 below lists some of the definitions of shared services as stated by different authors.

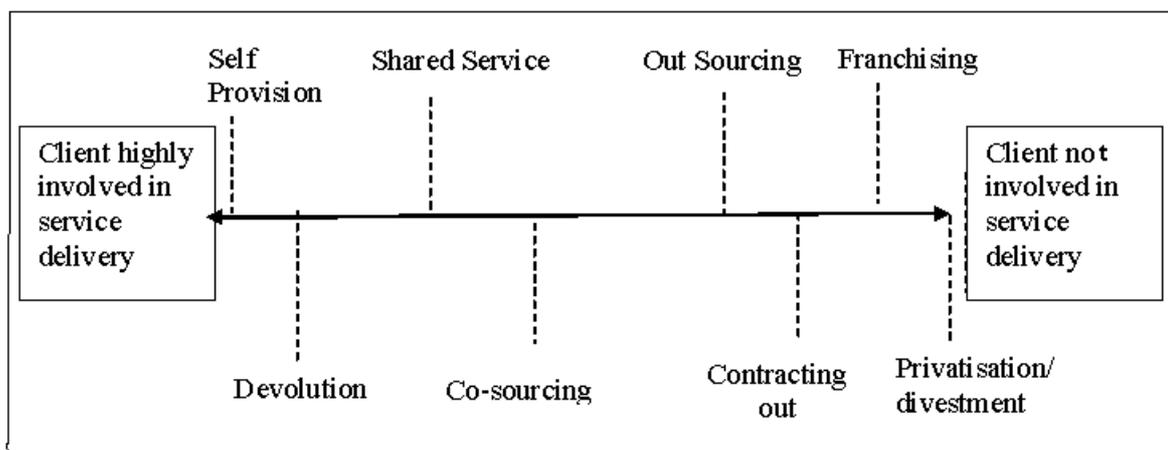
**Table 2.1 Definitions of Shared Services**

Schulmann <i>et al.</i> 1999, p.9	The concentration of company resources performing like activities, typically spread across the organization, in order to service multiple internal partners at lower cost and with higher service levels, with the common goal of delighting external customers and enhancing corporate value.
-----------------------------------	--

Quinn et. al., 2000, p. 11	...refers to the practice of business units, operating companies and organizations deciding to share a common set of services rather than have a series of duplicate staff functions.
Kagelmann, 2001, p.49	An organizational approach to provide internal services for more organizational units within an organization through the collective usage of resources.
Bergeron, 2003, p. 3	...a collaborative strategy in which a subset of existing business functions are concentrated into a new, semiautonomous business unit that has a management structure designed to promote efficiency, value generation, cost savings, and improved service for the internal customers of the parent corporation, like a business competing in the open market.
Janssen/Joha, p. 102	A SSC is a separate and accountable semi-autonomous unit within an (inter)organizational entity, used to bundle activities and provide specific pre-defined services, to the operational units within that (inter)organizational entity, on the basis of agreed conditions.”
Janssen and Wagenaar (2004)	Shared services can be developed by unbundling and centralizing activities into bundled into independent legal entities, called shared service centres. They are usually geographically separated from the service requester through the application of information and communication technology. A shared service is a generic service that is jointly developed by an organization and can be used many times in different business processes of various parts of the organization

Another way to understand the concept of shared service is to look at the level of client involvement in service provision.

**Figure 2.1 Involvement of Client in Service Delivery**



Source: Adopted from Facility Management a purchasing perspective By: Wouter la Rivière

In *self provision*, the organization performs the activity in-house. This ensures maximal control over the activity, but also maximizes the amount of risk for the organization.

In *Devolution* the control over in-house sourcing is transferred from the higher management levels to lower management levels.

In *Shared service*, service is outsourced to an member of a group

*Co-sourcing* is a combination of in-house and outside sourcing (Bates, 1997).

*Outsourcing* means obtaining goods or services from an outside supplier. One result of outsourcing is that the locus of work shifts, and associated jobs migrate, outside the company (Napa, 2006).

*Contracting out* means assigning a job to someone outside one's own business. Organizations are invited to submit bids for contracts to provide particular services to the client (Domberger and Jensen, 1997).

A *franchise* agreement is a business established or operated under an authorization to sell or distribute a company's goods or services in a particular area (Rubin, 1978).

*Privatization* means changing something from state to private ownership or control (Domberger and Jensen, 1997). *Divestment* is the private equivalent of privatization, transferring ownership from one company to another.

## **2.2.0 Benefits of Shared services**

One of the major strategic drivers for implementing shared services is cost savings. This is achieved through business process reengineering (Davenport *et al.*, 2004; Davenport and Short, 1990). There are however other benefits while most lead directly lead to cost reduction. The advantages can be group into 3 major categories; Cost advantages, Service advantages and strategic advantages.

### **2.2.1 Cost Reduction**

Cost reduction is by no means the highest motivation for going shared services. Shared services can result in cost reduction after the creation of centres of excellence. Various studies (Werthmann/Rixen, p. 63, Hermes, p. 20) indicate that costs, on average, can be reduced by 20-30% when a process is transferred into a SSC. Cost savings are mainly due to access to skills, economies of scale and scope and standardization and optimization.

### **2.2.1.1 Labour and Overhead Costs**

Costs can be reduced through reduction of fixed and variable costs (Embleton and Wsrith, 1998). Overhead costs are greatly reduced as fewer or smaller offices are used instead of each business unit having its offices for staff in a certain department. Skilled employees are identified and work from one location providing services to all companies in the group. Access to these internal skills can increase productivity as well as reduce costs (Downey, 1995; Akomonde *et al.*, Embleton and Wright 1998). Fewer employees are required at SSC. Each BU may require an IT manager before shared services but only one manager may be necessary at SSC.

### **2.2.1.2 Economies of scale**

Shared services can lead to great cost reductions due the concept of economies of scale. (Dees Lumpkin 2003). Costs can be spread over a number of units produced. Economies of scale and the experience curve allow a company to become a low cost producer without having an abundance of a certain class of production factors according to (Ball *et al* 2004). Bundling support activities in a single location allow fixed costs to be spread over a larger number of units and decreases average costs. The marginal costs of handling one more invoice is close to zero (Varian/Shapiro Chp 2). In procurement it is easy to get huge discounts if procurement is being done for a large order. The buyer can exercise a lot of power over the supplier if s/he can place a significant order. A supplier can be forced to reduce the price of a product by the threat of loss of an order as explained in Porters Five Forces( Porter 1998). Firms are also able to exploit core competencies across international markets allowing resource and knowledge sharing between units across country borders.(Bresman *et al* 1999). Honda's prospect of survival as an independent engine manufacturer were bolstered by forging an alliance with GM so as to achieve critical masses to benefit from economies of scale (Thornton *et al* 1999).

### **2.2.1.3 Standardisation:**

By standardising across borders and or similar production facilities , thereby coordinating critical resource functions, firms are likely to achieve more optimal economies of scale, (Hoag 1999) .Ensuring that people work off the same process and standard software applications, the company will more easily realise cost reduction that come through critical mass. Just as important, standardisation lead to improved polices, smoother process, and information harmonisation. According to (Donald A. Ball *et al* 2004:669) there are many other benefits to be derived from Standardisation. Some of these are ;

- Simpler and less Costly when Standardised; There is less work required to come up with a new solution or procedure for carrying out an activity. In the IT environment there can be one method that can be used across the whole group for setting up main servers. This then means that a generalist rather than an expert can be used to carry out a sophisticated task by following a procedure cutting down on expensive expert time or consultancy.
- Logistics of supply; Greater profits can be made by organising companies' production facilities as one logistical supply system.
- Control: Quality control; With similar standards, quality becomes easy to control across a group.
- Production and Maintenance Control; A single standard lessens the task of maintenance. A process to carry out maintenance on a systems can be repeated across the group easily.
- Planning; There is a reduction in planning phase for system role out as design engineers simply copy drawings; Vendors will be requested to supply equipment they have supplied before.

#### **2.2.1.4 Automation,**

Technology is the single most important tool for effective and efficient Shared services. The existence and improvement of internet services have brought down the cost global communication to nearly zero( Harris )

#### **2.2.1.5 Consolidation.**

Shared serviced provides an opportunity to consolidate. Instead of having many people, places and centres performing the same function or process, Shared services adopt a centrally managed service model which results in lower costs. Consolidation reduces administration problems as facilities and people are located in one area. A firm can increase its market power by exploiting cost –based revenue based synergies( L Capron, 1999)

#### **2.2.2 Services Delivery Advantages**

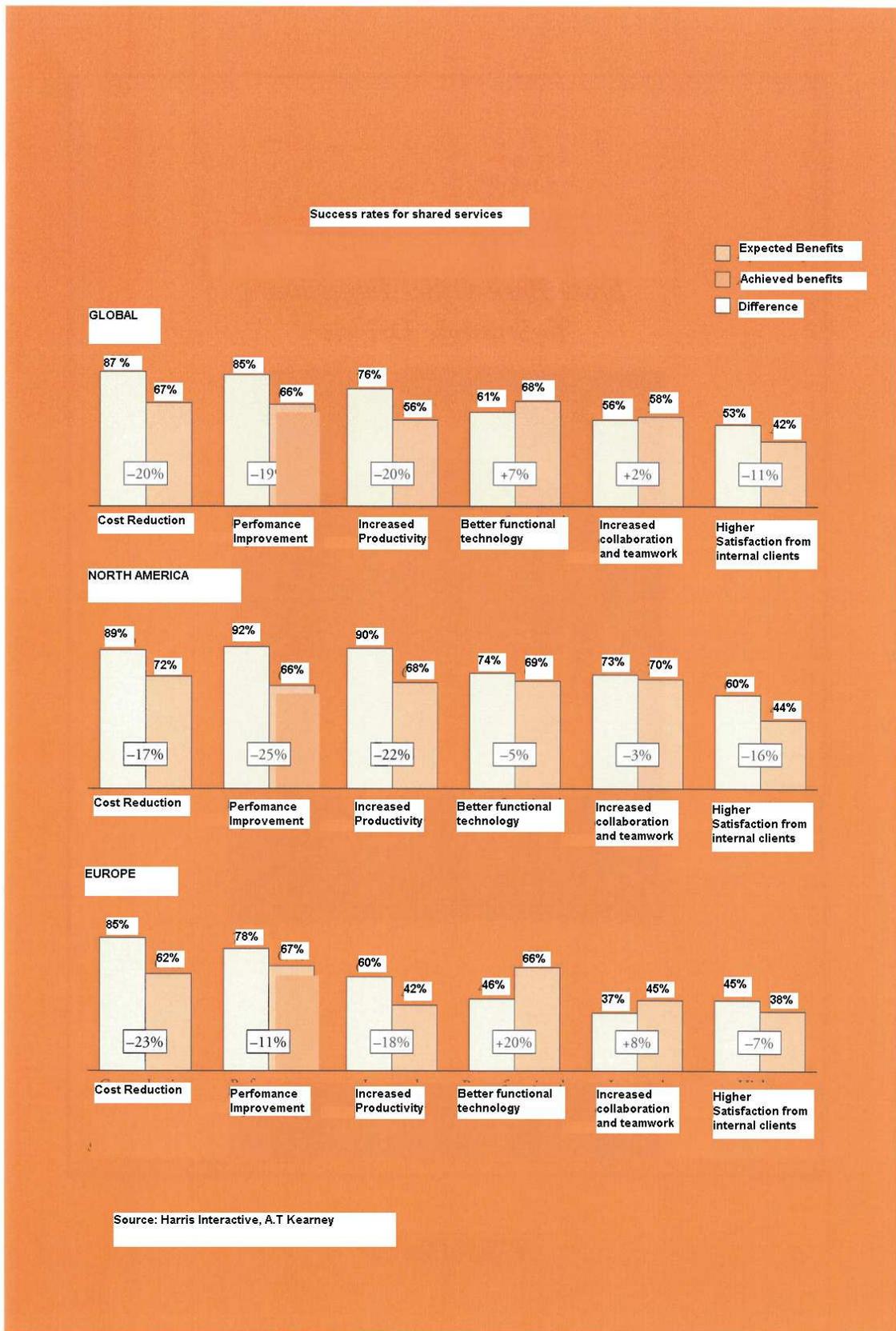
Services advantages are experienced through the availability of more expertise at the shared services center. Services is also improved because the arrangement gives support workers a better chance to specialize and grow within their own professional environments, Mechling (2006), .

In a shared service setup, a service level agreement is entered between service provider and the business unit. Penalties for not meeting targets and a dispute resolution process are usually also included in the SLA (Colman, p. 39 ). This normally guarantees good services.

Delays caused by third party hold up can be eliminated by making use on shared services. These “Hold up” are a result of an out sourced company trying to renegotiate a bigger charge by claiming its cost are higher than anticipated. The hold up concept is described by Victor Goldberg.

The except below gives research findings by *A. T Kearney* into the results of implementing a shared services organization.

**Figure 2.2.2 Success rates for shared Services;**  
**source Harris Interactive, A,T, Kearney**



## **2.3 Risk that cause disadvantages of shared services**

There are nevertheless, disadvantages or risks associated with operating a shared services arrangement.

### **2.3.1 Financial Risks**

Shared services may eventually lead to higher cost linked to establishing and maintaining the contract, costs needed to support the relationship and imbedded profit margins in back charges levied to the sourcing company (Embleton and Wright,1998; Akomonde *et al.*, 1998)

### **2.3.2 Restructuring risk**

Shared services require significant transformation of business processes. Cost saving through business process reengineering is the strategic opportunity of shared services (Davenport *et al.*, 2004; Davenport and Short, 1990). According to a JPMorgan/McKinsey study<sup>20</sup>, 60% of the cost reduction potential from shared services comes from process reengineering (approximately 20% come from geographic savings and scale benefits respectively). If process reengineering is not done properly then costs may not come down but may actually go up. Many organizations have discovered that it requires considerable efforts to make shared services suitable for their specific situations (Baron *et al.*, 2005; Park and Kim, 2005; Rison, 2005). Research has indicated that successful implementation of shared services requires new organizational structures (Gulati and Singh, 1998; Kakabadse and Kakabadse, 2000). Failure to come up with a good structure as well as failure to reengineer process properly may cause failure of a shared services.

Another factor linked to failed restructuring is that shared services are often implemented as outsourcing yet there is a difference. For shared services, the shared service provider is formed and governed by the partner organizations (Gulati and Singh, 1998). For outsourcing, the relationship between the service provider and the outsourced organization is usually defined by a bilateral contract.

### **2.3.3 Service delivery Risk**

Some may contend that implementing Shared services is aimed at cost reduction, but cost reduction and enhances service are mutually exclusive. Therefore services will suffer. (David Circle Research August 2008). This risk exist and to avoid it a shared services centre must 'reuse' common tools, process and technologies in order to achieve the cost-savings that are required.

### **2.3.4 Employee Risk**

Rolling out shared services include modification to the job description. Even if many can be employed in the SSC or in another department, they know that their job will be altered significantly. This can affect their motivation.

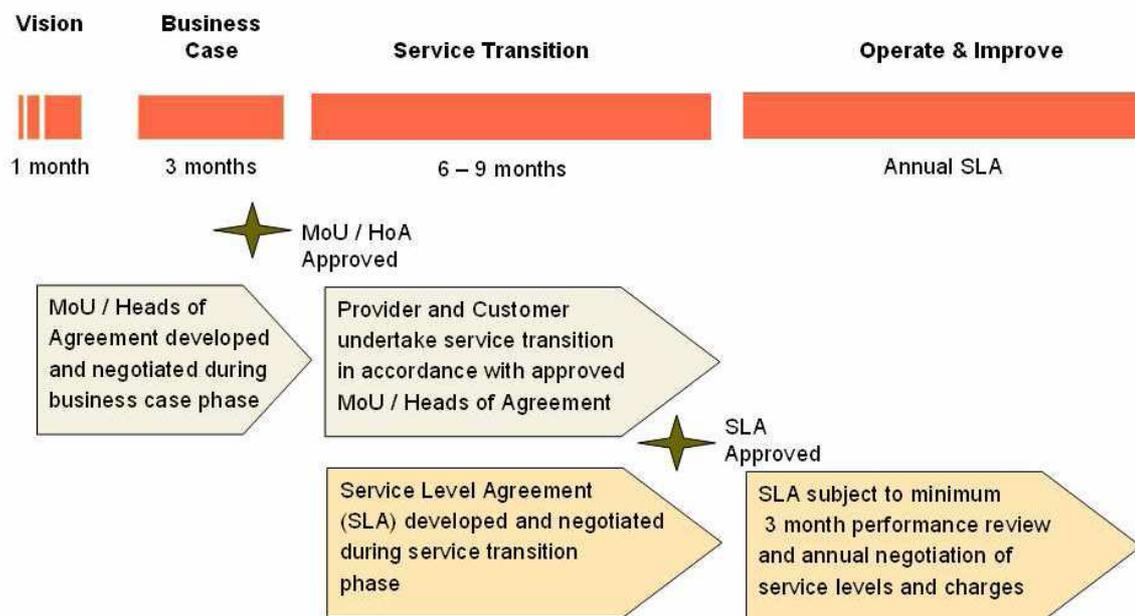
### **2.3.5 Disaster risk.**

Having all qualified personnel located in on geographical area may expose a SSC to a force majeure type natural disaster or an attack.

## **2.4 Setting up shared services**

Transition to Shared service take the form of development of a any other commercial agreement. The UK cabinet Office provided a detailed guidance document for Development of Shared Office for Customers and Providers in April 2008. The complete toolkit can be access from the following website; [http://www.cio.gov.uk/shared\\_services/toolkit/](http://www.cio.gov.uk/shared_services/toolkit/) . The general process is as depicted below.

**Figure 2.4 Shared Service Development**



Typically as vision is developed in about a month. The business case is developed next. Transition will take place after the business case is adopted and approved. An SLA will then manage the operation of the shared service.

The Memorandum of Understanding MoU or Heads of Agreement will setup the terms of reference. Typical topics to be included are detailed in the table below.

**Table 2.4 Contents of MoU**

Item	Description
Purpose	The reason for needing the MoU, for instance to set out the agreement between organisation x and organisation y with the specific intent of supporting

	<p>the migration phase of the shared services migration programme.</p>
Background	<p>The context within which the MoU fits.</p> <p>This may include the programmes key objectives, e.g. improving efficiency and effectiveness by migrating administrative functions to shared services, transforming the retained functions, implementing an ERP solution including employee and manager self service.</p>
Scope/provisions	<p>Set out the:</p> <ul style="list-style-type: none"> <li>• key principles for working together and the provision of the shared service;</li> <li>• key objectives and indicators of success; and</li> <li>• a high level description of the shared service.</li> </ul>
Out of Scope	<p>Clarify service components that are agreed as being out of scope of the shared service. For example this may</p>

	include parts of HR that are out of scope such as strategy and policy.
Terms of agreement	Include roles, responsibilities, accountabilities and obligations. For example they may include the customer's obligations to provide a team with the appropriate skills during the transition for testing etc and to cleanse legacy data before extract and migration.
Governance	Arrangements for resolving any disputes, e.g. escalation procedures, accountabilities, independent arbitration.
Dispute resolution	Set out the criteria and process for termination during the migration period.
Termination	Set out the criteria and process for termination during the migration period.
Status	Set out the status of the MoU. e.g. Arrangements between Government Departments do not have a legal status.

	This section could also provide details of any confidentiality requirements.
Supporting information	Glossary of terms, keys risks etc

A.T Kearney provides attributes of companies that successfully implemented shared services. These steps are;

1. Define scope and set realistic targets
2. Select the appropriate operation model..
3. Create an effective Governance structure.
4. Take your time. Full implementation of shared services takes on average two years depending on the size of the organisation.
5. Manage rising technology costs. Technology costs can easily escalate threatening the success of shared services.
6. Integrate offshore and outsourcing strategies
7. Choose your Management tools
8. Measure your performance
9. Focus on internal customers

## 2.5 Factors to consider and issues to avoid

There are **a number of factors** that can make or break a shared service arrangement and these will be discussed here.

A successful implementation of shared services is a result of paying attention to and concluding a successful process reengineering( Beynon-Davies, P., and Williams, M.D. Evaluating electronic local government in the UK. *Journal of Information Technology*, 18, 2 (2003), 137-149.) As articulated earlier, cost is the major driver for shared services. Cost

benefits can be realized through a successful business process reengineering (Davenport *et al.*, 2004; Davenport and Short, 1990). If this is not done properly then shared services may fail to deliver cost savings and hence fail.

The Service level agreement (SLA) establishes the terms of operations. A goods SLA will give achievable deliverables. The service level and response times expected are captured in a SLA. An important aspect of service delivery is the ability to measure the performance of the SLA. A detailed technique for measuring the performance of shared service can be adapted from a technique on multi-class product queuing network models and the mean value analysis algorithm by (Basket *et al.*, 1975; Reiser and Lavenberg, 1980). This is out of scope but the important aspect is the targets should be agreed by the two parties. Regarding SLAs, Bernard Williams Associates (1999) say:

*This contract commits the provider to the level of service described in a published document and may be accompanied by a cross-charge by the provider to the beneficiary of the service – the customer. A critical aspect of facilities economics is the identification of the appropriate service level requirement prior to formalizing any agreement. Many organizations moving towards a complete internal market regime stop short of SLAs, relying upon the service level commitment and relevant performance indicators to be established and managed by the provider. Customer satisfaction should also be monitored in a formal way, even though the customer may not be directly charged for the service.*

A SSC is a form of a facility. Management of a facility is therefore similar to management of SSC. Maas and Pleunis (2001) give the relation between *people*, *process* and *place* as central in SSC management. They explain the three principles as follows:

- *People* is about human resource and talent management, about developing and sharing knowledge, about culture and management style;
- *Process* involves the primary and secondary processes of the organization. These

processes are the value adding steps the organization performs;

- *Place* involves all aspects of housing. Deciding on the location of the building, the functional and technical flexibility, etc. Place involves also the facilities in the building and services delivered there.

When a shared services is formed skills or staff from different business units come together. There may be a cultural conflict that can lead to failure. This is acknowledged by (Weber, Roberto A. C.F. Camerer 2003.)

Meeting customer expectation and how they will assess success can contribute to failure in shared services just as they affect outsourcing. Irreconcilable expectations regarding performance, costs or profits on either party to the contract can lead to failure (Corbett MF and Associates, 2001j)

Other factors highlighted by (Corbett MF and Associates Limited,2001k) are;-

- Failing to project long term relationship changes;
- Use of Standardised multi year Contract;
- Not Planning for possible relationship termination, and ;
- Treating the contractor as an outsider

Harris Interactive in the ATKearney reports other causes of failure as;

- Credibility and trust of shared services
- Controlling costs
- Reluctance to change among employees
- Getting commitment from top levels
- Accurate measurement of shared services

Reluctance to change is a typical problem associated with change management . It is a big stumbling block affecting successful attainment of goals.

Kortler *et al.* (Bedeian 1984:468-70) provides the following summary of the most common reasons for resistance to change:

- *Parochial self-interest:* It may be assumed that almost every member of an organization will act in a way that will be conducive to the achievement of his or her goals. When suggestions for change do not correspond with individual's personal goal achievement, it is likely that there will be resistance.
- *Lack of insight and trust:* People are inclined to show resistance when they do not understand the intended purpose, mechanics and consequences of a particular change. This usually happens when there is a lack of trust between the parties involved in the initiation and acceptance of change. An important point is that people do not resist change as such, but rather the uncertainty accompanying change.
- *Difference in value:* Resistance to change often comes when members of an organisation differ in their assessment of the costs and benefits which would result from a suggested change. Such differences are often the result of insufficient information about a proposed change
- *Low tolerance for change:* Bedeian(1984:469) says that different people have different capacities for absorbing change. Many people perceive the unknown consequences of change as psychological threat to their feeling of competence and their self-esteem. Such people are usually scared that they will not be able to master the new behaviour and skills they may be expected to acquire.

## **2.6 The future of Shared services**

Harris gives the following forecast regarding shared services;

- Centralisation will define the future of Shared services
- Only Senior management will most likely remain at head Offices
- Technology will drive opportunities e.g. the need to use Enterprise Resource Planning Systems
- Outsourcing will become a functional necessity
- Companies will become preferred providers
- The scope of opportunity will expand
- The Role of Strategic functional consultant will emerge

### **2.7.1 Shared services case studies.**

#### **A success Story**

##### **Tabcorp bets on shared services with**

*Tabcorp is Australia's premier gambling and entertainment company operating a diverse collection of wagering, gaming, gambling, hospitality and media businesses. Listed on the Australian Stock Exchange in 1994, Tabcorp now employs some 11,000 people and serves millions of customers every day through its leading customer brands including the Star City and Jupiters casinos, TAB, Tabaret, Keno and TAB Sportsbet. Tabcorp offers a first-class entertainment experience for its customers, great opportunities for employees and value for its shareholders. The company is also well recognized throughout Australia for its contribution to local communities.*

#### **Problem**

Over the last decade, Tabcorp has grown significantly through acquisitions to total revenues of around A\$4 billion. As a result of these acquisitions, Tabcorp had inherited a wide range of disparate finance, human resources (HR) and procurement processes and systems. For

example, by 2004 there were six general ledger systems in use. This duplication had created complexity and inefficiencies across the Tabcorp organisation.

Tabcorp's initial response to this situation in 2005 was to implement a comprehensive, integrated ERP solution to support HR, Procurement, and Finance activities. The project was successfully completed on time and on budget. It also succeeded in reducing the complexity of the systems environment. However Tabcorp did not gain the efficiencies it had hoped for. This led to a benchmarking study and review of processes.

### **Solution**

Three key reasons were identified for the remaining inefficiencies: the organisational structure had not been changed, process differences had been retained, and processes had not been reengineered.

Tabcorp's management concluded the efficiency challenges would best be addressed by a shared services model. In 2006 Tabcorp commenced work with IBM Global Business Services to develop the business case, then design and implement Finance, HR and Procurement shared services based in Melbourne to support all business units. The implementation of Tabcorp's shared services centre was successfully completed in October 2007. Tabcorp will now embark on a second phase of exploiting the shared services model by driving further consolidation, standardisation, and process efficiency. This will occur over the next two years.

### **Benefits**

The company has reduced its operating costs by 15% and is delivering general

improvements in the quality of its core business processing just six months after the implementation. The savings were achieved through:

- Increased productivity of staff through the creation of pure roles, drawing on Staff experience and specialization more effectively.
- Standardisation and consolidation of core processes through selective re-Engineering of business functions. For example, the HR team reduced the number of Tabcorp's internal forms from 145 to 72 and web-enabled them.

While these cost savings alone are compelling, Russell Flack, Group General Manager, Tabcorp Business Services, believes the value to be created in the longer term is even greater. "We see benefits emerging in three key areas: firstly, the reduction of operational and financial risk followed by a second round of efficiencies through the process of continuous improvement. Thirdly, by freeing up their time, the shared services model has enabled our business-facing finance and HR team members to engage more with the business and focus on true decision support and other higher value activities." he said.

Tabcorp's Chief Financial Officer Matt Bekier said; "The successful implementation of shared services is a key element of our strategy. Not only has it created the opportunity for ongoing savings, but we also believe this will enable Tabcorp to integrate any future acquisitions more smoothly in the years to come."

Ian Ball, Managing Partner, IBM Global Business Services Australia and New Zealand, said, "IBM is delighted to have supported Tabcorp on its path to a shared services model. Our research continues to show that companies can gain substantial benefits from business model innovation and Tabcorp's success is proof of this."

## **2.7.2 A case of failure**

Case Studies of Success and Failure in Massachusetts

*A Pioneer Institute White Paper* No. 43 October 2008

### **MetroWest Emergency 911 Dispatch**

#### ***Cost Savings Stopped by Bureaucratic Obstacles***

In 1993, municipalities across Massachusetts prepared for a planned 911 emergency response system upgrade. The changes would, among other things, require cities and towns to replace outdated equipment and put their systems on the same radio frequencies. The upgrade provided the impetus for addressing issues that were sorely in need of attention. In the Boston suburb of Natick, for example, some fire dispatch radio equipment was as much as 32 years old. Since the upgrade would require communities to invest in costly new equipment just as the Commonwealth was emerging from a deep recession, 13 towns west of Boston got together to explore the possibility of achieving savings by investing in a single regional 911 call answering and dispatch system.

Not only did each town have its own dispatch system, most had a separate public safety answering point (PSAP) for police and fire. That meant two sets of personnel, operating and equipment costs. Even though the combination of police and fire calls was not enough to keep a single dispatcher in most towns busy for 20 minutes out of every hour in most towns, emergency lines had to be manned 24 hours a day, seven days a week. Many of those answering the calls were uniformed personnel, which cut down on the number of police and fire fighters that could be deployed to their primary functions.

Armed with a \$55,000 grant from the state Executive Office of Community Development, the 13 communities hired a consultant to consider the possibility of joining together to form a single regional network to provide 911 emergency dispatch services. To perform the study, the municipalities hired Bernie Ebstein Associates, who had worked on the same issue in other parts of the country. Time was of the essence. Ebstein's report came out in late spring of 1993 and 911 upgrade plans had to be filed with the Commonwealth by July 1.

**The Ebstein report described four viable options:**

1. Centralized call answering and dispatch of all emergency services for the 13 communities. All Incoming 911 calls for the region would be answered by dedicated call takers. They would enter pertinent information into the facility's computer-aided dispatch (CAD) system and route incident information to the appropriate radio dispatcher.
2. Consolidated 911 call answering and fire/ EMS dispatch; individual police dispatch. All call answering would be consolidated into a single PSAP. Fire/EMS dispatch would be consolidated, but police services would be dispatched from the 13 individual police facilities.

The table below shows a projected cost

**Table 2.7.2 summary of the alternatives in 1993 dollars:**

Option	Capital Cost	Operating Cost	5-Year Total	10-Year Total
1: Centralized answering/dispatch	\$2,199,122	\$2,024,764	\$12,576,038	\$23,256,668
2: Centralize police only	\$3,018,259	\$3,396,160	\$20,423,579	\$38,338,323
3: Three regional centers	\$1,850,838	\$2,529,186	\$14,812,916	\$28,154,372
4: Maintain 13 systems	\$2,755,192	\$3,065,683	\$18,466,817	\$34,638,295

- 3 Consolidation of regional 911 emergency services in three centers. Regional call answering and dispatch services would be provided from three independent PSAPs in the region, two of which would be located in existing facilities in Framingham and Marlborough.
- 4 Maintain 13 independent PSAPs. Some communities would combine police and EMS/ fire into a single function.

Over a decade, centralized 911 emergency services would have saved the 13 communities nearly \$5 million over the next most efficient option (three regional centers), and more than \$11 million over maintaining 13 separate operations. Other advantages of regionalization were that the plan would use specialized, highly trained dispatch personnel (the numbers didn't count benefits associated with freeing up uniformed personnel to conduct police and fire business) and a new state-of-the-art CAD system that would serve all the communities.

Like many of the proposed changes, regionalization would require modification of radio systems. A back-up system would have to be developed in case the system went down.

Finally, the use of leased operating lines would reduce reliability and control over the system, but regionalization also created an incentive to upgrade radio systems for better inter-agency coordination.

The regionalization plan was a grassroots effort developed collaboratively by officials from the 13 towns. Nonetheless, it still encountered stiff political resistance.

### ***Obstacles to Implementation***

Despite its many advantages, a number of classic obstacles doomed the original effort to regionalize MetroWest 911 emergency services. In other states, county government routinely administers regional efforts. But with the abolition of most of county government in Massachusetts, it was unclear who would ultimately be responsible for the consolidated operation.

Relinquishing local control also proved to be a problem. Many selectmen, police and fire chiefs were reluctant to hand over the operation of a system that is at the heart of local government. Citizens, who liked the idea of having people they know and who know their town in sensitive public safety positions, often shared that attitude.

Many fire chiefs were particularly reluctant to regionalize 911 emergency services. Police calls are far more frequent than fire calls. In Natick, which is representative of the other towns, dispatchers fielded calls for an average of 18.7 minutes out of every hour. Of that time, 15.7 minutes was typically taken up by police calls, even though emergency medical calls go to fire departments. Because fire calls were less frequent, required more specialized equipment and had more complex response plans, many fire chiefs were concerned that a regional system would result in mistakes and delays that added up to diminished service quality.

Over a decade, centralized 911 emergency services would have saved the 13 communities more than \$11 million over maintaining 13 separate operations.

There was also opposition from powerful police and fire unions. “It was hard enough just getting police and fire together,” said former Natick Deputy Town Administrator Mike Rourke. He also noted that “dispatch duty gave older police officers and firefighters or those with a non-job related injury a place to land.” Even though the plan would not have resulted in the loss of any police or fire jobs, the unions saw it as a take away. They wanted to engage in impact bargaining and be compensated for the loss.

Separate from the politics, privacy issues, the use of differing protocols and sometimes incompatible technology also proved to be obstacles to regionalization.

The obstacles to the single regional service slowly but inexorably ate away at support for the plan. One-by-one, towns dropped out. Finally, only Natick and Needham were left. From a political point of view, combined dispatch for two noncontiguous towns was hard to sell (though not an issue in terms of technology). Substantively, two communities didn’t provide economies of scale sufficient to merit the necessary capital investment, and the proposal was abandoned.

**Source** [www.pioneerinstitute.org](http://www.pioneerinstitute.org)

## **2.8 Conclusion to chapter Two**

Shared services is a business model which can work well if implemented properly. On the other hand failure can result from a number of causes top among them being people issue. In a successful implementation shared services can be a growth strategy and a big cost saving in some cases

## CHAPTER THREE

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### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter explores the methodology that was followed to assess the effectiveness of Shared Services strategy as employed by Murowa Diamonds. In this chapter this researcher will try to establish the relationship between the objectives of the research, the research questions, and research methods and the research philosophy which Proctor (1998) noted as important. Lancaster (2005) notes that management research is usually faced with an abundance of data which may overload a researcher. The researcher will explain the techniques used to systematically collect relevant data for the assessment of shared services without getting overloaded.

#### 3.1 Research philosophy

Easterby Smith et al (1997), notes three important reasons for research philosophy which are;

- (a) It helps researcher to refine and specify methods to be used in the study.
- (b) Knowledge of the research philosophy enables and assists the researcher to evaluate different methods and methodologies.
- (c) It helps the researcher to be creative and innovative in either selection or adaptation of methods that were previously outside his or her experiences (Easterby Smith *et al*, 1997).

There are a number of research philosophies that a researcher can use as

assumptions in trying to understand the world and how it is perceived. Some of the

hotly debated philosophies are relativism, subjectivism, hermeneutics, deconstructivism, constructivism, feminism. These will not be used given the hot debates going on around them. **Positivism and Post-Positivism** or **phenomenological** are the major schools of thought as also noted by Hughes (1997), that will be discussed.

### 3.1.1 Positivism

Positivism contends that the goal of knowledge is simply to describe the phenomena that we experience. The purpose of science is to stick to what we can observe and measure. Anything beyond this is impossible according to positivism. Positivism postulates that social sciences should endeavour to emulate the most advanced of the natural sciences (Hughes, 1997). According to Easterby Smith *et al* (1997), Bond (1993) and Hughes (1997) the implications of a positivist approach are that only research which is quantitative can be the basis for valid generalisations and the role of the researcher is independent of the subject under investigation.

A positivist believes the world can be understood using science. The world can be understood because it is deterministic, everything is operated by the law of cause and effect that we can understand using the right approach and tools. Smith (1998), notes that a positivistic approach assumes things can be studied as hard facts. A Positivism approach to research assumes a quantitative dimension.

### 3.1.2 Post-Positivism (phenomenological)

This is the rejection of the Positivistic view of the world. According to this philosophy the world cannot be correctly and completely understood using scientific measurements. A post-Positivist believes that because all measurement is fallible, emphasis is put on multiple

measures and observations, each of which may possess different types of error. As noted by Saunders, Lewis, and Thornhill, (1977), anti-positivists or phenomenologists argue that knowledge is unstructured and it cannot be categorised as true or false (Saunders *et al*, 1977). The Post-Positivist approach to research therefore assumes a qualitative dimension

**Table 3.1.2 Advantages and Disadvantages of Major research Philosophies.**

Source: Adapted from Saunders *et al* (1977:74).

<b>Description:</b>	<b>Positivism:</b>	<b>Phenomenology:</b>
<ul style="list-style-type: none"> <li>• <b>Advantages</b></li> </ul>	<ul style="list-style-type: none"> <li>• Economical collection of large amount of data</li> <li>• Clear theoretical focus for the research at the onset</li> <li>• Researcher has greater opportunity to retain control of research process</li> <li>• Data is easily comparable</li> </ul>	<ul style="list-style-type: none"> <li>• Assists understanding of how and why</li> <li>• Enables researcher to be alert to changes which occur during the research process</li> <li>• Good at understanding social processes</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Disadvantages</b></li> </ul>	<ul style="list-style-type: none"> <li>• Inflexible as direction cannot be changed once data has been collection.</li> <li>• Weak at understanding social processes</li> <li>• Meanings attached to social phenomena often</li> </ul>	<ul style="list-style-type: none"> <li>• Data collection can be time consuming</li> <li>• Data analysis is complex</li> <li>• Uncertain as clear patterns may not emerge</li> </ul>

	not discovered	
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While it is not easy for a research to be entirely positivistic or Post-positivistic, this research adopted a positivism approach with some elements of Post-Positivism

### 3.3 Research Design

Research design is the first of generally five stages involved in the development and completion of a survey as stated by Ronald Czaja , Johnny Blair (2005) These are;

- 1) Survey design and preliminary planning
- 2) Pretesting
- 3) Final survey design and planning
- 4) Data collection
- 5) Data coding, data-file construction, analysis, and final report

Research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project -- the samples or groups, measures, treatments or programs, and methods of assignment -- work together to try to address the central research questions

(Crotty, 1998 ) provides the main guiding questions in a research design process as;

- (a) What methods do we propose to use?
- (b) What methodology governs our choice and use of methods?
- (c) What theoretical perspective lies behind the methodology in question?
- (d) What epistemology informs this theoretical perspective?

There are basically four design techniques that can be employed in a research. These are, **survey, experiments, observation and secondary data analysis.**

**Experiments** are used to prove a causation. (Boyd *et al* 2001) defines experimentation as the research process in which one or more variables are manipulated under conditions which permit the collection of data which show effects, if any, of such variable in an unconfused fashion. Experimentation was not applicable due the practicality issues.

**Observation** according to (William J Goode and Paul K. Hatt 1952) may take many forms and is at once the most primitive and the most modern of research techniques. It includes the most casual uncontrolled experience as well as the most exact film records of laboratory experimentation. Observation may either be simple (uncontrolled, participant and nonparticipant) or systematic (controls over the observer and the observed). While all scientific study depends ultimately upon the observer (Goode *et al* 1952), observation was not used as the sole technique in this research because of practicality, some elements of the technique were used though to gather initial information.

**Secondary data analysis** makes use of already existing sources of data. It refers typically to the reanalysis of quantitative data rather than text. It often involves combining information from multiple databases to examine research questions. This technique was not used because of practicality. Gathering several databases on Shared Services was not possible because the researcher neither had access to the source of secondary data no the tools to analyse the information making *validity* a problem.

Wong(1999) defines **survey research** methods as a systematic gathering of primary data through the use of structured questionnaires and communication in a reasonably large number of highly representative sample of respondents. This approach was used because analysis of data is made easy by use of a structured questionnaire. There are however, advantages and disadvantages associated with use of this approach.

Bush and Burns(1998) give the following advantages ;

Advantages;

- Standardisation- same questions are asked in same order with similar response options.
- Administrative- questions are easily read out or self administered
- Taps the “Unseen”- it is possible to ask questions about motives, circumstances, sequence of events and mental deliberations.
- Tabulation /Analysis- computers can be used to easily process tallies and other statistics
- Subgroup Difference- Respondents can be group into segments or subgroups for comparison.

Disadvantages as given by Babbie (1986) are

- Standardisation- questions are designed to be appropriate to all when in reality people are different.
- Inflexibility – the survey requires a static environment so as to apply a static design
- Artificiality- Survey cannot measure social action; they can only collect self reports of recalled past action or hypothetical action.

### **3.3.1 Case Study**

A survey was deemed the most appropriate technique to be used on the chosen case and was used in the research.

Yin (1994) defines a case study as an empirical enquiry, which investigates a contemporary phenomenon within its real life context, especially when the boundaries between the phenomenon and the context are not evident. Zikmund (1997) states that a case study approach enables the researcher to carefully study the order of events as they occur or concentrate on identifying the relationships among functions, individuals, or entities. Cooper and Schindler( 2003) explain that a case study provides valuable insight for problem solving due to its emphasis on detail. Robson (2002:178) defines a case study as “ a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence. A case study survey was carried out on a selected case. According to Saunders, Lewis and Thornhill (2003), a case study enriches the understanding of the context of research and the processing being enacted.

### **Disadvantages of Case study**

According to Sekaran(1992), the main disadvantages of a case study are;

- Time consuming
- Expensive
- They demand far sightedness and flexibility in planning
- There is a risk of losing subjects due to migration
- There is a problem of retaining the interest of subjects for a prolonged period of time
- There is a problem of change arising from industrial and technological advances

The essential methodological feature of a case study is that it provides in-depth, detailed analysis. D.J Casley and D.A. Lury (1986). A case study was undertaken to assess the effectiveness of RioTinto IS&T shared services in the case of Murowa Diamonds.

### **3.4 Research Approach**

#### **3.4.1 Quantitative approach**

In a quantitative research information is collected and converted into numbers for analysis. Qualitative information is also collected but later converted into numbers so that mathematical and statistical analysis can be applied. Use of numbers make the research more accurate. The use of numbers make analysis easy as well. According to Burns (1997), the use of a purely quantitative approach denigrates human individuality and ability to think and hence a fusion with qualitative approach was recommended and was hence used.

#### **3.4.2 Qualitative approach**

Qualitative research is one that typically uses open ended questions. The object is to understand in depth the subjects. Approaches can take the form of in-depth interviews and focus groups. Unlike in qualitative approach, the findings are not statistically projectable to the population under study.

#### **3.4.3 Triangulation**

This refers to the combination of two or more data collection methods and/or data sources into one design. In this research this approach was adopted were quantitative and qualitative approaches where combined. This is depicted in the nature of questions that were asked in the questionnaire.

Semi structured questionnaires were sent to respondents using email. Follow ups where done using telephone calls. Use of email was done to achieve the quickest means to reach the respondents and have them complete the survey at their own time.

### **3.5 Research Purpose**

#### **3.5.1 Exploratory Research**

This research is undertaken to study a problem that is badly understood or defined (Boyd *et al*, 1981). It seeks to assist the researcher understand the problem as well as seeks to discover

new relationships while a conclusive research is designed to help executives choose among various courses of action. Secondary data, surveys of knowledgeable persons, focus groups as well as case study can be used to collect data. This type of research leads to a qualitative study of an unstructured problem but in our case the problem was well understood.

### **3.5.2 Descriptive research**

Ghauri *et al* (1995) describes a descriptive research as one designed to describe something for example characteristics of users of a given product. The problem is structured and well understood. This research is quantitative in nature and conclusive. This design was well suited to the problem under study and was used for this research.

### **3.6 The Population**

(Cabrera, 2001:2) defines a population as any group of individuals that have one or more characteristics in common that are of interest to the researcher. Bryman (1988) defines a population as collection of all individuals whom the research is interested in obtaining information and making inferences on. In this survey the population was taken to represent all staff members or Murowa Diamonds who use computers for their daily work.

### **3.7 Sampling**

A sample is part of a population that is generally chosen so that it reflects characteristics of the population such that using careful analysis one can learn about the wider population (Lancaster 2005). Ronald Czaja and Johnny Blair (2005) define sampling as the selection of elements, following prescribed rules, from a defined population. These elements are usually the subjects of the study. A sample is further defined as a smaller representation of a larger whole (William J Goode and Paul K. Hatt 1952).

Sampling is done for two major reasons; to make generalised inferences about the population under study and the other reason is that it is more efficient and less expensive than a census which attempts to include or ask questions about every element or member in the population. In addition to the two advantages, D . J Casley include a third reason being the adaptability: many topics particularly those involving detailed transaction of individuals or households, cannot conceivably be covered by a census. A sample is the only mode of enquiry available.

### **3.8 Sampling Techniques.**

There are a number of sampling techniques that can be used to complete a sample design. Two broad methods of sampling are **Random** and **Non Random**. A Random sample is one in which the probability of each case being selected from the population is known and is usually equal for all cases (Saunders *et al*, 1997). On the other hand non random (non probability) sampling is such that the probability of each case being selected from the population is unknown and cannot answer questions that require statistical inferences.

#### **3.8.1 Non Probability (Non Random) Sampling**

This is defined by Wegner (1993) as any sampling method in which the observations are not selected randomly, below are some of the non-random sampling examples

##### **Quota sampling**

In quota sampling the population is segmented into mutually exclusive sub-groups, just as stratified sampling. A quota of observation is collected from each segment ( Wegner 1995). Using this technique the selection of a sample is non-random. Certain elements have to be in the quota with a minimum number of elements. This could not be guaranteed and hence was not practical. Its main disadvantage is the unrepresentative nature of the sample drawn with respect to the population from which it is drawn. According to (Schiffmanan and Kanuk 2000), the number of respondents is prescribed and this could not be guaranteed either.

### **Judgmental sampling**

Judgmental sampling is one where the researcher chooses elements to enable him/ her answer questions and satisfy his /her objective( Henry 1990). No scientific argument is involved according to (Cooper and Schindler, 1998). This makes the technique one of the easiest to conduct and hence was used in the research. According to Keogh(1999) the amount of error depends of the expertise of the person making the selection. The technique is suitable for small samples as in the case study research (Neuman, 2000).

### **Convenience Sampling**

Those cases that are easiest to obtain are selected for a sample,(Saunders *et al*, 1997). Convenience to the research determines which samples are drawn and these are not representative of the population (Leedy, 1992). This technique was not used.

### **3.8.2 Random (Probability) Sampling**

This technique was also considered. This is based on mathematical chance where each element has an equal and independent chance of being selected (Saunders *et al* 2003). There are four techniques that can be employed here and these are, simple, systematic, stratified and cluster random sampling. Bias identification is made easy according to Wegner(1995) but the method is expensive to develop.

#### **Simple Random Sampling**

This method ensure that each element in the population has an equal chance of being selected. This is used in a situation where the population is assumed to be homogeneous.

#### **Systematic Sampling**

Using this approach, items are select using a uniform interval that is measured in time, order or space. An initial point is selected and then subsequent elements after every  $n$ th number (Zikmud, 1997). Randomness is sacrificed as each element does not have equal chance of being select and hence differs from simple random.

#### **Stratified Sampling**

In this method a sub-sample is drawn using a simple random within each stratum. Wegner (1993) states that stratified sampling divides the population into segments or strata. The population has to have homogeneity. This method was used to select a sample. The population was divided into two, users of computers and local IT staff who represented service providers.

### **Cluster Sampling**

Zikmud(1997) states that the purpose of cluster sampling is to sample economically while retaining the characteristics of a probability sample. The population is divided into clusters with are similar in profile to every other cluster. Clusters are randomly selected for sampling. This technique was not used

### **3.9 Sample Size**

When carrying out a survey, a researcher usually tries to set a sample size that minimises making two types of errors when drawing conclusions about data:

- (a) to conclude that variables are related when they are not called Type I error .
- (b) to conclude the opposite, that two variables are unrelated when, in fact they are related (called Type II error).

Resolving these issues and determining sample size is a complex problem that is discussed in detail by Cohen(1988), Fleiss (1981), and Moser and Kalton(1972).

As explained above the correct determination of sample size is a complex issue. A small sample like one having less than 30 elements is defines as too small to give accurate results of characteristics of a population (Pierre, 2000). On the other hand too big a sample will distort data. Because the population was not big a fairly big sample about 95 % of the population was chosen in the course of this study.

### **3.7 Data Collection methods**

#### **3.7.1 Data Classification**

Data can be classified according to its numerical nature that is either quantitative or qualitative or by its source either as primary or secondary. The broad categories will be briefly described.

##### **Quantitative versus Qualitative**

Quantitative data is one which is presented in numbers whereas qualitative data is not. Qualitative data can come in the form of Photographs, videos, sound recordings and so on. The type of data collected defines the type of research used. In this research a quantitative approach was used in conjunction with qualitative approach. Mays and Pope (1995), observe that qualitative research is merely an assembly of anecdote and personal impressions, strongly subject to the researcher's bias and lacks reproducibility.

#### **3.7.2 Primary Versus Secondary data**

Data can be further classified by its proximity to the source or whether it is original or derived by classifying it as Primary or Secondary. Saunder *et al.*(2003) recognises this major classification. Denscombe(1998) defines primary data as data, which is captured at the point. Primary data is more relevant to the problem under study and offer greater control of accuracy to the researcher(Jacob, 1994). Primary data is generated during the research whereas secondary data is one which already exists. Primary data was collected for this research as the respondents were assumed to have more knowledge about the area under study. Questionnaires were used to collect primary data.

Literature journals and other credible publications are sources of secondary data. Secondary data is one that already exist.(Patzner 1996) and is collected by others for purposes other than the problem under study. It is less costly to use secondary data as compared to primary data due to the effort required to gather it.

The *Dictionary of Statistical terms* defines a questionnaire as a 'group or sequence of questions designed to elicit information upon a subject, or sequence of subjects, from an informant' Kendal, M G., and buckland,W. R., *A Dictionary of Statistical terms* ,Oliver & Boyd Edinburgh,1960. As Vogt (1993) notes, a questionnaire is a commonly used instrument for data collection which comprises of a number of written questions designed to collect information from respondents.

Mann (1992) and Knvali *et al*, (1989) state that a good questionnaire is one that exhibits;

(a) Simplicity: It is simple to understand. It does not have abbreviations or unfamiliar complex language.

(b) Brevity and specificity: It is brief and specific to encourage respondents to fill up.

(c) Lack of leading answers: It does not give implication to a desired answer(s).

(d) Not emotional: It does not express the emotion of the researcher or his opinion.

(e) Variability of Response: The instrument has a sufficiently wide variability of responses to facilitate statistically based analysis. This enables the instrument to accommodate all the possible answers.

(f) Lack of Ambiguity: The instrument is designed such that there is only one correct answer to be chosen by the respondent.

(g) Hypothesis Testing Support: The instrument incorporates a scale which facilitates the explicit testing of the research hypothesis.

The use of a questionnaire was supported by its applicability to the survey research design (Cooper and Schindler 2003) as well as the ability to administer it to a larger number of people (Fraenkel and Wallen, 1996).

Semi-structured questionnaires were used because they, according to Leedy (1992), provide an efficient way of collecting responses from a large sample prior to quantitative analysis because all respondents are asked to answer the same set of questions.

**Table 3.8 Some salient features of different data collection techniques. adapted from Ronald Czaja and Johnny Blair (2005)**

<b>Aspect of Survey</b>	<b>Mailed questions</b>	<b>Internet Surveys</b>	<b>Telephone Interviews</b>	<b>Face to face</b>
				(in home ) Interviews
<i>Administrative, Resources</i>				
Cost	Low	<b>Very Low</b>	Low/Medium	High
Length of Data collection	Long	<b>Very Short/Short</b>	<b>Short</b>	Medium/long
Period	10 weeks	<b>1-3 weeks</b>	<b>2-4 weeks</b>	2-12 weeks
Geographic distribution of sample	<b>May be wide</b>	<b>may be wide</b>	<b>may be wide</b>	Must be clustered
<i>Questionnaires issues</i>				
Length of Questionnaire	Short/Medium	Short	Medium/Long	<b>Long</b>
	4-12 pages	<15 minutes	15-35 minutes	<b>30-60 minutes</b>
Complexity of questions	Simple/Moderate	Simple/Moderate	Must be short and Simple	may be Complex
Control of question order	Poor	Poor/fair	<b>May be Complex</b>	<b>May be Complex</b>

use of open-ended questions	Poor	Fair/Good	Fair	<b>Good</b>
Use of visual aids	Good	<b>Very good</b>	Usually not possible	<b>Very good</b>
<b>Aspect of Survey</b>	<b>Mailed questions</b>	<b>Internet Surveys</b>	<b>Telephone Interviews</b>	<b>Face to face</b>
Use of Household/personal records	<b>Very Good</b>	<b>Very good</b>	Fair	Good
Rapport	Fair	Poor/fair	Good	<b>Very good</b>
Sensitive topics	<b>Good</b>	Poor/fair	Fair/Good	Fair(Good with A-CASI)
Nonthreatening questions	Good	Good	Good	Good
<i>Data-Quality Issues</i>				
Sampling Frame bias	Usually Low	Low/High	Low( with RDD)	Low
Response rate	Poor/Good	Poor/good	Fair/Good	<b>Good/very good</b>
response bias	medium/high (favours	medium/high	<b>Low</b>	<b>Low</b>

	(favours			
Knowledge about refusals	more educated people)	the educated)		
and non contacts	Fair	Fair	Poor	Fair
Control of response	Poor	Poor	Fair	<b>Good</b>
Quality of recorded response	Fair/good	Fair/good	<b>Very Good</b>	<b>Very Good</b>
<i>*Bold indicates that the method has advantage over one or all of the other methods in the specific survey component noted</i>				

Given the time constraint, the fastest and cheapest data collection method was used. While the Web is the fastest and cheapest, followed by mail and then telephone; face to face surveys are the most expensive. Email surveys were used extensively.

### **3.9. Data Analysis:**

In this research Microsoft Excel was used to analyse data. This is a simple but effective tool that is used in everyday computations.

### **3.8 Data Presentations**

According to Miles and Huberman (1994), data display defines an organised, compressed collection of information that allows users to draw conclusions and undertake actions. Charts and Bar graphs were used to display information gathered during the survey. The advantages of the display methods are ;

#### a) Pie Charts:

- They are very appealing to the mind.
- They show a clear sense of the whole.
- They are easy to use.

#### (b) Bar Graphs:

- They are very appealing to the mind.
- Can easily compare different data sources although not easily showing the whole source
- They are easy to understand.
- They are easy to use

### **3.9 Research limitations**

This research is constrained by the following issue;

- (a) Time; In the environment where time is limited for any research activity carried out, there is always room for improvement when time can be extended.
- (b) The research instrument was distributed to managers of private firms who were considered to possess the knowledge and expertise of the issues involved. However, in some firms especially those outsourcing e-commerce activities, these managers might not have the expertise and this compromises the accuracy of results of this research.

### **3.10 Conclusion**

Despite the limitations sited above, the research approach was designed to collect relevant data to give a fair analysis of the concept of shared services as implemented by Murowa Diamonds.

## CHAPTER FOUR

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### RESULTS AND DISCUSSIONS

#### 4.1 Introduction

In this chapter, data collected from the questionnaires was analysed, interpreted and related to the presented literature. The research findings are discussed in the context of the problem discussed in chapter 1.

#### 4.2 Response Rate

From the selected sample a 100 % response rate was achieved. 9 were delivered by mail and 12 by hand. A total of 21 questionnaires were delivered. Although Nachmias and Nachmias (1976) expect response from mailed questionnaires to be generally poor, an excellent response was achieved because of a number of factors

- 1) The researcher was a respected former employee hence it was easy to get cooperation.
- 2) For emailed questionnaires had an acknowledgement of the work affixed by the local head of IT hence it derived some authority
- 3) Although this was purely an academic exercise, the respondents believed the results would help improve highlighted areas given the interest expressed by the authorising authority.

##### 4.2.1 Middle and top management employees based at head office

A total of 9 questionnaires were delivered with 100 response

##### 4.2.2 management and technical and administration staff based at the mine

A total of 9 questionnaires were sent with 100 % response rate

4.2.3 IT Local IT staff who are paid locally but get work instructions from Shared Service centre

3 questionnaires were administered with a 100 % response

### **4.3 Summary of questions**

#### **For user questionnaire;**

Question 1 – Required answer on years of experiences

Questions 2-3 required acknowledge of knowledge of Shared Services as well whether it has increased the respondents' productivity

Question 5-13 evaluated the respondents' appreciation of any value derived by the implementation of shared services

Question 14 – required the respondents to express whether shared service or another model could have been used

Question 15- required a response on whether IT was supposed to be under shared services at all

Question 16- required suggestions on improving the current shared services

Question 17 required comments on any other issues pertaining to the topic under survey

#### **For IT Support questions.**

The questions were generally designed to assess level of job satisfaction of employee as a result of implementation of shared services.

Question 15- required a response on collaboration with other IS&T staff as a result of shared service

Question 16 – required acknowledgment on whether the arrangement helped increase skills

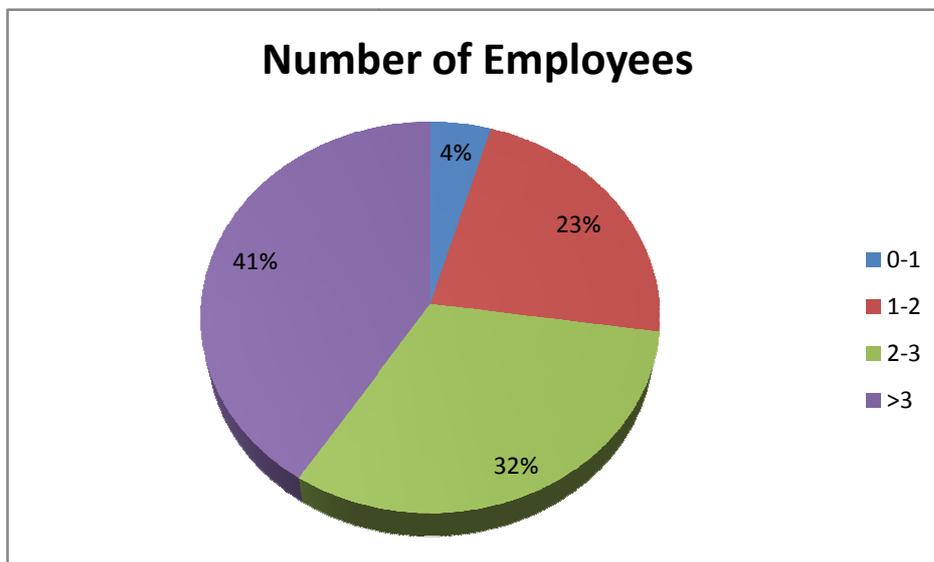
Question 17 – required a response on whether the arrangement has helped career development or prospects of promotion

Question 18 required response on whether the respondent would prefer working for shared services centre

#### 4.4 Critical Analysis or response

##### 4.4.1 Years of service

Figure 4.4.1 Years of Service



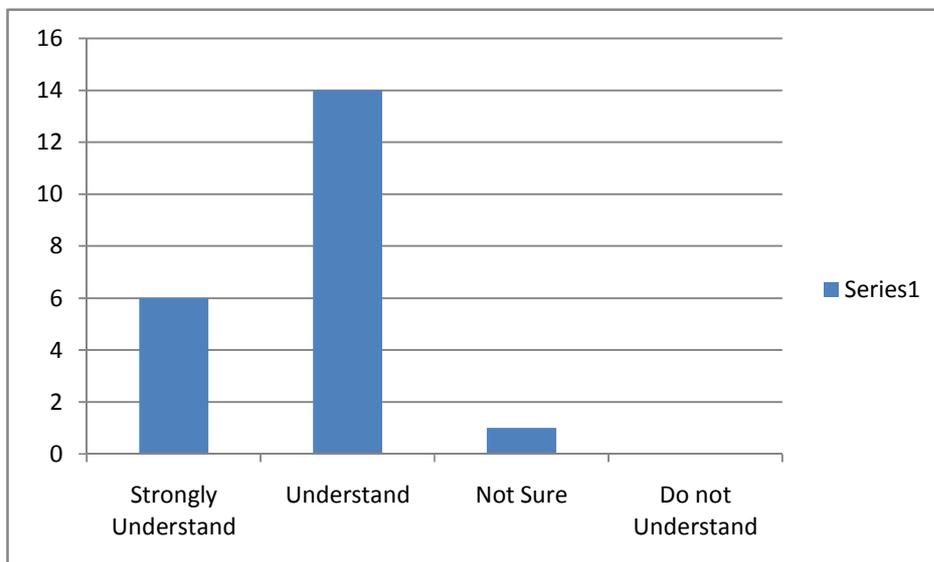
The results above show that 41 % of the respondents have stayed for over 3 years at Murowa Diamonds, 32 have stayed for between 2 and 3 years. 23 % have been in Murowa for between 1 and 2 years while 4 % which represent one respondent has not year completed a year. These results are significant in that they support the credibility of the survey. This is so because Shared Services started operating in March 2009. The majority of respondents hence experienced the service level offered by local IT staff before shared services and that offered by the local and shared service staff after the concept was signed off.

The relative number of employees who are over 2 years can be explained by a number of issues. During the period where the Zimbabwean dollar under hyper inflation Murowa was one of the

first foreign earning companies that applied and was granted permission to pay in US Dollars which is a stable and well sart currence. Murowa is also into Diamond production and has access to foreign currency. It makes it a stable company to work for. According to Spiege; online international, (2007) skilled professionals want more pay and Murowa can in the current environment offer a competitive salary. Money can also satisfy directly or inderectly some of the needs in the needs hierararchy by Maslow (1954). The need hierarchy theory is based on the assumption that workers are motivated to satisfy a number of needs some which can be achieved by directly or indirectly by money Leslie W. Rue, PhD and Llyod L. Byars, Management Theory and application (1983)

#### 4.4.2 Understanding the concept of Shared services

**Figure 4.4.2 Understanding the concept of Shared services**



All respondends except for one expressed understaning of the concept of Shared services as depicted in figure 4.4.2 above. The researcher was told that employees understand what a shared

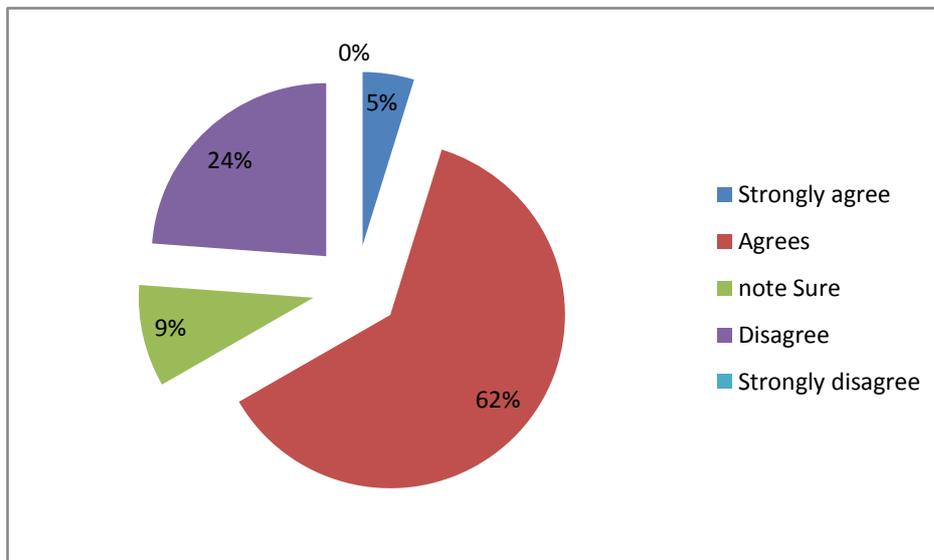
service and what it is supposed to do. This question was important in elucidating the quality of the responses to the questionnaire. According to D.J. Casley and D.A. Lury 1986, whatever the approach to get information from a respondent the following valuations must first be answered by the surveyor

- a) Will the respondent understand the question?
- b) Will the respondent know the answer
- c) Will the respondent reveal the correct answer

This general agreement given as response to this question gave the research confidence in the rest of the questions related to the subject. These responses were therefore a true reflection of what the survey was designed to achieve.

#### 4.4.3 Ability of Shared service to deliver Value

**Figure 4.4.3 Ability of Shared service to deliver Value**



There was no general consensus on whether shared services can deliver value although the majority 67% agreed that it can deliver value. It is therefore true that Shared service can in

general deliver value but it is not enough and correct that this is so in every case. This is correctly depicted by the significant number of respondents who disagreed. It is therefore important to analyse other issue that can determine whether shared service can deliver value or not.

According to (Baron *et al.*, 2005; Park and Kim, 2005; Rison, 2005), many organizations have discovered that it requires considerable efforts to make shared services suitable for their specific situations. This then means depending on situation on the ground, shared services can either deliver value or fail hence the lack of consensus. It all depends on the implementation. A successful implementation of shared services is a result of paying attention to and concluding a successful process reengineering( Beynon-Davies, P., and Williams, M.D. Evaluating electronic local government in the UK. *Journal of Information Technology*, 18, 2 (2003), 137-149.). In fact there are recorded cases of success and failures some of which can be found in Case Studies of Success and Failure in Massachusetts *A Pioneer Institute White Paper* No. 43 October 2008

#### 4.4.4 Has shared services contributed to increased productivity

IT Shared services is meant among other things to increase productivity by improving the availability of IT systems. The question wanted to find out how the shared services have generally caused an increase productivity.

**Table 4.4.4.1 Shared Service contribution to productivity**

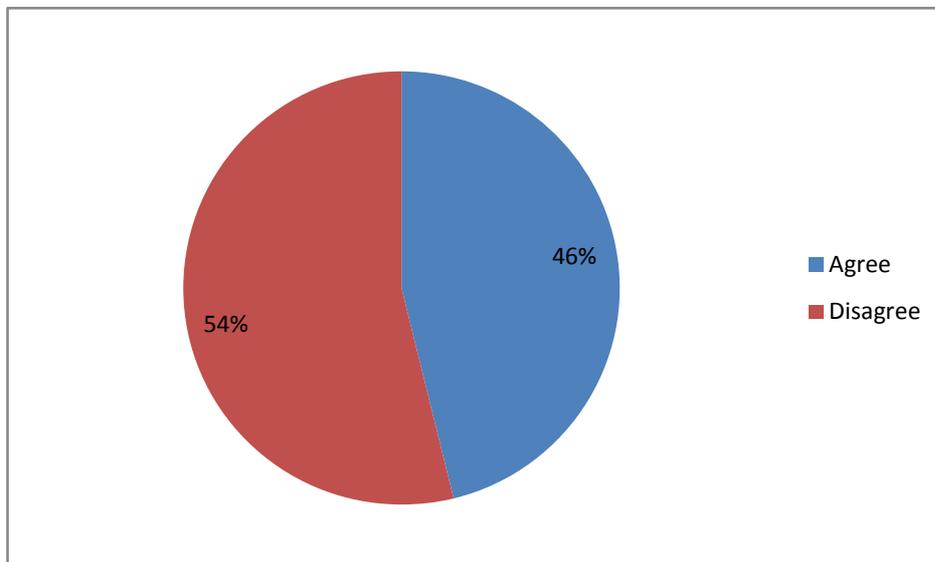
<b>Strongly agree</b>	<b>Agree</b>	<b>note Sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<b>0</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>2</b>

To further analyse the result in the table above, the table below gives a clearer picture by ignoring the undecided and summing those with similar view but different depth of convictions.

**Table 4.4.4.2 Shared Service contribution to productivity**

Agree	Disagree
6	7

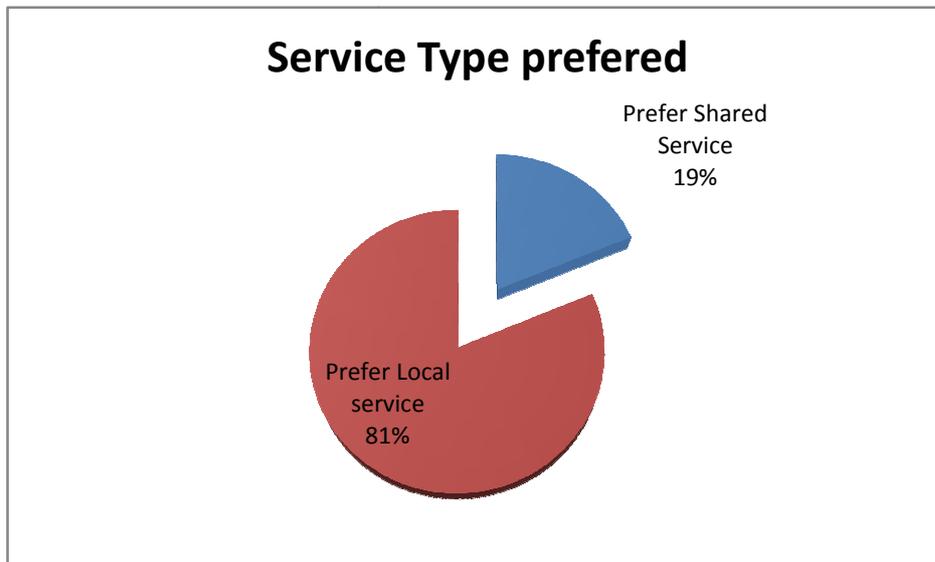
**Figure 4.4.4 Shared Service contribution to productivity**



The figure 4.4.4 above show that there is a slightly greater percentage of respondents who do not agree that Shared services has contributed to an increase in their productivity. IT is a service center and productivity of employees who rely on availability of service depend on the efficiency of IT support. The result mean that in the case under study shared service has not contributed to an increase in productivity. In fact Some may contend that implementing Shared services is aimed at cost reduction but cost reduction and enhanced service are mutually exclusive. Therefore services will suffer. (David Circle Research August 2008).

#### 4.4.5 Preference of Shared service to local support

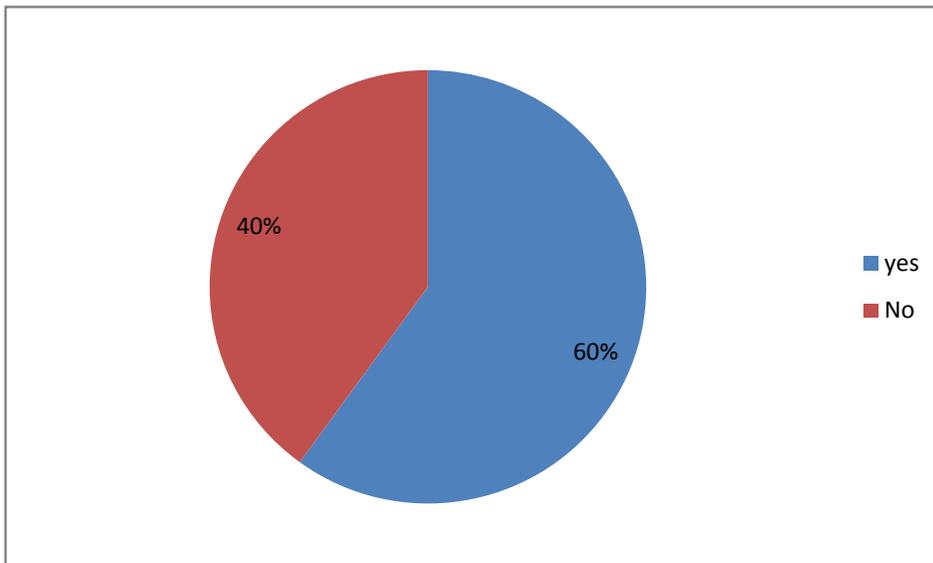
Figure 4.4.5 Preference of Shared service to local support



This question by no means reflects the sentiments of the majority of respondents to the present shared services arrangement. Of the 18 respondents, 13 preferred local service while only 3 preferred shared service. 2 were undecided. It presents the summary response to the major objective of the research, that is to determine whether shared service has been effective in delivering value to Murowa Diamonds. The general feeling is that respondents prefer that the service be offered by local IT staff. This assertion is pregnant through since previous questions and subsequent questions show that there are aspects of shared services which are admirable. These will be discussed below. One of the most important justifications for shared service is cost reduction. There is always a risk that while the service providers may get engrossed in taking measures to cut costs, failure to meet customer expectations and how success can be assessed can contribute to failure in shared services just as they affect outsourcing. Irreconcilable expectations regarding performance, costs or profits on either party to the contract can lead to failure (Corbett MF and Associates, 2001j)

#### 4.4.6 Existence of enough communication options with Shared Service Centre

Figure 4.4.6 Existence of enough communication options with Shared Service Centre



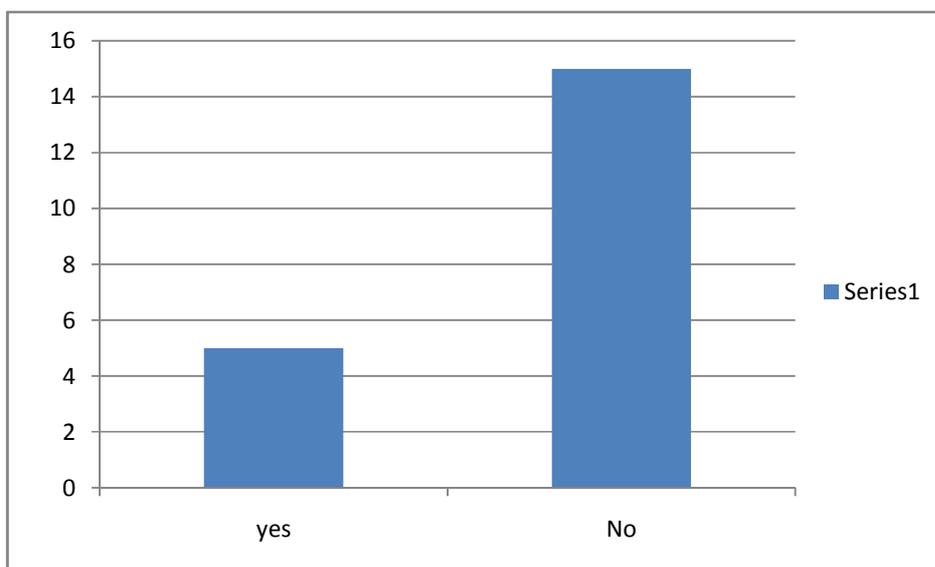
Of the 19 respondents who answered the question about the communication options with shared service center 9 agreed will 6 disagreed showing that the majority were satisfied with the communication arrangements. What this means is the dissatisfaction with the shared services discussed above is not a result of communication channels. This means users are able to log their request for services and what happens after that is probably the source of disapproval.

(Harris ) contends that the existence and improvement of internet services have brought down the cost global communication to nearly zero. This then means that in terms of infrastructure required to deliver services, enough setup or investments has been done.

#### 4.4.7 Shared services staffing levels versus user numbers.

This question wanted to ascertain according to users' opinion whether the current staffing levels of local IT staff is as expected after the implementation of shared service. The expectation was a reduction.

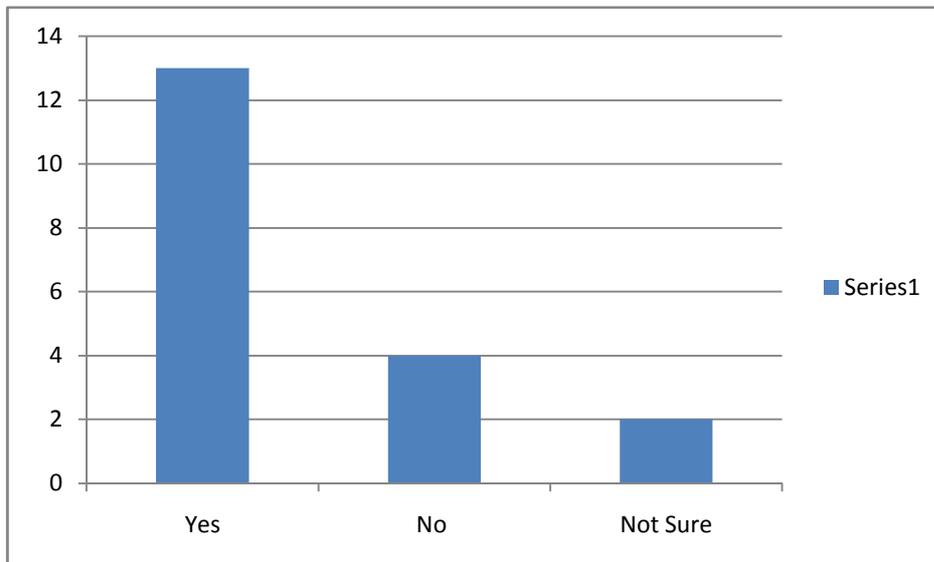
**Figure 4.4.7 Shared services staffing levels versus user numbers.**



Shared service is expected to reduce costs by among other things reducing staffing levels through consolidation of skills and removal of duplication. While assess to internal skills at shared service centre is expected to increase productivity as well as reduce costs through reduction of headcount (Downey, 1995; Akomonde *et al.*, Embleton and Wright 1998) the results are at variance to the expectation. Before shared services the local IT complement was 3 after shared services the number grew to 5 including a resource seconded to shared service centre. This confirms that in the case of Murowa Diamonds Shared services has not succeeded in bringing down the head count of local IT staff.

#### 4.4.8 Existence of a backup Plan should access to Shared services fail

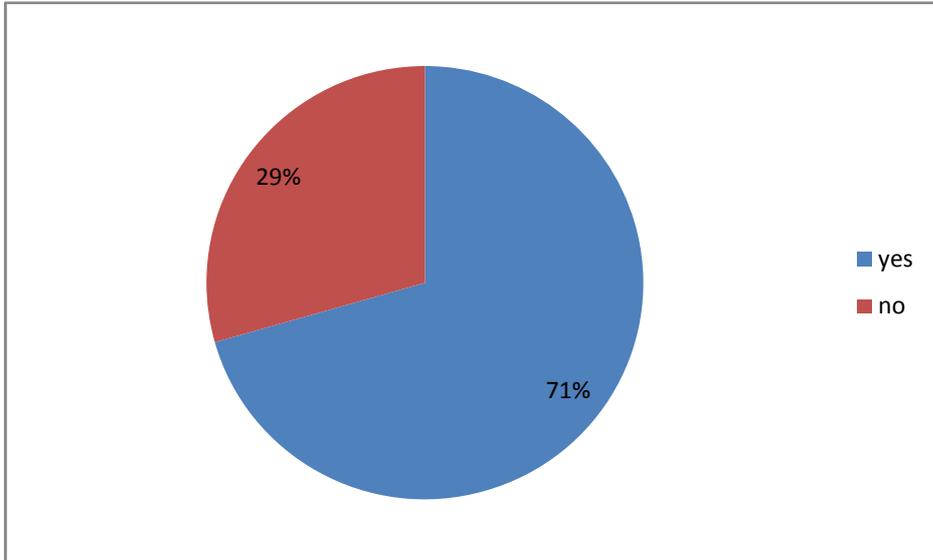
Figure 4.4.8 Existence of a backup Plan should access to Shared services fail



4 respondents compared to 13 representing 23 % if we are to disregard the undecided agreed that there is enough backup for providing support functions and this was identified as local staff. Mechling (2006) contends that service is improved through shared service because the arrangement gives support workers a better chance to specialize and grow within their own professional environments. In this context the local staff already know the systems they support and shared service gives them an opportunity to explore further these systems as they have time. The other dimension is on new skills an area covered by a separate question addressed and responded to by local IT staff. In this question the respondents generally agreed that local staff can provide backup service.

#### 4.4.9 Existence of an escalation plan for logged issues

Figure 4.4.9 Existence of an escalation plan for logged issues



The majority of the respondents acknowledged the existence of an escalation plan. Some however went on to state that the plan is not effective and appears to be only in paper. It is worth noting that 29 % is a significant figure for something that ought to be known by everyone. This points to issues to do with change management and some respondents even stated that the escalation plan was not communicated to them. The issue of escalation is linked to performance of the shared service contract. The response in this question suggests that the shared service service level agreement is in place but the performance of the contract is the main issue respondents are not so pleased about. Regarding SLAs, Bernard Williams Associates (1999) say:

*This contract commits the provider to the level of service described in a published document and may be accompanied by a cross-charge by the provider to the beneficiary of the service – the customer*

#### **4.4.10 Benefits and problems attributed to shared service arrangement**

Question 8 right through to question 10 were designed to pick any benefits which the respondent felt were a direct result of shared services implementation as well as associated problems. The questions were open ended. Some of the

Most of the noted benefits can be grouped in to causal factors, investment in infrastructure and access to skills pool. Access to internal skills can increase productivity as well as reduce costs (Downey, 1995; Akomonde *et al.*, Embleton and Wright 1998). The list of problems is longer than that of benefits but the most important problem identified by most respondents is slow or no response or resolution to logged issues. The problems listed down could be a result of a number of issues including service level agreement as noted above as well and change management. Another dimension to the problems is the issue of irreconcilable expectations regarding performance (Corbett MF and Associates, 2001j)

**Table 4.4.10 Benefits and problems attributed to shared service arrangement**

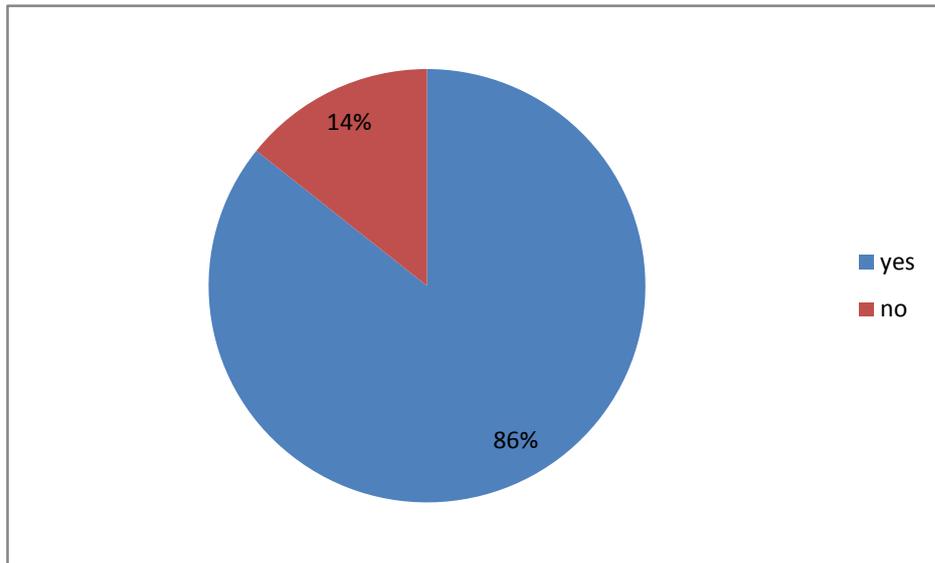
<b>Benefits</b>	<b>Problems encountered</b>
<ul style="list-style-type: none"> <li>• Highly skilled staff</li> </ul>	<ul style="list-style-type: none"> <li>• longer time to respond</li> </ul>
<ul style="list-style-type: none"> <li>• prompt response</li> </ul>	<ul style="list-style-type: none"> <li>• Expensive</li> </ul>
<ul style="list-style-type: none"> <li>• assistance even when local staff is away</li> </ul>	<ul style="list-style-type: none"> <li>• Bureaucracy and confusion as to who should resolve issues</li> </ul>
<ul style="list-style-type: none"> <li>• Large skills pool</li> </ul>	<ul style="list-style-type: none"> <li>• Poor turn around</li> </ul>
<ul style="list-style-type: none"> <li>• structured approach to resolve issue</li> </ul>	<ul style="list-style-type: none"> <li>• Poor understanding of local issues</li> </ul>
<ul style="list-style-type: none"> <li>• keeping abreast with technology</li> </ul>	<ul style="list-style-type: none"> <li>• Most of the team do not know enough about user applications</li> </ul>
<ul style="list-style-type: none"> <li>• problems can be fixed albeit late</li> </ul>	<ul style="list-style-type: none"> <li>• no feedback</li> </ul>
<ul style="list-style-type: none"> <li>• better and constant communication</li> </ul>	<ul style="list-style-type: none"> <li>• logging of even minor problems</li> </ul>
<ul style="list-style-type: none"> <li>• shared technical knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• local guys will not assist quickly</li> </ul>
<ul style="list-style-type: none"> <li>• Access to information in other departments</li> </ul>	<ul style="list-style-type: none"> <li>• Costing of external services still too high</li> </ul>

<ul style="list-style-type: none"> <li>tracking progress of resolution of issues</li> </ul>	<ul style="list-style-type: none"> <li>kept referring to others</li> </ul>
<ul style="list-style-type: none"> <li>fast communication with email</li> </ul>	<ul style="list-style-type: none"> <li>Staff at SSC want to help on even small simple installations.</li> </ul>
	<ul style="list-style-type: none"> <li>most of the time local resources are used</li> </ul>
	<ul style="list-style-type: none"> <li>not enough site skills</li> </ul>
	<ul style="list-style-type: none"> <li>prioritisation of tasks not clear</li> </ul>
	<ul style="list-style-type: none"> <li>no feedback on problems</li> </ul>
	<ul style="list-style-type: none"> <li>Purchasing of new equipment takes longer</li> </ul>
	<ul style="list-style-type: none"> <li>priority given to higher level</li> </ul>
	<ul style="list-style-type: none"> <li>language barrier</li> </ul>

#### 4.4.11 Existence of alternative arrangement

Of the 14 respondents who answered this question only 2 disagreed that shared services may be replaced by another model while 12 agreed stating that another model could be used. This response is depicted below.

**Figure 4.4.11.1 Existence of alternative to shared services**



On being asked to further explain the model that could deliver better service, most stated that empowered local IT staff could deliver better service. This finding is significant because it underlines the deep conviction with respondents regarding the shared service given that the respondents acknowledged full appreciation of what shared service is.

While Bedeian(1984:469) says that different people have different capacities for absorbing change. Low tolerance to change is one indication of the result obtained in this question there is scope for deeper analysis of the negative result in this and the subsequent question. The other worrisome factor is the overwhelming response in support of local service.

Linked to the issue of existence of alternative option was a question on whether IT should have been placed under shared services at all

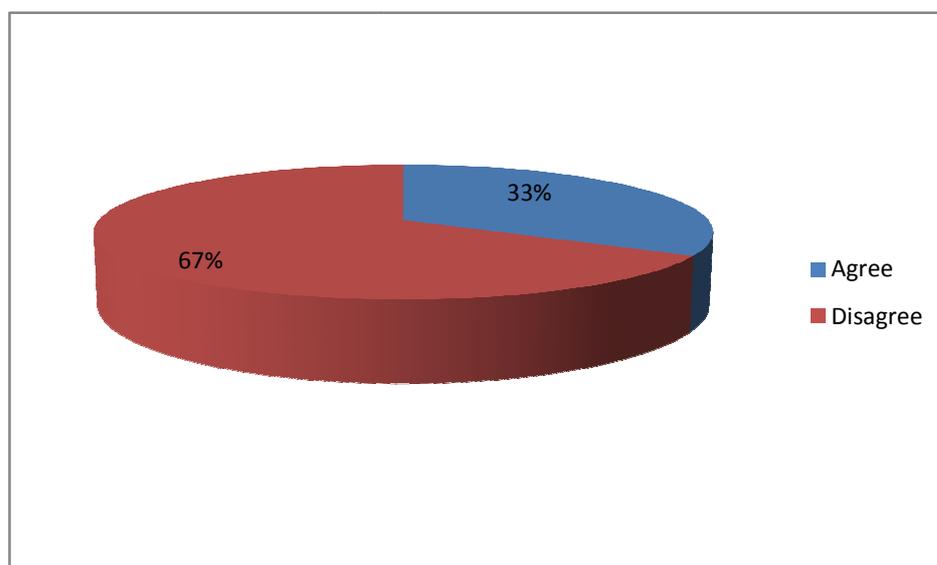
The table below gives the Responses

**Table 4.4.11 Should IT be placed under Shared Services**

Agree	note Sure	Disagree	Strongly disagree
4	6	5	3

The chart in the figure below put the responses in a more clearer perspective

**Figure 4.4.11.2 Should IT be placed under Shared Services**



67 % disagree with the arrangement of placing IT under shared service. This rejection should not be taken out of context as there are a number issues which can lead to this result. Of the points and steps that A.T Kearney provides in pursuit of a successful Shared Services, the ones that mostly likely fit these results are;

1. Select the appropriate operation model.
2. Take your time. Full implementation of shared services takes on average two years depending on the size of the organisation. The arrangement under study was implemented in a big bang approach.
3. Measure your performance

4. Focus on internal customers. In this case the internal customers feel left out and are treating the contractor as an outsider as stated by (Corbett MF and Associates Limited,2001k)

#### **4.5. Critical analyses of questions specific to IT service providers**

##### **4.5.1 Effect of shared service on outsourcing**

There was 100% agreement that shared services has not reduced outsourcing hence has not reduced out sourcing costs. While Access to internal skills should increase productivity as well as reduce costs (Downey, 1995; Akomonde *et al.*, Embleton and Wright 1998) this is not supported by the results obtained for Murowa Diamonds.

##### **4.5.2 Employee motivation**

Questions 13 right to question 16 were designed to elucidate staff motivation as a result of shared services arrangement. While there is no consensus on the issue of shared services leading to increased skills with 50% agreeing and the other disagreeing there was an unclear 100% agreement that shared services has not lead an increase in prospects of promotion as well as career development. The same result will hold for the question on whether the respondents would prefer working for shared services. The response is not very convincing since from the 3 respondents, 1 one was undecided on both questions, the other was against shared service yet the other did not use the right questionnaire although the responded was not supporting the shared service agreement. The response of the last respondent was not included in these two questions.

The general lack of approval of shared service may point to failure to come up with a structure without restricting IT roles or remuneration that is acceptable to local IT staff. Research has

indicated that successful implementation of shared services requires new organizational structures (Gulati and Singh, 1998; Kakabadse and Kakabadse, 2000). Failure to come up with a good structure as well as failure to reengineer process properly may cause failure of a shared services

#### **4.5 Conclusion**

This chapter presented research findings and related these to literature review. The main findings were discussed after an analyses. Chapter 5 will present recommendations and conclusions.

## CHAPTER FIVE

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### 5.0 CONCLUSIONS AND RECOMMENDATIONS

#### 5.1. INTRODUCTION

This Chapter provides the conclusion and recommendations drawn from this research. The concluding remarks are covered and discussed in section 5.2 while 5.4 presents the recommendations.

#### 5.2 CONCLUSIONS

Shared services are implemented primarily to deliver cost savings. The second most important motivation is efficiency. With a database of issues that affect people and with a pool of experts at the shared service centre, service delivery is expected to improve. Improved efficiency in support will generally lead to increased productivity. In view of the results discussed in the previous chapter, the following conclusions can be drawn

**5.2.1 Knowledge of Shared services:** Murowa Diamonds employees generally understand what a shared service arrangement is and what it is supposed to deliver.

**5.2.2 Cost savings failure.** It is apparent that shared service has failed to deliver cost savings because; -

1. The headcount has not gone down
2. Outsourcing services have not gone down
3. The cost of Maintaining the SLA is relatively high.

**5.2.3 Efficiency has not improved.** Overall efficiency has not improved and in fact the research has determined that efficiency has gone down. This is confirmed by the increase in turn around time and general customer dissatisfaction.

**5.2.4 Productivity has not increased.** While productivity is expected to increase after implementing shared service, in the case of Murowa Diamonds no corresponding increase in productivity was achieved as a direct result of shared services.

**5.2.5 Employee Motivation.** Shared service setup has contributed to a decrease in employee motivation for local IT staff.

### **5.3 Proposition revisited**

In view of the conclusions it is possible to revisit the proposition or the research. The conclusion as deduced from the research findings confirms the proposition that Shared Service has not been effective in the case of Murowa Diamonds.

## **5.4 RECOMMENDATIONS**

It is hereby recommended that for shared service to deliver value and for any company that wishes to implement shared service the following guidelines can be adopted

**5.4.1 Educate the users through change management** to equip them with knowledge on the necessary impending changes of service delivery. This will ensure a buy in, which is necessary to avoid resistance to change.

**5.4.2 Implementation of shared services should be done without a lot of urgency.** Some authors even recommend a period of up to a year or two depending on the situation. This ensures that all teething problems are resolved while implementation is in progress.

**5.4.3** The support services staff must change their attitude towards call prioritisation and resolution. Because environments are different issues logged for by Murowa Diamonds employees resolution are genuine issues no matter how simple they appear. This is because in our environment some people will only start using the computer the moment that they get employed. This means priority for calls should be increased for issues raised by Murowa Diamonds staff.

**5.4.4 Motivation for local IT support staff.** Action needs to be taken to motivate local IT staff who have generally displayed dissatisfaction with the roles they are playing. They need to be assigned challenging tasks to sharpen their skills and make them feel useful.

**5.4.5 Cross border Shared services is a challenge.** Indication are that some Zimbabwean companies here are not yet well positioned to gain advantages through cross boarder shared services arrangements. Issues that militate against successful implementation include firm size.

What may appear to be a reasonable back charge for a BU in a developed economy may be excessive cost for a local firm. Companies should carefully consider whether they really need to sign up before they actually do so.

### **5.7 Areas of Further Research**

It has been noted that while rolling out shared services raises expectations of best services ,problems may occur that can derail the objectives. It is therefore recommended that further research be carried out to establish the causes of failure by investigating the supplier side of the services. This would look at the resolution process of issues logged at the helpdesk and challenges faced by support staff at Shared Services Centre.

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## **APPENDIX 1**

### **Questionnaire**

#### **RioTinto IS&T Shared Services Assessment**

I would like to express my sincere appreciation to you for taking your valuable time to complete this questionnaire produced by me in partial fulfillment of the requirements of the University of Zimbabwe's

Master of Business Administration (MBA) degree (financial services) dissertation topic titled:

#### **An assessment of the effectiveness of IT Shared services In RioTinto a case of Murowa Diamonds**

**Supervisor; Mr S Gumbe (0913 411 639) Chairman Business Studies department**

The questionnaire should take between 10 minutes of your precious time to complete and the completed questionnaires (scanned ,faxed printed) may be returned to the writer by end of day Friday 9 July 2010. Your feedback is key and all answers will remain confidential. Participants will be given an option to receive a soft copy of the final dissertation document.

Thank you for you assistance.

Dout Jolani

## APPENDIX 2

### Questionnaire for users

Users: Please do not write your Name.

1) For how long have you been working for Rio Tinto?

0-1	1-2	2-3	Over 3 years
-----	-----	-----	--------------

2) Do you understand the concept of Shared Service?

Strongly Understand	Understand	Not sure	Don't Understand
---------------------	------------	----------	------------------

3) Do you think Shared services can deliver value?

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

4) Has shared services increased your productivity?

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

5) Would you prefer Shared services to local services for support? Y/N

Please elaborate if your answer is No \_\_\_\_\_

\_\_\_\_\_

6) Are there enough communication options with Shared services centre? Y/N

7) Has shared services led to reduction in IT staffing levels to employee ration? Y/N

8) Is there a backup plan should access to Shared Service centre fail? Y/N

9) Is there an escalation plan for logged issues in the event of slow response? Y/N

Please elaborate if your answer is No \_\_\_\_\_

\_\_\_\_\_

10) What benefits have you experienced through the use of IT Shared Services

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

11) What problems have you encountered with shared services?

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

12) Has Shared services availed better or new technology? Y/N

Please elaborate if your answer Yes \_\_\_\_\_

---

13) Is the reporting facility for logged issues flexible? Y/N

Please elaborate if your answer is No \_\_\_\_\_

---

14) In your own view is there other another model or option which could have been used? Y/N

Please elaborate if your answer Yes \_\_\_\_\_

---

15) Do you think IT should have been put under shared services

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

16) What can be done to improve IT Shared Services?

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

17) Do you have any other comments?

\_\_\_\_\_  
\_\_\_\_\_

## APPENDIX 2

### Questionnaire for Local IT support Staff

**Local IT Staff: Please do not write your Name.**

1) For how long have you been working for Rio Tinto ?

0-1	1-2	2-3	Over 3 years
-----	-----	-----	--------------

2) Do you fully understand the concept of Shared Service?

Strongly Understand	Understand	Not sure	Don't Understand
---------------------	------------	----------	------------------

3) Do you think Shared services can deliver value?

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

4) Has shared services increased your productivity?

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

5) Is the shared service support structure better than local services(Direct services from Business unit IT department)?

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

6) Are there enough communication options with between Shared services centre and local IT support? Y/N Please elaborate if your answer is No\_\_\_\_\_

7) Has shared services led to reduction in IT staffing levels to employee ration? Y/N

Please elaborate if your answer is No\_\_\_\_\_

8) Has shared services led to reduction in Out Sourcing of IT services ration? Y/N

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

9) Is there a backup plan should standard access to Shared Service centre from a business unit fail? Y/N Please elaborate if your answer is No\_\_\_\_\_

10) Is there an escalation plan for logged issues in the event of slow response? Y/N

Please elaborate if your answer is No\_\_\_\_\_

11) What support problems have you encountered which are related to shared services arrangement?

- \_\_\_\_\_
- \_\_\_\_\_

12) Has Shared services availed better or new technology? Y/N

13) Is the reporting facility for logging issues flexible? Y/N

Please elaborate if your answer is No\_\_\_\_\_

14) In your own view is there other another model or option which could have been used? Y/N

Please elaborate if your answer Yes\_\_\_\_\_

15) Has shared services increased collaboration with other IT Staff? Y/N

Please elaborate if your answer is No \_\_\_\_\_  
\_\_\_\_\_

16) Has Shared services helped increase your IT skills ?

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

17) Has shared services increased your prospects of career development / promotion?

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

18) Would you prefer working from shared service centre and be fully under shared services as opposed to working from the current environment?

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

Please elaborate

\_\_\_\_\_  
\_\_\_\_\_

19) Do you think IT should have been put under shared services

Strongly agree	Agree	Not Sure	Disagree	Strongly Disagree
----------------	-------	----------	----------	-------------------

20) What can be done to improve IT Shared Services?

- \_\_\_\_\_
- \_\_\_\_\_

21) Do you have any other comments?

\_\_\_\_\_  
\_\_\_\_\_