Shared services in a growing private firm

Critical aspects to consider when managing the relationship between shared services and business units

Master's thesis in Management and Economics of Innovation

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Abstract

Implementing organizational structures that include shared services have been a popular
way for firms wanting to reduce cost and streamline operations since the 1990's (Paag-
man, Tate, Furtmueller, & de Bloom, 2015). In order to reach these aims, firms are
looking for ways to reduce redundant provision of non-core activities. Shared services
could be used as a mean to centralize these activities performed at the business units.
Dependent on the characteristics of the firm, different configurations of shared services
are implemented. Consequently, shared services are defined in multiple ways by different
authors. In this master thesis, an entrepreneurial growing firm has been studied with the
use of the Relationship Management Framework by Janssen & Joha (2004).

Furthermore, this thesis is based on a case study approach and data was collected through
interviews. The initial problem which led to the first research question, *Which factors are
most critical to consider when managing the relationship between shared services and busi-
ness units at a growing entrepreneurial firm?*, was derived from a practical problem. The
second research question, *How is the Relationship Management Framework by Janssen &
Joha (2004) suited for analyzing the relationship in a growing entrepreneurial firm?*, was
a result of a literature review as the framework was found and chosen to constitute the
foundation of the analysis of this thesis.

The collected data revealed four interesting aspects to consider when managing the re-
lationship. First, the firm has to configure shared service having the motives behind
the implementation in mind. Second, the organizational culture needs to be taken into
account when managing the relationship. Third, social/cultural control can be difficult
to exercise in a growing firm. Fourth, it is important to configure the coordination for
each service individually and not treat them as one homogeneous entity.

In this thesis, a revised version of the Relationship Management Framework by Janssen
& Joha (2004) is presented in order to better fit the characteristics of a private growing
entrepreneurial firm. The Contract dimension was removed from the original framework.
Moreover, the Organizational culture dimension was found to have a substantial impact
on the relationship. Since all actions are supposed to have the corporate goals as starting
point, the Overall corporate objectives dimension was added as the point of departure
for the framework.

KEYWORDS: SHARED SERVICES, RELATIONSHIP MANAGEMENT, COORDINATION, GOV-
ERNANCE, CONTROL, ENTREPRENEURIAL CULTURE, GROWTH

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Table of Contents

List of Figures

List of Tables

List of Abbreviations

BU: Business Unit

RE: Real Estate

RED: Real Estate Development

REM: Real Estate Management

REM C: Real Estate Management Commercial

REM R: Real Estate Management Residence

SLA: Service Level Agreement

SSC: Shared Service Center

TCE: Transaction cost economics

1

Introduction

1.1 Background

At the start of the 1990's, different business units (BUs) in divisionalized corporations often had their own support services dedicated to them (Ulrich, 1995). Consequently, there existed multiple duplications of the same support service within the organization. During the 1990's, this started to change when the field of shared services became popular (Paagman et al., 2015). Schulman, Dunleavy, Harmer & Lusk (1999) define shared services as "concentrations of company resources that perform similar activities, with the aim to serve multiple internal BUs at lower cost and with higher service level". These services often comprise of support and administrative functions like Human Resources, IT and Finance which are centrally organized in specific service functions in order to reduce redundant service capacity. In addition, Janssen & Joha (2006) state that the implementation aims to provide predefined services for the core business within the organization. Ramphal (2013) summarizes the different definitions of shared services as a "collection and concentration of noncore and nonvalue-adding activities". Therefore, the rationale of shared services is to provide and manage these activities to multiple BUs in order to promote efficiency, cost reduction and quality improvement (Ramphal, 2013).

In recent years, shared services have gained more attention as they can potentially bring economical benefits as well as creating new competencies (Gospel & Sako, 2010). Because of these potential benefits, shared services have become the "silver bullet" for many firms (Ramphal, 2013). As a consequence, Richter & Brühl (2017) state that the majority of the Fortune 500 companies have implemented organizational models that include shared services. Although the aforementioned benefits are well illuminated by academia, the overall results of implementations of shared services are contradictory and a study carried out by Janssen, Joha & Weerakkody (2007) even indicate that there are more shared service implementation failures than successes. Richter & Brühl (2017) argue that the success of shared services depends on a complex combination of interactions within the organizations.

To deal with the complexity of shared services, Minnaar & Vosselman (2013) argue that the firm need to have both governance structures and management control structures in place. As the implementation of shared services creates an internal client-supplier relationship, the two aforementioned structures become crucial in order to realize the benefits from the usage of shared services (Janssen & Joha, 2006). Furthermore, Amiruddin, Aman, Auzair, Hamzah & Maelah (2013) state that firms can exercise two types of control in order to mitigate risks associated with the relationship between BUs and shared services. First, formal control such as policies, procedures, reporting structure, planning

and budgetary reporting can be used in order to achieve common objectives. Second, informal control can be used to mitigate the risk of having unsatisfactory employees. Informal control means could be interactions, meetings and codes of conducts.

In order to analyze the relationship between the BUs and the shared services, Janssen & Joha (2004) developed a framework called Relationship Management Framework. The framework facilitates in finding and analyzing the most critical aspects to consider when managing the relationship. The framework were developed studying a public organization. In this thesis, the framework will be used in order to analyze the relationship in a private setting. Therefore, a case study was performed at a growing entrepreneurial firm that in recent years has implemented an organizational structure consisting of shared services.

1.2   Purpose

The purpose of this thesis is to investigate critical aspects to consider when managing shared services at a growing private firm. Also, this thesis aims to investigate how well the Relationship Management Framework developed by Janssen & Joha (2004) is suitable for analyzing the relationship between shared services and BUs in a growing firm having an entrepreneurial culture.

1.3   Research questions

RQ1: Which factors are most critical to consider when managing the relationship between shared services and business units at a growing entrepreneurial firm?

RQ2: How is the Relationship Management Framework by Janssen & Joha (2004) suited for analyzing the relationship in a growing entrepreneurial firm?

1.4   Delimitation

The studied company act in the construction and real estate industry which potentially can make the findings not directly applicable for other industries. Furthermore, the thesis is based on a single case study which limits the generalizability of the findings.

1.5   Outline

First, in chapter 2 Theoretical Framework, relevant theory necessary in order to understand and discuss the result from the conducted interviews are presented. The next chapter, 3 Methodology, will present the research approach, process and quality. The company which will be examined in order to carry out the case study is presented in chapter 4 Case Study Presentation. In chapter 5 Result & Analysis, the results from the conducted interviews are presented followed by a discussion of the results in chapter 6 Discussion. Last, chapter 7 Conclusion sum-up the findings and presents the conclusion of this thesis.

2

Theoretical Framework

2.1 Definition of shared services

The field of shared services took off in the 1990s with the main objectives to reduce overhead cost and streamline internal operations in order to improve the quality of service (Paagman et al., 2015; Ramphal, 2013). Organizations recognized that their shareholder value were affected negatively by redundant support service operations (Alvarez, Blansett, Counto, Dunn, Nielson, & Niekirk, 1999). These support services can include Human Resources, IT, Finance and other supportive and administrative functions. By implementing service functions that provide these services to all BUs in the organization, the implementation of shared services can potentially increase professionalism and efficiency (Ramphal, 2013). In recent years, shared services have gained attention as they have the potential to both bring economic benefits as well as creating new competencies (Gospel & Sako, 2010).

According to Richter & Brühl (2017), a majority of Fortune 500 companies, the largest 500 companies in the US according to revenue, have implemented organizational structures that include shared services. Shared services have in that sense become the "silver bullet" for many firms (Ramphal, 2013). Because of this extensive use of shared services in practice, scholars argue that research has not been able to keep up (Lacity, Khan, Yan, & Willcocks, 2010; McIvor, McCracken, & McHugh, 2011). However, the definition of shared services are many. For example, shared services can be explained as business functions, operating companies or organizations sharing a set of services (Quinn, Cooke, & Kris, 2000). Another definition is that shared services are concentrations of company resources performing similar activities, with the aim to serve multiple internal partners at lower cost and with higher service levels (Schulman et al., 1999). In addition, Bergeron (2002) describes shared services as follows:

> "[...] shared services is a collaborative strategy in which a subset of existing business functions are concentrated into a new, semi-autonomous business unit that has a management structure designed to promote efficiency, value generation, cost savings, and improved service for the internal customers of the parent corporation, like a business competing in the open market." - Bergeron (2002)

As stated above, the implementation of shared services aims to provide predefined services for the core businesses within the organization (Janssen & Joha, 2006). Ramphal (2013) summarizes the different definitions of shared services as a "collection and concentration of noncore and nonvalue-adding activities". Moreover, as the shared services'

purpose is to serve the BUs, only support processes and non-strategic services should be provided by the shared services (Schulman et al., 1999). Furthermore, shared services can be structured internally in two different ways, according to Ramphal (2013). The first option is to manage the shared services collectively, as shown in Figure 2.1. This set up is used when aiming to generate greater cost efficiency as a consequence of having policy making and instructions centralized in a Shared Service Center (SSC). Having a one stop shop experience, the SSC facilitates for the employees to not be confused about the responsibilities of the persons in the shared services and thereby avoiding long-lasting search processes (Janssen & Joha, 2006).
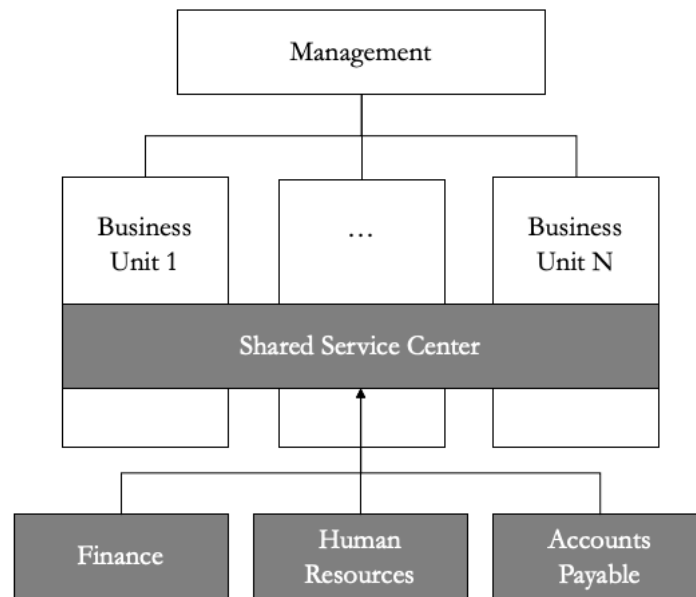
Figure 2.1: Visualization of an organization using a Shared Service Center (SSC). The figure is built upon an illustration by Janssen & Joha (2006) together with the illustration of Shared Service Centers by Ramphal (2013).

On the other hand, if the shared services are managed independently, one can visualize the organization as in Figure 2.2. This set-up is called a free standing shared service structure according to Ramphal (2013). The author argues that this structure creates more autonomy within the different services as each service can implement its own strategy. However, this set-up can be more resource intensive and consequently more expensive (Ramphal, 2013).
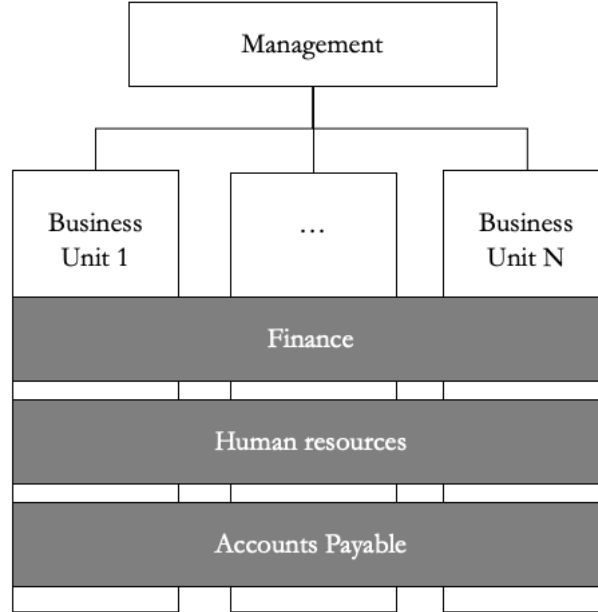
Figure 2.2: Visualization of an organization using free standing shared services. The figure is built upon an illustration by Janssen & Joha (2006) together with the illustration of free standing shared services by Ramphal (2013).

Due to the extensive implementation of shared services world-wide, different set-ups have been developed in order to fit different organizational structures. According to Schulz, Hochstein, Uebernickel & Brenner (2009) and Janssen, Joha & Zuurmond (2009), there exist many different configurations and set ups of shared services. Schulz et al. (2009) explain three different categories of shared services. The first one is "disguised central department", where the shared services are a part of the organization and are the only service providers for the BUs. Despite the similarities with centralized services, Ulrich (1995) argues that shared services are not equal to centralization, they are the opposite. Shared services, in contrast to centralized services, are controlled by the field whereas centralized services controls the field. In addition, in shared services, the field pulls resources from corporate whereas centralized services push activities to the field. In that sense, the field should control the activities (Ulrich, 1995). "Preferred provider", is the second category described by Schulz et al. (2009), were the shared services are independent subsidiaries and BUs have limited access to the external market. In the third one, "competitive SSC", the shared services are independent subsidiaries, BUs have free access to the external market and internal service charges are benchmarked with market prices. Even though many success stories have been highlighted, Janssen & Joha (2007) mention that research has shown that several shared service implementations have failed. Therefore, scholars stress that the implementation of shared services includes complex decisions regarding the configuration, make-or-buy decisions and how to coordinate the transactions (Farndale, Paauwe, & Hoeksema, 2009; Gospel & Sako, 2010). One decision could be where to locate the shared services. According to Ulbrich (2006), the shared services are often geographically separated from the head quarters. The geographical separation can either be in a different country, city or floor level. As they can be placed anywhere, the shared services become independent of space.

2.2 Why implementing shared services?

As stated before, the motivations behind the implementation of shared services could be many, and are widely mentioned by various authors (Dollery & Akimov, 2008; Janssen & Joha, 2006; Paagman et al., 2015; Ulbrich, 2006). In their article, Paagman et al. (2015) summon the 13 most common motives for implementing shared services according to literature (see Table 2.1).

Table 2.1: List of possible motives to implement shared services and their rank (frequency of use) according to literature (Paagman, Tate, Furtmueller, & de Bloom, 2015).

Motive	Rank (Literature)
Cost reductions	1
Improve quality of service	2
Improve efficiency/effectiveness/ productivity	3
Access to external resources	4
Standardize processes	5
Focus on core competences	5
Concentration of innovation	7
Improve customer orientation	7
Exchange of internal capabilities	7
Improve control	10
Consistent management information	11
Improve compliance with legislation and standards	11
Mitigate risk	13

Cost reductions
According to Paagman et al. (2015), cost reductions is the motive that has gained most attention in shared service literature. The reduction of costs can be achieved through economies of scale gained by shared services (Selden & Wooters, 2011). Also, costs reductions can be achieved through reducing the number of employees and thereby gaining lower costs of staff (Dollery, Grant, & Crase, 2008). Yet, Dollery & Akimov (2008) discuss that there is a lack of evidence showing that firms have successfully reduced their costs. On the other hand, the same authors argue that the implementation of shared services have not shown negative effects on the costs either.

Improve quality of service
Through the implementation of shared services, firms hope to improve the quality of service. The increased attention to management is believed to improve the aforementioned quality (Aksin & Masini, 2008).

Improve efficiency/effectiveness/productivity
When aiming to increase the productivity and in turn the efficiency, Wagenaar (2006) argues that firms bring together their support processes into shared services which are centrally provided. With the same initiative, firms also hope to increase the effectiveness (Miskon, Bandara, Gable, & Fielt, 2011).

Access to external resources
Paagman et al. (2015) state that they found the need to access various resources to be an important motive behind the implementation of shared services. These resources could include expertise, people, services and technology. One potential advantage of shared services could be that high quality resources become concentrated and more easily available for the internal customers (Redman, Snape, Wass, & Hamilton, 2007). Also, implementing shared services provide the employees with a more attractive career path, which can improve the employees' motivation (Rothwell, Herbert, & Seal, 2011).

Standardize processes
Through having more standardized processes, given the implementation of shared services, firms aim to make reductions in duplicated processes (McIvor et al., 2011). Selden & Wooters (2011) further argue that standardization of processes ensures a more consistent delivery to clients.

Focus on core competences
According to Paagman et al. (2015), there exist support for using shared services as a mean to free up management time. This time could be better used focusing on the core competencies (Crump & Peter, 2014; Janssen & Joha, 2006; Sako, 2010).

Concentration of innovation
When implementing shared services, firms can gather all support processes at one location (Paagman et al., 2015). This can ease the work for firms trying to develop new applications and processes as they can concentrate on this particular location instead of spreading the investments on multiple organizational units (Borman & Janssen, 2012).

Improve customer orientation
The introduction of shared services could be used as a way to gather activities that were previously performed in different departments (Paagman et al., 2015). According to Ulbrich (2006), firms can put the customer in focus by handling work quicker and in a more targeted manner instead of spending time on support activities.

Exchange of internal capabilities
According to Paagman et al. (2015), previous research has claimed that shared services could improve the exchange of knowledge and best practices between different internal departments. The shared services can deliver services to internal users and thereby contribute to the internal exchange of knowledge and best practices (Paagman et al., 2015).

Improve control
In order to improve control, shared services can be implemented to control the delivery

of services (Farndale et al., 2009). Yet, Paagman et al. (2015) state that the motive for improving control is not extensively discussed in shared service literature.

Consistent management information

Paagman et al. (2015) argue that information about similar processes, which normally is distributed in different units and departments, can be centralized into one location, using shared services. Utilizing this information management, firms may secure consistent information across the organization and create more efficient communication (Turle, 2010). However, Paagman et al. (2015) state that many firms already had these systems in place. Thus, this motive was not the key driver of the implementation.

Improve compliance with legislation and standards

According to Paagman et al. (2015), there exist literature showing that shared services can be helpful for organizations to keep up with legislative changes. Having shared services, firms can check for compliance at one location instead of performing these controls at every single location (Interligi, 2010). Paagman et al. (2015) discuss that this motive is not often covered in literature because it is more important for public firms than private.

Mitigate risk

There are very few scholars discussing the aim to mitigate risks, connected to uncertainties of the development and deployment of new services, as a motive for shared services. However, according to Janssen & Joha (2006), by concentrating investments, these risks can be mitigated. The shared services mitigate the risks as they often have formal contracts and standardized ways of working (Paagman et al., 2015).

2.3 Drawbacks of shared services

As stated before, some motives for shared services were accomplished and some were not. In that sense, shared services does not solve everything the organizations hope for as the expectations often are a combination of the benefits of centralization and decentralization (Janssen & Joha, 2006). Ulbrich (2006) states that the three most frequently recognized issues connected to shared services, according to the accounting firm KPMG, are business relations, interfaces and location. The issue regarding business relations concerns how the shared services interact with the BUs and who is responsible for providing the service. The BUs should be client-oriented but simultaneously have to consider the organization's best rather than one specific BU's (Ulbrich, 2006). Having decided what to deliver, problems can emerge while merging different practices and interfaces into one. If processes are not extensively described, information could risk to get lost that are crucial for the outcome of the work done by the shared service. At last, the location of shared services is considered to be an issue, according to Ulbrich (2006). The questions regard in which country or city to locate the SSC and if the organization should have one or several centers. This can be compared to the choice of having a SSC or free standing shared services as discussed by Ramphal (2013). According to Ulbrich (2006), the decision depends on the organization's prerequisites and the answer is different from case to case.

Moreover, most of the benefits of having shared services were first accomplished after having a functioning governance structure in place as the relationship creates a set of

issues which have to be governed (Janssen & Joha, 2006; Wagenaar, 2006). One main issue was the shift from supply orientation to demand orientation and client-oriented thinking. This shift in orientation demands another mind set and can create a cultural clash in the organization which need to be considered (Wagenaar, 2006). The issue of cultural adaption is also mentioned by Janssen et al. (2007) as one of the main aspects to consider when implementing and maintaining shared services. Another issue highlighted by Wagenaar (2006) was the trade-off between standardization and customization. Standardization can gain efficiency as standardized provision of services to all BUs can lead to lower costs. However, customized services and supplies are perhaps needed in order to gain competitive advantage. Therefore, the costs of the customized services and supplies must be made transparent (Wagenaar, 2006).

2.4 Control-oriented perspective on shared services

By conducting a literature review of previous research done in the field of shared services, Richter & Brühl (2017) found a need for further research. In their paper, the authors present a four-perspective framework based on previous research (see Figure 2.3). By focusing on the topic of the research questions of peer-reviewed papers, Richter & Brühl (2017) could identify four major perspectives of shared service research. The Determinant-oriented perspective is according to Richter & Brühl (2017) the most frequently used perspective in previous research followed by the Process-oriented, the Control-oriented and at last the Outcome-oriented perspective. The Determinant-oriented perspective captures different factors and drivers that affect the shared services, for example different motives and critical success factors. The Process-oriented perspective examines how the implementation of the shared services can take place and how this affect the processes inside the company. The Control-oriented perspective analyzes the relationship between the shared services and the internal customers within the company and examines how to coordinate these two actors. The Outcome-oriented perspective explores the financial and non-financial outcomes of the shared services (Richter & Brühl, 2017). Since the first research question of this thesis regards which factors to consider when managing the relationship between the shared services and the BUs, it is appropriate to delve deeper into the Control-oriented perspective.
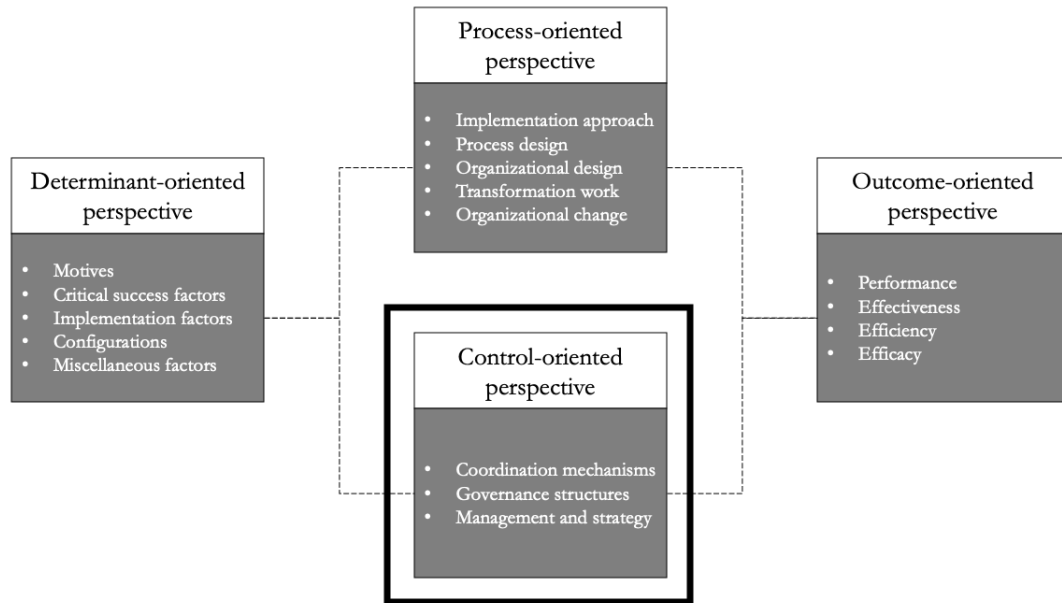
Figure 2.3: Illustration of the four perspectives found in previous research on shared services according to Richter & Brühl (2017).

2.4.1 Coordination mechanisms

This concept concerns how to control and monitor the services that are being carried out by the shared services (Richter & Brühl, 2017). The implementation of shared services results in an internal client-supplier relationship between the BUs and the shared services. In order to coordinate this relationship, the firm must use the mechanisms of governance structure and management control structure (Minnaar & Vosselman, 2013). The difference between these two concepts is, according to Minnaar & Vosselman (2013), that governance structure is a wider concept. According to Schulz et al. (2009), there exist two types of governance structures, hierarchies and markets. These two concepts will be further discussed in the next section. Given the choice of governance structure decided by a rational, efficiency seeking human actor, a management control structure needs to be decided (Minnaar, 2014). Management control structure should in that sense be a consequence of the chosen governance structure.

2.4.1.1 Governance structure

As stated in the section above, there exist two main approaches for governing the transactions between the shared services and their internal customers, through hierarchies or markets (Schulz et al., 2009). Most organizations, however, use some form of coordination approach which is categorized in between these two extremes. Minnaar & Vosselman (2013) call this third approach for a hybrid version between market and hierarchy. Minnaar & Vosselman (2013) used the theory of transactions cost economics (TCE) in order to analyse governance structures where the transactions are deliveries of services or goods. These three alternative governance structures consequently have different transactions costs (Minnaar & Vosselman, 2013). Schulz et al. (2009) describe hierarchies as structures within organizations in which managers decide the levels of services provided to the BUs. Minnaar & Vosselman (2013) further explain that a hierarchy typically consists of a management control structure which is supposed to control and influence the em-

ployees to act in line with the organization's strategy and intends to constrain, monitor and incentivize managerial decision making and behaviour. This means that if the right incentives are in place within the management control structure, the BUs' managers can successfully exercise management control over the BUs.

On the other hand, in order to use the market approach to manage the relationship between the BUs and the shared services, the BUs need to be allowed to use external suppliers of services. In addition, the organization often needs to implement an extensive management system that includes contract management, invoicing or management of suppliers (Schulz et al., 2009). Additionally, using market-related coordination, regulations is often needed in order to, for example, decide preferences on using internal or external service providers (Schulz et al., 2009). Using the market approach, together with a hierarchy, thus creating a hybrid version, an *exit threat* is established towards the shared services (Minnaar & Vosselman, 2013). The *exit threat* becomes relevant when the BUs' managers perceive the price-quality ratio too low from the shared services and the BUs' managers can then decide to use external services (Minnaar & Vosselman, 2013).

2.4.1.2 Management control structure

As stated above, Minnaar & Vosselman (2013) state that a management control structure is supposed to control and influence the employees to act in line with the organization's strategy. According to Vosselman (2002) and Minnaar & Vosselman (2013), the dimensions of the transactions between a shared service and the BUs are affecting the choice of management control structure. Building on previous work by Williamson (1979), Vosselman (2002) used three different dimensions in order to examine the management control choices. These are characteristics of the services, frequency & volume and degree of uncertainty/complexity (Vosselman, 2002). The model by Vosselman (2002) describes which type of management control structure to use in each case (see Figure 2.4). When the service is standardized and there is no need for a close relationship between the supplier and the client, the introduction of a market coordination approach can be efficient. Then Vosselman (2002) recommends to use a free buying and selling structure in order for the BUs' managers to be allowed to acquire services from external suppliers. In the free buying and selling structure, the shared services' managers are also allowed to sell their services to external clients. When the service provided is more customized and the usage of the services is recurring, Vosselman (2002) recommends the usage of shared services to be of a captive buying and selling decision. This means that the market approach is not used and that the BUs are not allowed to use external suppliers. In case of highly specialized and recurring services, Vosselman (2002) argues for a deconcentration of the shared services. This means that the services are moved from a centralized position into separate BUs. A highly specialized transaction benefits from a close relationship both in terms of geographical distance and understanding of the daily work. In cases of high levels of complexity and uncertainty there are advantageous to deconcentrate the customized services as well (Minnaar & Vosselman, 2013).
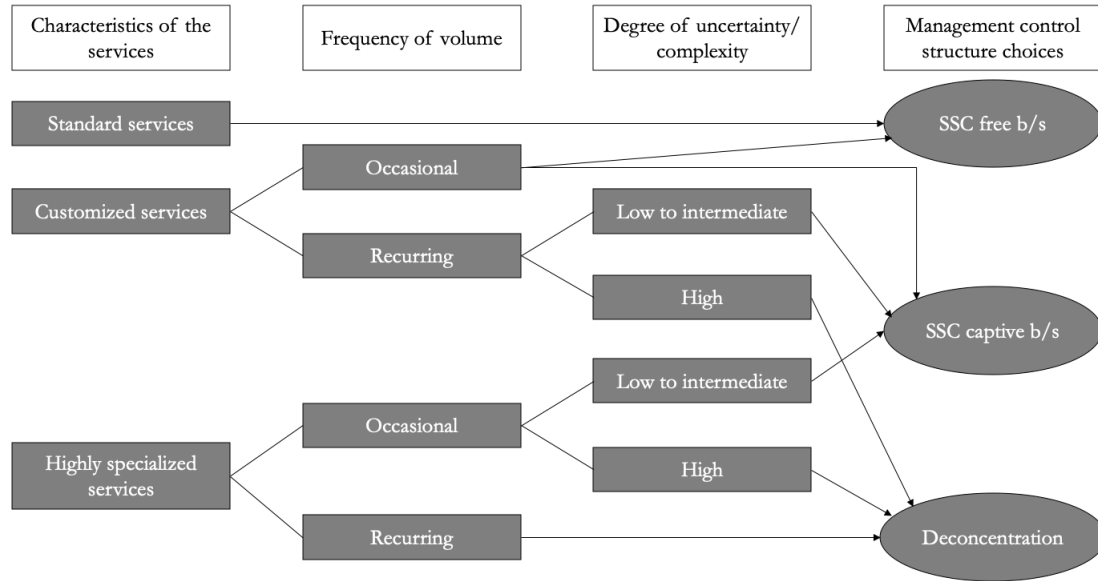
Figure 2.4: Visualization of the management control structure choices for service transactions based on the model by Vosselman (2002). Depending on the three factors, the firm should decide how to manage their buying and selling (b/s) structure.

2.4.1.3 Control as a mean to mitigate risks

Amiruddin et al. (2013) argue that control is a significant mechanism in order to minimize risks associated with the relationship between the BUs and the shared services. The authors declare that there are two main risks that can arise, namely relational risk (opportunistic behaviour) and performance risk. The relational risk regards the probability and consequence of two alliance partners not having a satisfactory relationship (Das & Teng, 1996). Opportunistic behavior can cause a risk when a party are trying to shirk, cheat, distort information or appropriating resources (Nooteboom, Berger, & Noorderhaven, 1997). Amiruddin et al. (2013) state that even though the cooperation is satisfactory, there is a performance risk that the common objectives will not be achieved. The performance risk can be affected by intensified rivalry, new entrants to the market, demand fluctuations, changing government policies and sometimes even bad luck (Amiruddin et al., 2013).

In order to mitigate these risks, Amiruddin et al. (2013) state that two different types of control mechanisms can be used, formal and informal (Merchant & Van der Stede, 2003). Formal control consists of behavior and output control. Behavior control includes policies, procedures and reporting structures that are used to direct and monitor the behaviors of managers (Eisenhardt, 1985). Also, Janssen et al. (2007) suggest that organizations should implement a way to enforce and monitor the service levels of the shared services. KPIs, performance measures and benchmarking are methods that can be used in monitoring purposes (Janssen et al., 2007). Moreover, in order to motivate managers to meet strategic goals and objectives, output control can be used in forms of planning and budgetary reporting (Ouchi, 1979). Informal control, also called social or cultural control, is based on shared norms, values and beliefs (Amiruddin et al., 2013; Merchant & Van der Stede, 2003). In order to gain social/cultural control, firms have to pay attention to certain activities, such as frequent interactions, meetings, negotiations, codes

of conduct, senior management attitude and rituals (Amiruddin et al., 2013). According to Ulbrich (2006), the decision to implement shared services is often based on the target to take advantage of the organizational culture. The organizational culture is described by Schein (1990) as "a pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of external adaption and internal integration, that has worked well enough to be considered valid and, therefore, is to be taught to new members as the correct way to perceive, think, and feel in relation to those problems". Connell (2001) argues that bigger firms often wish to create an organizational culture of a smaller company in order to obtain a higher level of employee morale. Also, the author argues that bigger firms often are more structurally complex which consequently leads to slower processing of information and execution speed. These larger firms are often bureaucratic with centralized decision making power. Increased size often results in more hierarchical layers which slows down decision making process as the top management group is moved more further away from the "front line" (Connell, 2001). In order to be able to succeed with an organizational change in large organizations, the author argues that there is a need for detailed plans which can reduce the responsiveness for external changes. On the other hand, smaller firms are able to implement new strategic initiatives on a shorter notice due to their flexible and simple structure as well as their simple communication channels (Connell, 2001).

The different control mechanisms are summarized in Table 2.2 below. According to Amiruddin et al. (2013), social/cultural control can be used to mitigate the relation risk, whereas behavioural or output control can be used to mitigate performance risk.

Table 2.2: The two types of control mechanisms according to Amiruddin, Aman, Auzair, Hamzah & Maelah (2013). Formal control can be divided into behavioral control and output control whereas Informal control correlates with social/cultural control.

Formal control	Behavior control	Output control
Mitigates performance risks	Policies, procedures and reporting structures	Planning and budgetary reporting
Informal control	**Social/culture control**	
Mitigates relational risks	Interactions, meetings, codes of conduct, senior management attitude and rituals	

2.4.2   Management & strategy

The service transactions provided by the shared services need to be aligned with the overall business strategy (Janssen & Joha, 2007; Richter & Brühl, 2017). Due to the fact that there are different BUs involved in the transactions with the shared services, there are multiple agencies with different objectives which makes this alignment tough to achieve (Janssen & Joha, 2007). Furthermore, in order to successfully implement shared services and for the employees to accept and adopt the new organizational form, a shared vision amongst all involved stakeholders is needed (Janssen et al., 2007).

Moreover, Janssen & Joha (2004) present a framework with factors to consider when managing the relationship between the shared services and the BUs, called the Relationship Management Framework. In their paper, Janssen & Joha (2004) elaborate on a framework based on a study by Kern & Willcocks (2002). Kern & Willcocks (2002) developed a framework, the KW-framework, which was used to analyze outsourcing relationships. Although the original framework was based on outsourcing relationship, it can be appropriate to use when analyzing the relation dimension between shared services and BUs (Janssen & Joha, 2004). By conducting a case study on an implementation of shared services in a public organization and viewing it through the lenses of TCE, inter-organizational relationship theory and relational contract theory, Janssen & Joha (2004) revised the KW-framework in order to better suit relationship management for shared services (see Figure 2.5).
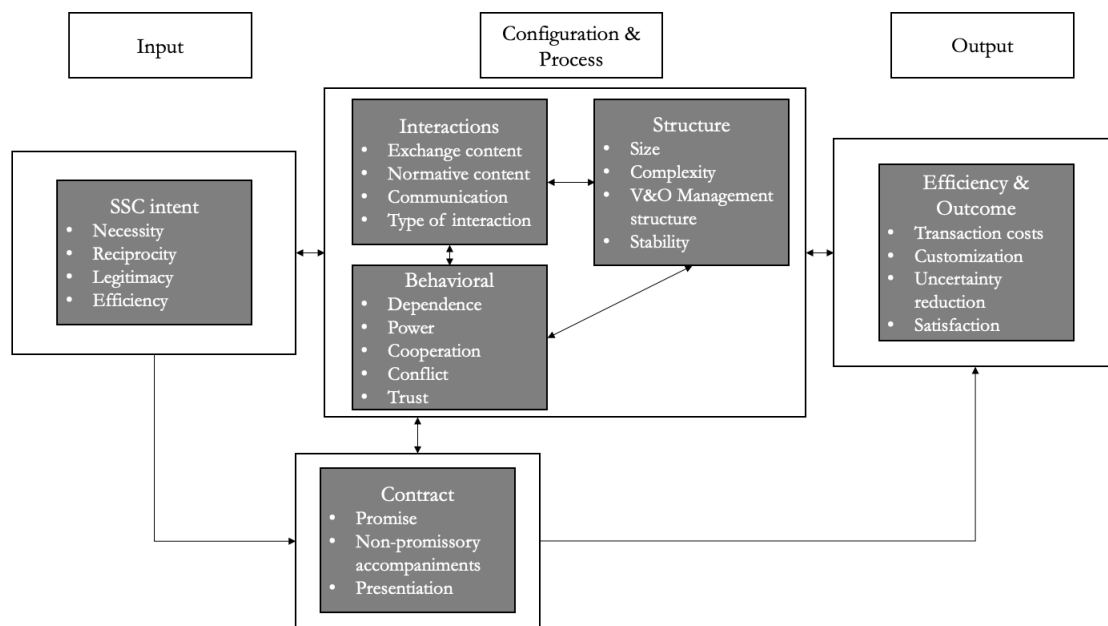
Figure 2.5: Illustration of the Relationship Management Framework developed by Janssen & Joha (2004).

2.4.2.1   Intent

Starting with the Intent, it is important to align the organization's strategy with the motives behind the implementation of the shared services (Janssen & Joha, 2004). The included factors in the Intent dimension are presented in Table 2.3.

Table 2.3: The included components in the Intent dimension (Janssen & Joha, 2004).

Necessity	The difference between the motives that are mandated or voluntary.
Reciprocity	The benefits that are anticipated when cooperating and collaborating with the shared services.
Legitimacy	The underlying political motives.
Efficiency	The expected cost reductions of the implementation of shared services.

2.4.2.2 Contract

The Contract dimension is included in the configuration and process phase of the framework. It deals with the legally enforceable and binding promises of the contractual relationship (Janssen & Joha, 2004). The included factors in the Contract dimension are presented in Table 2.4.

Table 2.4: The included components in the Contract dimension (Janssen & Joha, 2004).

Promise	Exchanges which are expected and required in the relationship.
Non-promissory accompaniments	The completeness of the contract or Service Level Agreement (SLA).
Presentation	The degree to which future elements are imbedded in present contract.

2.4.2.3 Structure

The Structure dimension concerns the underlying factors that affect the relationship between the BUs and the shared services (Janssen & Joha, 2004). The included factors in the Structure dimension are presented in Table 2.5.

Table 2.5: The included components in the Structure dimension (Janssen & Joha, 2004).

Size	The size of the client organization. An increased size increase the complexity of operations.
Complexity	The variety of services and the multiplicity of exchanges between the business units and the shared services. The complexity affects the management structure and coordination efforts.
V&O Management structure	The vertical and occupational (V&O) management structure concerns the creation of new roles and changes in present roles in order to optimize business.
Stability	Concerns the strategy for the continuity of the relationship.

2.4.2.4 Interaction

The basic elements of processes in and between functions are being dealt with in the Interaction dimension (Janssen & Joha, 2004). The included factors in the Interaction dimension are presented in Table 2.6.

Table 2.6: The included components in the Interaction dimension (Janssen & Joha, 2004).

Exchange content	The actual content exchanged.
Normative content	Both implicit and explicit exchanges.
Communication	Interaction which supports and underlies most exchanges. Can be both informal and formal interactions.
Type of interaction	The characteristic of the exchange link. Can be classified using three dimensions: formality (degree of codification), reciprocity (degree of symmetry) and standardization (degree of specification and routine).

2.4.2.5 Behavioral

The Behavioral dimension concerns the standards of conduct and basic rules for future interactions (Janssen & Joha, 2004). The included factors in the Behavioral dimension are presented in Table 2.7.

Table 2.7: The included components in the Behavioral dimension (Janssen & Joha, 2004).

Dependence	The degree of dependence and to which extent the dependence is on one particular source.
Power	The perceived degree of control and influence. The dimension also includes the degree of conflict and negative perceptions about the relationship with the shared services.
Cooperation	The undertaking of complementary activities.
Conflict	How conflicts are handled in order to "clean the air".
Trust	The belief that the shared services will perform the required exchanges so that the outcome will be beneficial.

2.4.2.6 Efficiency & Outcome

The factors included in the Efficiency & Outcome dimension concern the evaluation of the performance of the relationship between the BUs and shared services (Janssen & Joha, 2004). The included factors in the Efficiency & Outcome dimension are presented in Table 2.8.

Table 2.8: The included components in the Efficiency & Outcome dimension (Janssen & Joha, 2004).

Transaction costs	The efficiency, including quality, flexibility and innovation, of the relationship.
Customization	The specificity, i.e. the degree to which investments in a specific relationship can be used in alternative activities.
Uncertainty reduction	Concerns variability and the degree of stability.
Satisfaction	The degree of satisfaction with the shared services' performance and the relationship between the business units and the shared services.

3
Methodology

3.1 Research approach

According to Bell, Bryman & Harley (2019), the relationship between theory and research can be associated with two different approaches: *deductive* and *inductive.* A deductive research approach is the most common approach. Theory is used in order to understand what is known in the studied field, thereafter, a hypothesis is created. The hypothesis needs to be tested against empirical evidence. Using an inductive research approach however, new theory is the outcome of the research. In this case, observations and empirical evidence build the foundation for new, general theories. Bell et al. (2019) also state that a deductive approach often is linked with a quantitative research strategy whereas an inductive research approach is linked with a qualitative research strategy. Data used in quantitative research is numerical and often analysed through statistical comparisons. Qualitative research, on the other hand, is suitable when trying to understand human behaviors and data is often collected via observations or interviews (Bell et al., 2019).

No first hand knowledge about the company existed before the study began. Therefore, a hypothesis could not be presented before data collection. The collected data rather found the basis for new theories, building upon the already existing framework presented in section 2 Theoretical Framework. Hence, an inductive research approach was chosen. Furthermore, as the primary source of information would come from a case study with the aim to examine critical aspects to consider when managing shared services within a private company, opinions and behaviors of different actors needed to be gathered. Consequently, a qualitative research strategy was chosen in order to obtain these different opinions and behaviors.

3.2 Research process

As the practical problem arose from a specific case, a case study research approach was a natural choice. The practical problem led to the first research question. In order to gain more knowledge about the theoretical area, a literature review was conducted early. After the literature review, which laid the foundation for the second research question, a data collection method as well as means to analyze the collected data were decided. Figure 3.1 illustrates the chosen research process, which was developed by Dalen (2015). The *Data analysis*, *Data collection* and *Processing of data* steps could be seen as an iterative process in which the different steps affect each other (Dalen, 2015). As data was collected, processed and analyzed, new knowledge were gained that could be used in the next interview and so on, creating an iterative process. How the data collection and data analysis were performed will be further explained in the following sections.
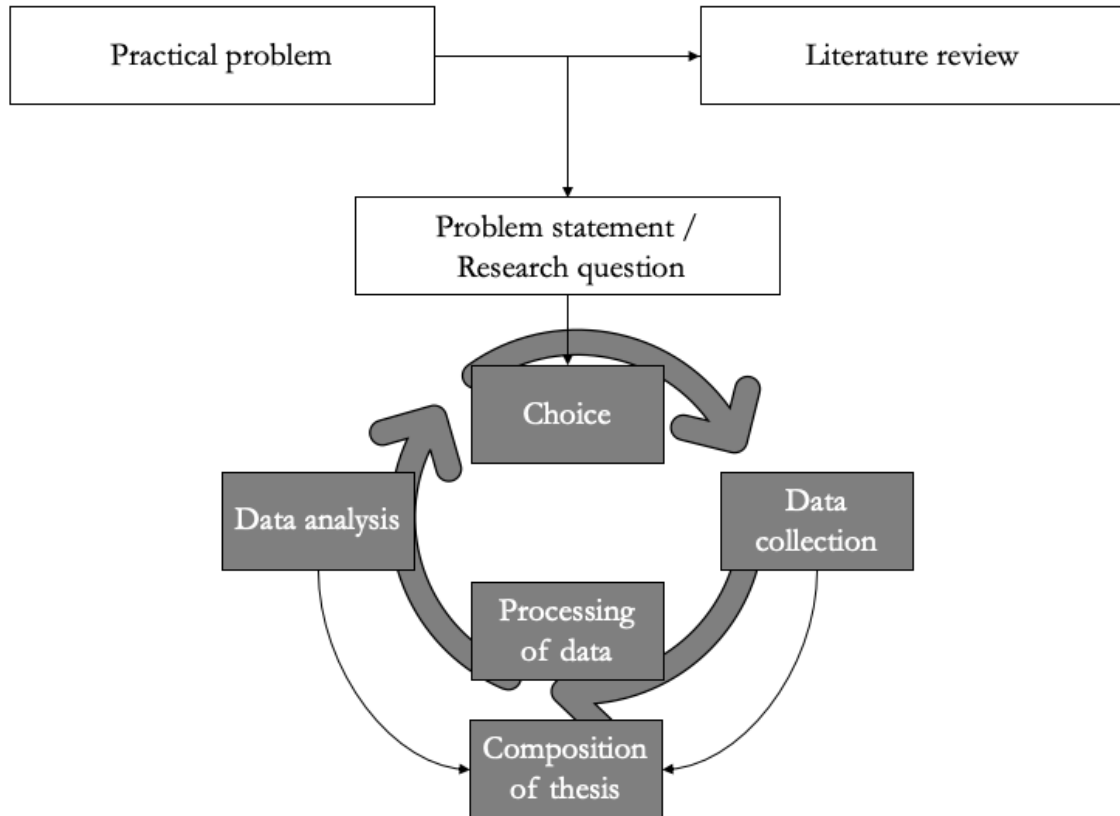
Figure 3.1: An illustration of the used research process, based on the process of qualitative studies developed by Dalen (2015).

3.2.1 Data collection

According to Yin (2018), there are six main ways to collect data when performing a qualitative research study. These are *Documentation, Archival records, Interviews, Direct observations, Participant-observations* and *Physical artefacts.*

There are several types of documents that can be used to acquire data. For example, emails, memoranda, letters, agendas, administrative documents or formal studies (Yin, 2018). The author argues that documents can be regarded as stable, specific and broad but at the same time be difficult to find and to get access to. Another weakness is that documents can be biased by the author which often is unknown. The next source, archival records, is similar to documentation. Archival records are often in the form of data files such as service records, organizational records, maps & charts and survey data (Yin, 2018). Archival records can in some cases play a major role, for example in quantitative analyses whereas in others they are not relevant at all. The strengths are the same as for documentation with the addition of the accuracy strength in quantitative terms. The weaknesses are as well the same as for documents with addition of the lack of access due to privacy reason (Yin, 2018). Interviews are, according to Yin (2018), one of the most important sources in case studies and are especially useful when searching for explanations to "how" and "why" questions. Also, they give insights into the respondents' personal perspectives and views which is a major advantage. Another strength that the author highlights is the fact that interviews can be targeted and focused on a

specific topic. On the other hand, there are some drawbacks with interviews to keep in mind. The data can be biased due to poorly articulated questions, the interviewer can search for specific statements and "force" the interviewee what to say (Yin, 2018). Direct observations can be performed by observing the specific phenomena of interest when the study is based on a case in present time (Yin, 2018). Direct observations provide immediacy and are contextual. At the same time, they are time-consuming, expensive and can be hard to perform without a team of observers. Also, direct observations can affect the studied individuals to act differently when they are being observed (Yin, 2018). In a participant-observation the data collector is not only observing the participants but is also involved in the activities that are being studied (Yin, 2018). The author argues that the strengths are the same as for direct observation with the addition of deeper insights into interpersonal behaviours. The weaknesses are the same as for direct observations as well but in this case, the data collector can also manipulate the events by his or her own acting (Yin, 2018). Physical artifacts can be a technological device, a tool or another physical evidence (Yin, 2018). The author declares that physical artifacts most often are of less importance in case studies but that they can be useful when insights in cultural features and technical operations are needed. Drawbacks of this method can be the availability and selectivity of these artifacts.

In order to be able to provide an answer to the research questions, there was a need to get information about how the BUs operate and how the relationships between the shared services and the BUs function on a daily basis. There were no documentation or archival records available describing this phenomenon. Also, direct observations and participant-observations would have been inappropriate ways to study behaviors of a sufficient amount of people as they are both time-consuming and rely on the ability to read peoples' thoughts and body languages. As Yin (2018) argues, physical artifacts are seldom of any usage in case studies which applies for this thesis as well. Since there was a need to acquire personal views and perceptions, interviews were used. Interviews were considered as a suitable chose considering both the data needed and the time frame for the thesis.

3.2.1.1 Interview methods

Interviews can be divided into two main categories according to Lantz (2013). The first one is based on an open-ended approach whereas the other one is based on a more structured approach. In the open-ended approach the interviewee can freely explain a phenomenon and elaborate on which factors that play a major role according to the interviewee's personal opinions. Consequently, the open-ended approach provides subjective data which increase the understanding for personal experiences (Lantz, 2013). However, since personal opinions differ, this can result in different definitions depending on the interviewee's elaboration on the phenomenon. Hence, Lantz (2013) argues that there can be a major difference between various interviews.

The structured approach is appropriate when the phenomenon is already known. Then, questions are created in beforehand in order to investigate the interviewee's perceptions and experiences of this specific phenomenon (Lantz, 2013). Since the studied phenomenon is predefined, the interviews can be compared. This is difficult, and sometimes even impossible, if using the open-ended approach (Lantz, 2013). The interviews can either be

semi-structured or fully structured. The fully structured interviews have predetermined response options and the questions are only connected to issues that the interviewer considers important. Semi-structured interviews have a combination of open-ended questions and fully structured ones.

Since the phenomenon was partly predetermined, there was a need to find out the answers to some specific questions in order to compare different opinions across departments. Although, structured interviews do not give the interviewees enough freedom to describe their opinions. There was a need to obtain information about personal experience and perceptions regarding the same issues. Using the open-ended approach however, there is a risk that the interviewees do not provide the answer to the specific questions. Since semi-structured interviews are built upon what the interviewer considers important but also gives information about what the interviewee think is of importance, it was regarded as an appropriate interview approach for this case study.

3.2.1.2 Interview planning

The interview questions were created and grouped in different domains in chronological order according to recommendations by Lantz (2013). The interview template was divided into three different domains in line with the framework developed by Janssen & Joha (2004) (see Appendix A Interview Template). The sequence of the questions asked were dependent on the answers provided by the respondents in order to get a adequate flow. In addition, suitable supplementary questions were asked when something extra interesting was discussed or when there were difficulties to fully understand what the interviewee meant.

The interviewee selection was based on theoretical sampling described by Dalen (2015) which is based on the work by Strauss & Corbin (1998). By following the recommendations by the aforementioned authors, the interviewee selection was done with the goal to establish maximal variation in the selection group. In order to be able to carry out such a selection, there was a need to possess a high level of knowledge about the studied phenomenon. This is, according to Dalen (2015), a common problem for students in the beginning of research projects. Therefore, in order to deal with these difficulties, the selection group was selected in consultation with an employee at the studied company. Since the studied phenomenon required deep knowledge about the current and historical strategy of the firm, the sample group mostly consisted of high level executives. However, to get additional perspectives on the phenomenon, employees working on a more operative basis were interviewed as well.

Creswell & Poth (2016) consider a sample size of 20-30 interviews to be sufficient for a qualitative research study. In addition, Vasileiou, Barnett, Thorpe & Young (2018) argue that the data collection, in this case interviews, should continue until data saturation is reached. At the start, 20 interviewees were selected and asked to participate in the study. Of these 20, 18 agreed to participate. Unfortunately, due to the covid-19 virus, 3 of the intended participants could not fulfill their partaking. However, during the last conducted interviews, there was a high level of data saturation. Consequently, conducting further interviews were considered to be redundant. In total, 15 interviews were performed with employees at the studied firm.

3.2.1.3 Interview execution

In order to be able to maximize the result of the interviews, it was important to make the interviewee fully aware about the purpose of the study (Lantz, 2013). Therefore, the purpose and aim were explained at the beginning of every interview. Also, every interview started by declaring anonymity and voluntary participation for the interviewee. The interviewee was also asked if he or she approved that the interview was recorded. All except from 1 person approved recording. The interviews were performed by following the semi-structured interview template and were recorded and transcribed in order to capture all relevant data. According to Lantz (2013), the content of the interview can become affected due to the fact that people often gets restricted when they are recorded. This was an important aspect to keep in mind. In addition, 6 of the interviews were carried out via telephone. Naturally, during these interviews it was harder to collect other impressions than just the spoken word. Also, supplementary questions were asked when appropriate in order to obtain data saturation.

3.2.2 Data analysis

The methods used in the data analysis should be determined before the case study start (Yin, 2018). For instance, if the data collection is not adapted for the determined analysis method, the entire case study can be ruined (Yin, 2018). The strategy that was used to analyze the data in this thesis is called *Developing a case description* by Yin (2018). This specific strategy builds upon the idea that the collected data are being organized according to a theoretical framework (Yin, 2018). Hence, the data analysis was performed by searching for patterns in the interviews, called *Pattern Matching* by Yin (2018). When using a pattern matching technique, the empirical data is compared with predicted data (Yin, 2018). The predicted data in this case was the theory presented in section 2 Theoretical Framework. Since the interview template was created based on the theoretical framework by Janssen & Joha (2004), the data was already from the beginning arranged in a specific pattern. Despite this, since the interviews were semi-structured, there are some differences in the data due to different personal reflections. Therefore, the interviewees' answers to some questions could be applicable to more than the intended part of the theoretical framework. Consequently, there was a need to re-allocate some of the data. Moreover, there are several computer-assisted tools that can be used in data analysis today which makes it easier to analyze large amount of data. Yin (2018) emphasizes that these computer-assisted tools are just tools and will not do the entire analysis by themselves. Therefore, the output from the computer tools need to be analyzed as well.

Since there were a total of 15 interviews carried out, there was a vast amount of data. Therefore, the computer-assisted tool, NVivo by alfasoft, was used in order to organize and analyze the qualitative data. Even though the computer tool needed a certain level of knowledge, the time effort that was required to learn the computer tool was considered necessary in order to capture the expected benefits. First, the recorded interviews were transcribed. Next, the transcribed data was structured and coded in order for NVivo to distinguish between different individuals. With the use of NVivo, quotes from the transcribed data were categorized and structured in order to match the most relevant dimension of the Relationship Management Framework presented in section 2.4.2 Management & strategy. Finally, the quotes were broken down once more into subcategories matching common themes recognized. In that way, the data was broken down, concep-

tualized, and put back together in new ways to better match the predefined framework as suggested by Strauss & Corbin (1998). Since the categorization and conceptualization of data were performed manually, NVivo did not perform the analysis by itself.

3.3 Research quality

The quality of any given research design to case study research can be judged using four criteria (Yin, 2018). Table 3.1 presents these four criteria, also called tests.

Table 3.1: The criteria for judging the quality of research design according to Yin (2018).

Construct validity	Identifying correct operational measures for the concepts being studied.
Internal validity	Seeking to establish a causal relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from spurious relationships.
External validity	Showing whether and how a case study's findings can be generalized.
Reliability	Demonstrating that the operations of a study, such as its data collection procedures, can be repeated, with the same results.

Construct validity
The first test, Construct validity, is challenging in case study research (Yin, 2018). In order to pass the test, the data collection should be done without subjective judgments from the researchers. In order to do so, operational measures must be developed. Also, Yin (2018) suggests that key interviewees should review a draft of the report before publication.

The conducted case study in this thesis was built upon the factors of the framework presented in chapter 2 Theoretical Framework. Consequently, the report together with the previously presented research questions were not an outcome of subjective judgment but rather derived from previous research. In addition, key interviewees were asked to read a draft of the thesis before publication, as suggested by Yin (2018).

Internal validity
Internal validity in case study research concerns the inferences that will be made whenever a particular event could not be directly observed (Yin, 2018). Conducted interviews and documents will lead the "investigator" to infer that an event is the results of something that happened earlier. However, in order to ensure that inferences are correct, Yin (2018) argues that one can address rival explanations during the data analysis phase.

The case study research approach of this study called for the internal validity to be considered. By addressing rival explanations to events described by the interviewees, arguments could either be ruled out or called for need of further explanation with use of the same data set.

External validity
The findings of a study can be more or less generalizable. The generalizability of a study is also called external validity (Yin, 2018). Arriving at analytic generalization can be done with the help of "how" and "why" questions. In that way, the external validity is best addressed during the development of the research questions (Yin, 2018).

By setting the initial research questions during the research design phase, before conducting the interviews, the external validity was addressed early in the study. However, the generalizability is still considered as a concern due to the fact that only one firm was studied.

Reliability
According to Yin (2018), reliability is concerned with the replicability of a study. If a researcher follows the procedures described in a study, the findings and conclusions should be the same. In case study research, this means to study the same case again, not another case. However, the chance to repeat a case study does not occur often. Still, the reliability should still be considered and the procedures should be documented (Yin, 2018).

In order to meet the demands of reliability, the procedures of this case study were documented in a way so that the study could be replicated. How the research process was designed, how data was collected and analyzed and how quality was ensured has been described in this chapter, 3 Methodology.

4

Case Study Presentation

The studied company operates in the construction and real estate industry. In recent years, the company has grown rapidly. For instance, the number of employees has increased from around 150 to more than 750 in the last 10 years and their assets have increased with more than 800% during the same period. The growth is a result of both organic growth and acquisitions of other real estate companies. Today, the company owns and manages properties in cities mostly located in Scandinavia.

In 2016, the company decided to implement shared services. Some of the services were already in place, but were not explicitly called shared services. For example, there were people working with marketing but not as their main work task. As the company continued to grow, there was a need to introduce centralized functions that could serve the whole company, independent of location. As a consequence, the people working with, for example, marketing related matters became responsible for that function. Other services, for example rent administration has been in place as long as the company has existed. Today, the shared services serves multiple BUs and are mainly deployed in the company's HQ. The shared services are still under development and internal discussions have been held to what and how the shared services should work. The current structure of the company is presented in Figure 4.1 which could be considered as a free standing shared service structure according to Ramphal (2013). The figure shows which BUs that the different shared services offer services to. However, it does not consider the size of the different shared services or BUs. Also, the different services provides support to some of the other shared services as well. As an example, the Data & IT-department serves the whole organization with IT-infrastructure.
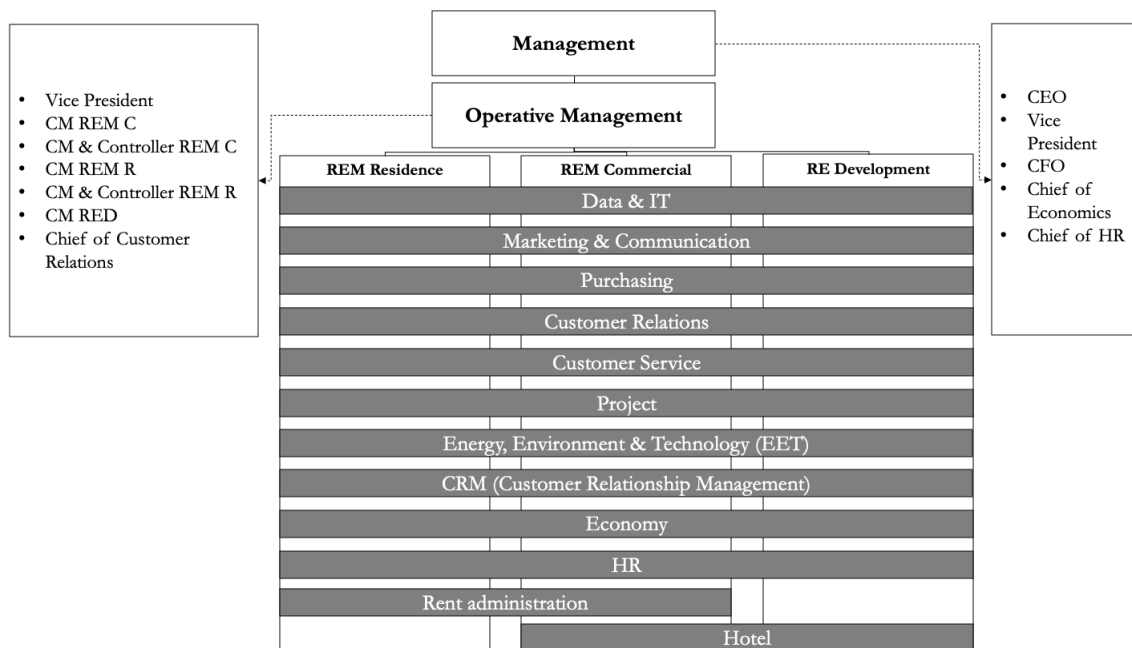
Figure 4.1: Visualization of the organizational structure at the studied company. The figure shows the internal relationships but does not consider the size of the different services or BUs. The operative management group consists of several Country Managers (CM) that are responsible for both BUs and for some of the shared services.

Management is divided into two groups: top management and operative management. Top management is responsible for the overall strategy and to find new potential investments. Operative management consists of those responsible both for the different BUs and for the shared services. The shared services are decoupled from each other and the operative management group is the umbrella under which they are controlled. During the recent months, the company has also introduced a forum which aims to help the shared services prioritize their initiatives internally. This forum will be further covered in chapter 5 Result & Analysis.

Today, the company has three BUs. The first two, Real Estate Management Commercial (REM C) and Real Estate Management Residence (REM R) are focused on the management of existing real estates. The REM C unit is mainly focused on the rental of office spaces, stores and restaurants but also includes existing hotels. Housing and apartments to private individuals are managed in the REM R unit. The two different units are therefore similar in some aspects, for example in rent administration, economy and customer service, but have different needs in others, for example marketing and communication. The third BU, Real Estate Development (RE D), manage the construction of new properties. The unit is quite new at the company and is considered to be under development. Both now and during the lifetime of the company, REM has been dominant and has continued to be the largest business area.

In order to gain full understanding and different perspectives on how the company functions, interviewees were selected ranging from the operative management group to real estate managers. The hierarchy in both of the REM BUs is structured in the same way, as illustrated in Figure 4.2. There exist multiple Business managers who are responsible for different geographical areas, multiple Regional managers responsible for smaller

geographical areas and so on.
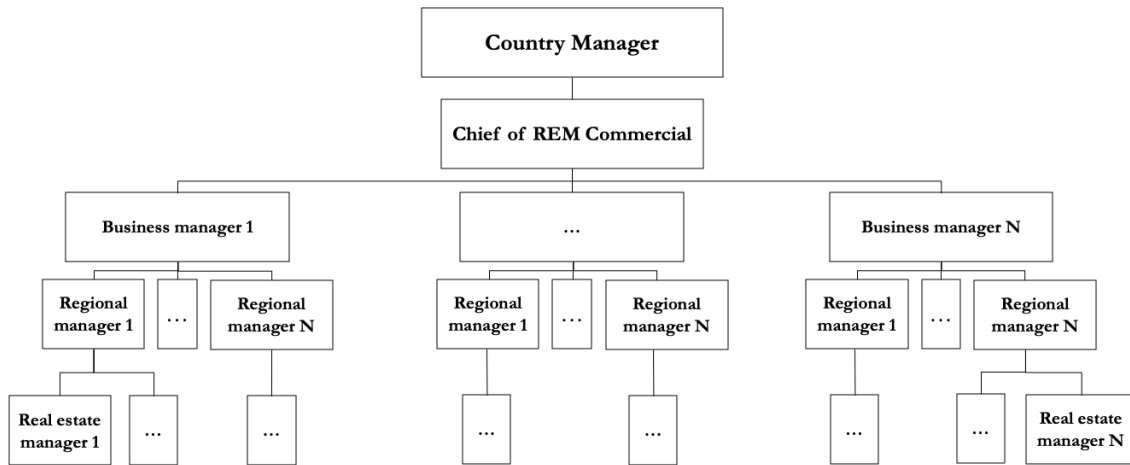
Figure 4.2: Illustration of the internal hierarchy at the REM Commercial business unit. Note that there exist multiple Business Managers who are responsible for different geographical areas and multiple Regional Managers who are responsible for smaller geographical areas and so on.

From the start of the company's lifetime, their key message to their real estate managers has been to be the "kings or queens of your properties". The real estate managers were given a lot of responsibility to manage their properties and had last say in almost every matter that concerned their properties. Furthermore, the employees have always worked closely with each other and without hierarchical obstacles. But as the company has grown, more managing roles have been put in place making the decision-making process more complex. However, the company wants to keep their closeness to each other in order to minimize the time for decisions and keep the feeling of being a "small company". Consequently, the company still values entrepreneurial spirit and their message to the real estate managers remains today, even when they are more than 750 employees.

Furthermore, the shared services do not have an individual budget. The costs associated with running the daily business at the shared services comprise mainly of the salaries for the personnel. When a shared service are providing their services to the BUs, they are not charging them for the work done. However, when a shared service comes up with an idea that requires additional resources from the BUs and other services, the service has to get the idea approved by the operational management group. In order to get it approved, the initiative has to be either directly or indirectly financial beneficial for the company. For example, the initiative could gain extra revenues or lead to better efficiency which will lower the costs over time.

5

Result & Analysis

5.1 Managing the relationship

This section will present the findings of the conducted interviews arranged after the dimensions of the Relationship Management Framework developed by Janssen & Joha (2004). Every component in each dimension will be explained in italic before presenting the findings and analysis of the component.

5.1.1 Intent

In this section, the necessity, reciprocity, legitimacy and efficiency factors will be covered.

5.1.1.1 Necessity

The difference between the motives that are mandated or voluntary.

The respondents regarded the implementation and the motives behind the shared services as mandated. Already before the decision to explicitly name the functions as shared services, people worked with some of those tasks.

> *"Some of these shared services were already in place before the implementation, for example HR, economy and rent administration. And also some kind of technical department. But after the implementation the roles are more structured."*
> *- Interviewee 15*　　　　(1)

In line with the statement above, one respondent already worked with market-related questions before the implementation of shared services but his or her job was not explicitly to be responsible for a market division.

> *"I became curious about how much money we spent on marketing. Because there was nobody working with that at the time. [...] And later on, I became head of marketing."*
> *- Interviewee 11*　　　　(2)

As the company grew, new expertise were needed in order to meet new requirements and needs. The required expertise resulted in opportunities for employees interested in specific areas to take responsibility for these matters. These specialized employees could start a group focusing on that particular knowledge area which gained responsibility for matters regarding this area for the whole organization. In that sense, the group had

become a shared service. In line with this, the respondents agreed upon the perspective that the shared services had been developed organically.

> *"It did not come all at once, from the first of January, this is what*
> *applies. It has grown, division by division took more place and started to*   (3)
> *manage their business and their processes."*
> *- Interviewee 15*

The quotation above can stand as an example of how the respondents viewed the implementation and start of the shared services. Furthermore, they also expressed that they filled a purpose.

> *"The need has been as long as X has existed, of course. Looking at the*
> *size the company was then and is now, then it is even more natural and*   (4)
> *clear that the need exists."*
> *- Interviewee 4*

The respondent explained that the need for shared services has been there all along and with the growth of the company the need grew stronger. At the same time, the company had high ambitions.

> *"I think that we want to accomplish very much with our real estates and*
> *there is a lot of money that we should handle. Plus, there is a lot of*
> *constructional and specific knowledge needed and we have seen the benefit*   (5)
> *(of the shared services) I think."*
> *- Interviewee 11*

The quotation highlights the fact that more knowledge were needed when the company wanted to be better and grow even bigger. Shared services, teams that possess specific knowledge, were therefore a natural step for the company.

5.1.1.2 Reciprocity

The benefits that are anticipated when cooperating and collaborating with the shared services.

The main benefit that was anticipated by the respondents was to get better in specific questions and obtain the expertise needed.

> *"It is to get the right help. Get the expert help that you can need. If I call*
> *the HR department in a matter, it take them 10 seconds to answer me.*
> *If I would look for the answer or take a guess myself, there is a risk that*
> *it will go wrong. So the whole purpose is to be more efficient, I would*   (6)
> *say. More time efficient and reduce the risk of potential failures through*
> *having experts in respective area."*
> *- Interviewee 15*

The respondent emphasizes on the importance of having experts at the firm instead of taking a guess in order to avoid making mistakes that can lead to processes failing.

Furthermore, before the actual implementation of the shared services, there were other expectations from the real estate managers on the shared services.

> *"I speculate now, but I think that some thought that you could send some questions to the shared services just to get help. And often it is like that, that you can send a problem to someone else that have to try to solve it."*
> *- Interviewee 15*

(7)

The quotation show an expectation to release some of the work load of the real estate managers onto the shared services. The anticipated benefits were tightly connected to the motives discussed in next section.

5.1.1.3   Legitimacy

The underlying political motives.

The thoughts about the motives for implementing shared services were somewhat divided. The motives have been classified according to the motives mentioned by Paagman et al. (2015). However, using shared services as a mean to continue the growth of the company was mentioned by several respondents and has therefore been added to the list of motives. The motives are presented in Table 5.1 below together with their rank according to the frequency of mentions by the respondents.

Table 5.1: List of the motives mentioned by the respondents and their respective rank. The motives are ranked according to the number of people that has mentioned the motive.

Motive	Rank
Improve quality of service	1
Improve efficiency/effectiveness/productivity	2
Consistent management information	2
Focus on core competences	2
Continue to grow (added)	5
Access to external resources	5
Cost reductions	7
Standardize processes	7
Exchange of internal capabilities	7
Improve control	7

As Table 5.1 states, the aim to improve the quality was the motive mentioned by most interviewees. By improving the quality of service, the respondents wanted to be able to in turn improve their core business even more.

"Yes, I think it is clear (the purpose of shared services), because in my world, it feels natural to have shared services the more I think about it. It would be damn inefficient if there was a little bit of a shared service in every geographical place where the company operates. It would be IT-departments everywhere that work with their equipment, computers, cell-phones, their fire experts, their rent experts. Marketing could market X different in one place than the other for example."
- Interviewee 12

(8)

The respondent highlights the importance of aligning every part of the company in order to have consistent management information. The quote also raises the intention of becoming more efficient, which was one of the most mentioned motives. Having shared services that were specialized, was going to save a lot of time for the BUs as they now could ask specialists for help.

"We had to be more people that could carry the firm forward through greater presence, greater control and thereby follow-up but with the goal that we knew all the time that we could be so tremendously much better, at everything, by answering the same everywhere."
- Interviewee 3

(9)

Once again, the respondent emphasizes on improving the quality at the rapidly growing company and at the same time gain more consistent management information.

5.1.1.4 Efficiency

The expected cost reductions of the implementation of shared services.

The motive of becoming more efficient was ranked at shared second place. However, only one respondent expressed the motive of reducing the costs when implementing shared services. In particular, the respondent talked about the indirect costs of searching for information and being inefficient at work. These costs, the respondent meant, were going to be reduced as a consequent of the implementation of shared services.

5.1.1.5 Summary of the Intent dimension

As the company grew, the shared services did emerge organically inside the organization. The company felt a need to implement the shared services in order to continue to grow as well as to improve the quality of the service. Some of the services had already begun to grow into the company before the decision was taken to explicitly call these functions shared services. Managers were recruited both internally and externally. Improving efficiency and getting more consistent management information were two additional motives mentioned behind the implementation. Naturally, the company anticipated to get better in specific questions when experts were hired that could provide guidance and help in specialized matters. Cutting costs were not the main objective and were only mentioned by one respondent. However, as the efficiency was expected to get higher, the costs were anticipated to decrease.

5.1.2   Contract

This section will consist of the analysis of promise, non-promissory accompaniments and presentation.

5.1.2.1   Promise

Exchanges which are expected and required in the relationship.

Which exchanges are expected by the shared services and are BUs obliged to reach out to the shared services for help? The respondents do not totally agree in this matter.

> *"There is no coercion that says that we must use the shared services. They should only serve as a support and if they cannot reach my expectations, I will find another solution."*
> *- Interviewee 7*
(10)

The quotation highlights that the BUs can solve the problems they face by going outside the company, using external providers of services. However, a wish from the shared services is to not go directly to those external service providers.

> *"The thought is to let the initiatives canalize through us. It is an exception if they on their own would go outside the company as inexperienced buyers of services. It is better if they reach out to us so that we can solve the task with external providers. In that way, we can at least control the frames from the beginning."*
> *- Interviewee 12*
(11)

Instead of being rounded by the BUs, some respondents from the shared services expressed the wish to at first be involved in the task of contacting and hiring external providers if they cannot themselves provide the service. The shared services understand that they cannot always help with everything the BUs wish for, but at least they want to be asked before external actors get involved.

Internal consultants or not?
Moreover, the internal picture of the relationship and the promise between the BUs and the shared services goes apart. While some are clear that the shared services are, and should act like, internal consultants others do not want to see the relationship in that way.

> *"I describe our work as an internal consultant in order for them to understand us and for us to understand them. That is, we have no power over decisions and authority over their work, we just gather information and deliver it to them."*
> *- Interviewee 4*
(12)

The respondent further explains what he or she meant with the description of internal consultants.

"Start by whipping me, a hundred times, I am just a simple internal consultant. If you are not happy with my work, then you can whip more and demand more, be tougher and demand results. And if nothing happens, then you have to move on, run over me. It is your fully right. So if I say that you can call me an internal consultant, you have to treat me as one. I cannot say that you can call me that and at the same time act like I am your boss and stand above you or your organization or that my decisions are above yours. It does not work if I am a consultant. A consultant has no power, none. If I say that we should treat consultants in that way, then we would start treating external consultants in the same way and believe that they have power over us. And they have absolutely no power. We are clients and we are specifiers and it has to work both internally and externally."
- Interviewee 4

(13)

The way of viewing the shared services as internal consultants implicates that the services are there for one purpose, to serve the BUs. In addition, the respondent want the BUs to put pressure on the shared service and treat them as if they were internal consultants.

"The idea is that they should assist and support. In my world, we are the client of that service. But there are split opinions about that. So, it is somehow internally. According to me, they should be the best internal consultants in the world. "
- Interviewee 7

(14)

The perspective of regarding shared services as internal consultants was shared among other respondents and both employees within the BUs and the shared services considered the relationship in that way. However, not all respondents saw the relationship in the same way.

"I do not see it as I am a client to them. I see them more as a support function rather than that I can trust them to help me with things that have to be done. They should be there more as a sounding board like that when it comes to different government related issues but it is still up to me to solve everything."
- Interviewee 19

(15)

The respondent did not consider him or herself as a client to the shared services. Rather, he or she use the shared services in order to get advice. Another respondent had his or her opinion clear and to the question "*Is it stated that the shared services should act like internal consults?*" the answer was:

"No they are not internal consultants. They are a part of the team."
- Interviewee 2

(16)

5.1.2.2   Non-promissory accompaniments

The completeness of the contract or Service Level Agreement (SLA).

Since the relationship and the "contract" build on mutually trust, the completeness is hard to concretize. However, the level of trust between the involved actors in the relationship will be further covered in section 5.1.5.5 Trust. The quotation below exemplifies the way that the respondents felt about the usage of service contracts.

> *"No, damn no. No no, e-mail and phone calls. We never want, what to say, to protect our backs is wrong and instead you should take shared responsibility for the things we do."*
> *- Interviewee 5*

(17)

5.1.2.3   Presentiation

The degree to which future elements are imbedded in present contract.

As previously mentioned, any specified contract for the exchange between the involved actors does not exist. Therefore, the degree of future elements is neglected.

5.1.2.4   Summary of the Contract dimension

The choice to use the shared services as providers is up to the individual real estate manager. However, the shared services themselves always want to be asked first, before turning to external providers. In other words, they want to be the prioritized and preferred provider of services. Furthermore, there is contradictory views on whether or not the shared services should be regarded as internal consultants. Some argue that the relationship should be seen in that way, while others argue that they all should be considered as one team. The "contract" between parties is based on trust and no written contract or SLA exist. The continuing of the relationship is therefore dependent on the level of trust that the different parties can gain for each other.

5.1.3   Structure

This section will cover the analysis of size, complexity, V&O management structure and stability.

5.1.3.1   Size

The size of the client organization. An increased size increase the complexity of operations.

As stated before, the studied firm has grown rapidly during the last 10 years, from around 150 to over 750 employees. The quotation below highlights the pace in which the company has grown. The real estate managers could be assigned new properties with just 14 days notice. Today, the REM C unit is around 120 employees in total, including both officials and collective workers. The REM R unit is even bigger and RED consists of around 60 employees.

"It can be like this, that you sit in a meeting and then all of a sudden, in a month you will get one more real estate. [...] Sometimes it is even 14 days, half a month."
- Interviewee 8

(18)

Moreover, the size of the shared services varies. Some of them are under development and include just one or two people. Others, like the project service spoken of by the respondent below, include more than 50 employees.

"Back when I joined X, the project function consisted of two colleagues. Today they are around 50. So their biggest every day challenge is to find 20 new colleagues."
- Interviewee 12

(19)

5.1.3.2 Complexity

The variety of services and the multiplicity of exchanges between the business units and the shared services. The complexity affects the management structure and coordination efforts.

In order to put words on the complexity of the connections between the different BUs and shared services, one respondent described the company as a 3D orb.

"It is almost like I would like to put them (the different BUs and shared services) into a 3D orb, then you see a brain with all the threads going in every direction."
- Interviewee 11

(20)

The complexity was described by the majority of the respondents, but in different ways. The four main themes found were variety of services, insufficient information about shared services, geographical distance and understanding of the core business.

Variety of services
There are many different functions included under the shared service "umbrella" today and the difference between the various services is in some cases distinct. One of the shared services, the project function, has become so important and integrated in the core business that it is not considered a shared service. But on paper, it is still called a shared service.

"Today, the project function are not really a shared service in that way anymore. They have become so heavy in X's projects that they do not regard themselves as a shared service anymore. But not really expressed, because the shared services are small, niche swot-teams. But when they become too dominant in X, they are not a shared service in that sense. So, they have moved from being a shared service into being more the heart of X."
- Interviewee 12

(21)

Moreover, shared services do not solely serve the BUs. The respondent below shed light on the perspective of the shared services being support functions to the whole organization. The variety of services spans from performing services to the BUs to helping the other shared services as well with their work.

> *"We are like a support function for the whole company. We do not only*
> *support REM and RED, we also support the operative management and*
> *the top management group. [...] We actually support, to be honest, we*   (22)
> *support the shared services as well."*
> *- Interviewee 10*

Insufficient information about shared services
As presented above, the respondents see the organization as quite complex. The high degree of complexity also manifests itself in some of the respondents' statements about how hard it is for employees, especially newly hired, to understand what a particular shared service can do and who to reach out to in specific matters.

> *"I think that it is like a storm or tornado inside their heads. It is very very*
> *much to learn and absorb. I notice that when we have new employees.*   (23)
> *They call me a lot and I refer them further and give some advice."*
> *- Interviewee 8*

The respondent expresses that he or she get a lot of calls from the new employees at the firm, giving him or her the role of an intermediary. Another respondent felt like the functions of shared services were comprehensible, but expressed the concern for new employees.

> *"For me, yes. But if I should put myself in the role of being a newly hired*
> *colleague that has worked here for a year, definitely no!"*   (24)
> *- Interviewee 7*

There was a shared feeling that employees who have worked at the company for a long time often get a lot of calls from other colleagues wondering where and to whom to call. It was not necessarily seen as a problem for the ones who got the call, rather a natural way of information distribution. However, one respondent was more concerned about new colleagues who did not understand what shared services could help with.

> *"Take the customer relations group, that is a title that says nothing about*
> *something. And if one should be even nerdier, you say CRG, which is*
> *short and tough. Then it says even less. For a new colleague that has*
> *just begun and has heard of CRG, there is zero percent chance that this*   (25)
> *person even can guess what the CRG do and what they are good for. That*
> *is the biggest issue."*
> *- Interviewee 4*

If colleagues do not reach out to the shared service when in help, the company has missed out on the purpose of having shared services.

Geographical distance

Another aspect that was frequently brought up during the interviews was the difference between different locations and their geographical proximity to the HQ, and consequently the shared services.

> *"I think that I have an advantage being placed in the same city as the HQ because I can reach out to those people that I need easier. It is worse for those people located in other cities."* (26)
> *- Interviewee 8*

Another respondent was into the same topic.

> *"I believe that we (who are not located at the HQ) have much worse contact. Insanely much worse contact. I, who am at the HQ periodically, do not even know who people are. You can then guess how my real estate managers feel that do not speak to them normally. So, I am totally convinced that people at the HQ have a lot better contact with the shared services. Totally convinced."* (27)
> *- Interviewee 15*

On the contrary, one of the respondents expressed that he or she thought that employees from the smaller cities, located further away from the HQ, were the ones reaching out to that particular shared service the most.

> *"It is absolutely from the whole country. I would say that it is mostly from the smaller cities. I believe that this is the case because in the bigger cities, we have other personnel that work a little bit with our questions."* (28)
> *- Interviewee 10*

The picture differs between the respondents. A third perspective on this matter is brought up by the next quotation below.

> *"There is a difference. Because at the city where the HQ is located, then you work like a large corporation. And the ones who are working at our real estates, some people might not feel seen and do not understand that they work at a company of our size."* (29)
> *- Interviewee 2*

The respondent highlights the difference between the large organization placed at the HQ compared to the smaller locations. However, the respondent also argued that he or she thought that if the employees collaborated together in solving problems, the distance should be no problem. But at the same time, the short distance for employees working close to the HQ facilitated in that collaboration.

Understanding of the core business

A common theme from the interviews was the emphasis on the importance of understanding the core business. During the first year after the implementation of shared services, the operative management felt like the shared services took too much initiatives, which will be further discussed in section 5.1.5.3 Cooperation in paragraph "Initiating collabo-

rations". Since the shared services did not understand the width of the work carried out in the BUs, it was hard for the new managers to understand that their specific area only consist of a small part of the work in the BU.

> *"This is one element for the real estate managers in their work. But for the ones who are specialists in project, purchasing or rent administration, this is that person's kingdom. And we did not see that coming."* (30)
> *- Interviewee 2*

Some years ago, the company started a program that is meant to create better understanding of the core business for both new employees and specialists. The company believes in recruiting managers to their shared services internally. Doing so, the managers would understand the core business better, thus the chance is greater that they have the BUs' best at mind when collaborating.

> *"It is not only to run a shared service. You should create the shared service, and you should understand the core business. And I have noticed that there are two different persons. 'Yes, I want to be the manager of a shared service' or 'Yes, I want to build the department, but I also want this. I am not a manager at any construction company'."* (31)
> *- Interviewee 3*

At the same time, not having the knowledge can also build up frustration from the BUs.

> *"They do not understand the flow. I think it is like that. Our focus is to rent out as much facilities as possible for as much money as possible. Do as large projects as possible. We do not have any internal focus what so ever."* (32)
> *- Interviewee 7*

5.1.3.3 V&O Management structure

The vertical and occupational (V&O) management structure concerns the creation of new roles and changes in present roles in order to optimize business.

First and foremost, the company did implement the services as free standing shared services. Consequently, they did not assign any roles in order to govern and manage the shared services which should have been the case if the firm implemented a SCC structure. Still, the company has introduced regular meetings between the managers for shared services and managers for the BUs in order to better coordinate the daily business. In order to do this, every member of the operative management group are responsible for one or more shared services which they then meet regularly. Additionally, in order to coordinate large initiatives and projects, the company has very recently started a forum where representatives from the different shared services could bring their ideas for new projects forward.

"The purpose is partly to better anchor all decisions and partly to make use of all the good ideas that exist. We love all the colleagues that bring up ideas but all these ideas have to be processed in a responsible way. Take care of them, bring them in and give feedback about why we do not do certain things and why we do something else." (33)
- Interviewee 3

In this forum, company-wide initiatives and projects will be brought forward by the shared services and coordinated together with inputs from the operative management and BUs.

"I will have a presentation and go through what we are currently working with and the ideas that we have picked up from our colleagues at the BUs. What do you think that we should put time into and how do you want us to do it? Which initiatives are important to start task forces for? Should we do some kind of investigation or should we put the question on hold? How do you think that we should prioritize? I will ask those questions to the operative management, with the attitude that they have the joint picture of what is important in the country." (34)
- Interviewee 11

The respondent emphasizes that he or she want to use the forum in order to get feedback on the ideas generated in the shared services, thus the forum provides an opportunity to verify the needs behind the ideas.

"The BUs, they canalize all their needs into the forum in order to synchronize. So that we focus on the right things and can benefit from our large organization." (35)
- Interviewee 12

The forum can also work the other way around as the shared services can use it as an opportunity to get input of the needs of the BUs. As the forum is very new to the company, a best practice has not been set in how to best take advantage of it.

5.1.3.4   Stability

Concerns the strategy for the continuity of the relationship.

In order to increase the usage of the shared services, respondents have spoken about increasing the knowledge about what the services can help with and also improve the penetration of their ideas to the BUs. As stated in section 5.1.3.2 Complexity, respondents spoke about the insufficient information about what shared services could really do and help with.

"Today, when we post an update on our internal information channel, I follow that post very eagerly to see how many that like it. Because I want the information to be relevant, you should take it in. If it says 'please contact us', if I then get a call from someone that says that he or she wants to be the first one to try it out, I see it as a success. I want to be a function that you can have a dialog with and contact. And when people do that, I see it as a success."
- Interviewee 11

(36)

One way is to post information on the company's internal information channel in order to reach the majority of the company. The information channels and communication will be further covered in the next section. Furthermore, the respondents spoke about building trust between each other (see section 5.1.5.5 Trust) in order to build a long lasting relationship.

5.1.3.5 Summary of the Structure dimension

As stated before, the growth of the company during the last 10 years has been immense. The size of the different BUs spans from over 150 employees (REM R) to around 60 at RED. The increase in size has in turn affected the complexity of the organization. The variety of services that are offered as shared services are many and information to new employees on which services that could be provided to them are not sufficient enough. Due to the fact that the shared services are mainly located at the HQ, some employees felt that the personnel employed there had a better connection with the shared services. Moreover, there is consensus in the opinion that the managers responsible for the shared services should have substantial knowledge in how the core business functions and how the daily work routine looks like in order to optimize their service. In an attempt to organize and align new initiatives, the company has started a forum in which the operative management team can be a part of the coordination of company-wide projects. Looking into the future, the shared services work in order to always be the preferred provider of services for the BUs.

5.1.4 Interaction

The analysis of the included components in the Interaction dimension, exchange content, normative content, communication and type of interaction, will be covered in this section.

5.1.4.1 Exchange content

The actual content exchanged.

According to several respondents, much of the communication between the shared services and the BUs are exchanged via face-to-face conversations, phone or e-mail and most of the time there do not exist any kind of written specifications. Additionally, the shared services can post their initiatives on the internal information channel, which is available to everyone at the firm. One respondent answered that these channels are used when the shared services want to distribute information about new initiatives or recommendations.

"The internal information channel or via an e-mail or something. That says, now you should do like this, now we have done this or we are going to do this." (37)
- Interviewee 7

The internal information channel can also be used as a mean to search for information needed by the real estate managers.

"I would do a search on our internal information channel. I would do that in first hand. But I do not think that it states clearly like, this can I get help with, I do not think it is stated." (38)
- Interviewee 19

However, the respondent above do not consider the information clear. In addition to the information channel, some of the shared services also have a shared e-mail which everyone have access to in order to facilitate for the BUs.

5.1.4.2   Normative content

Both implicit and explicit exchanges.

In order to get an initiative funded, the employees need to show some sort of financial gain. This number can be seen as explicit communication. Furthermore, one respondent spoke about wanting more quantifiable data in order to measure the progress of his or her shared service.

"I like to follow up, to see improvement all the time. That we become better and better all the time. I have that as my progress all the time. To all the time urge on that we can measure our success in what we do. So I can show operative management that this year we have become this much better in this and this aspect. So, soon I have two guys that only work with excel and measure everything we do." (39)
- Interviewee 12

The quotation above highlights how a shared service can use explicit information in order to gain trust and show operative management their progress.

5.1.4.3   Communication

Interaction which supports and underlies most exchanges. Can be both informal and formal interactions.

As stated before, the studied company does not see itself as a hierarchical company. Therefore, in the best of worlds, people should present their questions directly to the ones that are concerned. However, the respondent below mentioned two categories of questions.

"If there is a specific question that the real estate managers need help with, they should not go through me, in that case the real estate managers should contact the shared service right away. On the other hand, if there is a bigger question, a strategical question, then they usually go by me so that I can use my contact channels. The aim is to get the real estate managers to talk directly with the shared services, or else it will become heavy to manage."
- Interviewee 15

(40)

Firstly, the respondent argues that detailed questions should be asked directly to the shared services. Secondly, larger and more company-wide questions should be canalized to someone closer to the operative management in hierarchy. As stated in section 5.1.3.3 V&O Management structure, the company has also introduced a forum for coordinating company-wide initiatives and projects.

Furthermore, the company also hosts informal gatherings every year to summon the whole organization. However, these gatherings are often for the whole organization and have a more festive atmosphere.

"I think that we need to get better to have more gatherings group by group, for example residential. Every year we have a gathering where everybody meet. But you don't sit there and discuss rental policies and such things. You don't do that because then it's party and you are supposed to have fun. So I think that we need to have more gatherings where you can have more time to talk to each other."
- Interviewee 8

(41)

The respondent shows an interest in having more meetings that aim to enhance the formal relationship between colleagues.

5.1.4.4 Type of interaction

The characteristic of the exchange link. Can be classified using three dimensions: formality (degree of codification), reciprocity (degree of symmetry) and standardization (degree of specification and routine).

The conducted interviews show that the company has a relatively low degree of formality in their information exchanges. Contracts are not used and the relationships build on trust, which is analyzed in section 5.1.5.5 Trust.

As stated in section 5.1.3.2 Complexity, the degree of symmetry between the different shared services is low. As a consequence the BUs need to customize their behavior to each and every service function. The degree of standardization is further analyzed in section 5.1.6.3 Customization in paragraph Standardized processes.

5.1.4.5 Summary of the Interaction dimension

The interaction and communication within the company build upon a high level of personal relationships and trust. The communication between the employees is exchanged

through conversations, phone calls or e-mail and for the most of the time there exist no kinds of written specifications. This results in a low degree of formality. Since the company has grown very much in recent years, the personal relationships between all individuals are not as easy to maintain as before. It is then important to be able to reach out to all employees within the company with new information. Today, this is done via their internal information channel.

5.1.5 Behavioral

This section will delve deeper into dependence, power, cooperation, conflict and trust.

5.1.5.1 Dependence

The degree of dependence and to which extent the dependence is on one particular source.

Before the implementation of shared services, the real estate managers performed almost all activities that regarded their properties by themselves together with the caretakers and external consultants. This made them more or less independent and this still remains to some extent today. However, the perceived dependence on the shared services is divided in the company. While some feel that the BUs are dependent on the shared services, some still feel that the BUs could manage themselves.

Low degree of dependence
There is still a mindset within the company which underpins a high level of independent problem solving by the real estate managers.

> *"I still act as I'm supposed to solve every problem by myself. I do not even turn around and ask the shared services for help, I just solve the problem by myself."*
> *- Interviewee 19*
(42)

There are several statements in line with the one above.

> *"To be honest, as a real estate manager you can perform all of your activities by yourself and if you get stuck, you can buy the service from an external consultant."*
> *- Interviewee 7*
(43)

However, in the statement above, the respondent explained that it is still possible for the real estate managers to manage their properties by themselves. Even though the knowledge exists within the company, the real estate managers can hire external consultants in order to be independent of the shared services.

> *"I think that we would be able to run our business without the shared services, but it would have been very time consuming for all of us."*
> *- Interviewee 5*
(44)

There is clearly a low dependence on some of the shared services provided internally. It is important to keep in mind that the shared services differs and that the statements above

only regard some of these. However, these statements do only say that it is possible to perform some of the daily activities without the usage of the shared services but not without an impaired efficiency.

High degree of dependence
There is clearly a diversity of opinion regarding the level of dependence between the BUs and the shared services. There are some statements that emphasize a high level of dependence of the shared services. The same respondent that was quoted above (see Quote 44), changed opinion after some further discussion.

> *"We would survive without the shared services, but we are better with*
> *them. Or survive, well it would have been tough for all of us. Some, but*
> *not all of them are vital for us as a company."*   (45)
> *- Interviewee 5*

There are several statements in line with the quote above which clarify the fact that some, but not all, shared services at the company are crucial.

> *"I'm dependent on the shared services in some areas, for example the HR*
> *and rent administration. I cannot handle these system good enough so I*
> *need help."*   (46)
> *- Interviewee 15*

The company is heavily dependent on some services and these need to always work without friction.

> *"IT just needs to work. From my perspective, the IT and EET are the*
> *two most vital as well as the HR function. But HR is still only just a*
> *support function, we still recruit our colleagues by ourselves."*   (47)
> *- Interviewee 7*

There is also some sort of dependence on the shared services regarding the expertise and specialized knowledge within some fields that easily can be too complex for the real estate managers to handle by their own.

> *"Without the right expertise within some technical fields, one can easily*
> *be fooled by suppliers to buy more advanced and expensive tools and in-*
> *struments than needed. Therefore, it is nice to be able to reach out and*   (48)
> *discuss such questions with our internal experts."*
> *- Interviewee 19*

One respondent described a situation where one of the shared services, the rent administration, sometimes constituted a bottleneck which illustrates the fact that real estate managers are heavily dependent on this particular function to run smoothly.

> *"Sometimes we can end up in situations where we cannot continue with*
> *our work processes unless the rent administration finishes one of their*   (49)
> *processes."*
> *- Interviewee 8*

The quote above illustrates the fact that some processes need to be performed by the shared services, whereas some processes as easily can be performed by external service providers. The differences of the shared services make it difficult to treat them as equal.

5.1.5.2   Power

The perceived degree of control and influence. The dimension also includes the degree of conflict and negative perceptions about the relationship with the shared services.

The power relationship between the BUs and the shared services has been an ever evolving process since the implementation. As stated earlier, before the implementation of the shared services, the real estate managers within the BUs were supposed to act as "kings or queens of their properties". This resulted in BUs with a high level of power and almost autonomous control over their properties.

As stated in 5.1.1 Intent, some of the service functions did already exist before the implementation of the shared services. Consequently, it was easy to create these shared services since the persons in charge for the new functions already were identified and worked within the company. In contrast, in the shared services that were required to be created from scratch, external managers needed to be hired. These managers were not familiar with the firm and how the core business worked.

> *"When some of these shared services were created in 2016, we hired professionals within each area and they were asked to deliver and reach a specific target. New person, new function, new group and as a newly recruited manager you think that you have to deliver. One wants to contribute to the success of the company by creating as much new things as possible. And as a new manager you do not bear in mind the possible consequences if all new shared services act in the same way and come up with new things to develop. What then happens is that the BUs all of a sudden are forced to start working with all these new ideas at the same time beside their ordinary work tasks."*
> *- Interviewee 5*

(50)

When the shared services were implemented, there were all of a sudden several other actors involved in the decisions of how to manage the real estates and how the employees within the BUs were supposed to allocate their time. This resulted in ambiguities concerning both the decision making process and about who is ultimately responsible. These new professionals were recruited externally, and had their expertise far away from the core business of the company. This made it difficult for them to understand the daily operations in the BUs which led to a "clash" between the professionals and the "kings or queens of the properties".

There are some strong evidence that illustrate the fact that the shared services obtained too much power at this stage. The shared services started to dictate the relationship and targeted requirements toward the BUs and the real estate managers. They did so despite the fact that the shared services solely were implemented to act as support. According to a respondent, one main reason for this negative outcome was that the shared services

were placed above the BUs on the initial organizational scheme.

> *"The managers within the shared services didn't understand that they*
> *were providers for the BUs. It was due to an incorrectly designed orga-*
> *nizational scheme where we placed shared services above the BUs."*
> *- Interviewee 3*

(51)

Since the BUs are the revenue generating functions of the company, it is important for them to stay focused on their main duties. When they all of a sudden had to run errands for the shared services, the power relationship was not in line with the pre-set expectations. After a period of time, this undesirable outcome was discovered by the operative management and the quote below describes their reaction.

> *"Are you making demands toward the core business? It is the BUs that*
> *are supposed to target demands against you to make the daily business*
> *easier within the BUs. [...] The BUs are the ones working with the*
> *revenues and you should help them with their daily difficulties. It was*
> *time for the BUs to get the power back."*
> *- Interviewee 3*

(52)

Despite these clear opinions from the respondent above, there are still today some ambiguities concerning both the decision making process and about who is ultimately responsible. Since the actual process in each shared service is more or less unique in comparison to the other shared services, the relationships between the BUs and the shared services are not static all over the company. Consequently, there are today some differences in the opinions regarding the responsibilities and about which party that bears the actual obligation to ensure that the cooperation succeeds. Therefore, it can be hard to achieve consensus regarding this topic, but one can find a general opinion about the majority of the relationships.

Degree of influence

The culture within the company supports the employees to take a high level of responsibility over their own processes. Especially, the real estate managers are supposed to take full responsibility over their properties. This way of acting has remained after the implementation of the shared services.

> *"In our organization, I believe that the majority of the employees within*
> *the company know that each individual takes a high level of responsibility*
> *and manages his or her own questions."*
> *- Interviewee 10*

(53)

When a shared service performs a work task for a BU, the obligation to succeed with that actual task lies upon the shared service according to some respondents. However, the collaboration seems to be restricted by the BUs but the shared services are free to decide as long as they stay within pre-set boundaries.

> *"I am responsible at the start where I dictate the boundaries of this partic-*
> *ular process, but then I hand over the responsibility to the shared service."*
> *- Interviewee 19*

(54)

After the boundaries are fixed, the shared service takes over responsibility.

"We become responsible, we get the baton or how to say. We become ultimately responsible for making this cooperation successful. Real estate managers target goals toward us and we should solve the problem." (55)
- Interviewee 12

The quote above is expressed by an employee within a shared service, which indicates a high level of accountability. This opinion can also be found within the BUs where one respondent argued in the same way.

"On a general level, I would argue that the shared services take responsibility over their tasks from the start until the end." (56)
- Interviewee 9

The quotation above highlights the fact that shared services do take responsibility from start to finish. However, another respondent wanted to be able to take back the control during the process.

"I like to illustrate the relationship with a yo-yo. The BUs should be the ones holding the string and when they are in need for support they throw away the disk to a shared service which in turn controls the process for a while. But if the BU is not satisfied with the result, they can pull back the disk and take control over the process again. This wishful thinking describes how I want the collaboration to work in the best of worlds. But unfortunately, I think that due to lack of knowledge and heavy workload within the BUs, the shared services often ends up with a bit too much control." (57)
- Interviewee 15

This statement implies that the respondent wishes to be able to more or less flip the control back and forth between the involved parties but that the BUs decide which one is being responsible for the moment. The next paragraph will further cover the perceived level of decision making power between the parties.

Decision making power
By changing perspective and instead starting to analyze the decision making power one can find opinions supporting the fact that the BUs are the ones who are ultimately responsible for the collaborations. One respondent described this with a football parable which makes it clear that the BUs are the ones with the decision making power.

"The shared services are not the captain of the team but they are an important function. Everyone in a football team can not be Zlatan, right? And the shared services are not Zlatan. It is the real estate managers that are Zlatan here." (58)
- Interviewee 2

The opinion that the BUs should have the decision power is shared between several respondents within the BUs as well.

> *"It depends on the situation, but I would say that we within the BUs have pretty much decision power. Because we are the ones that are going to be responsible for the maintenance of the properties in the future which make us responsible to manage all possible consequences. [...] Overall, I would definitely say that the BUs decide whether or not something is going to be implemented."*
> *- Interviewee 5*

(59)

Some employees within the shared services did also emphasize the fact that the BUs possess a high level of decision power.

> *"The BUs can not blame poor results on the shared services, it is still the real estate managers that are the ones responsible for their financial results and for taking charge of the collaboration with the shared services."*
> *- Interviewee 11*

(60)

Several of the respondents working within the shared services are in line with Quote 52 which concerns the goal and purpose of the implementation of the shared services, namely to facilitate the core business' daily operations.

> *"We do not possess decision making power and we have no authority over their processes. We do only perform the tasks that are requested, but the implementation and decision making is performed by the BUs, most often."*
> *- Interviewee 4*

(61)

Negative perceptions about the relationship
Several respondents expressed their thoughts on the negative aspects regarding the relationship between BUs and shared services. Consequently, there is room for improvement connected to the relationship.

> *"Since the success of the usage of the shared services is dependent on the involved individuals, the result can change a lot from case to case. In times when employees within the REM blame poor results on others by arguing like this: 'I don't get things done, I don't use my brain since there are others working with this task'. Then this is more like a hindrance than it is helpful. [...] The major risk that is connected to these shared services is that people from the BUs starts to, how to say, they stop using their own brains just because someone else is helping them to do something."*
> *- Interviewee 4*

(62)

The respondent above expresses his or her fear of having employees at the BUs not taking responsibility over their questions. As the company wants their real estate managers to own their questions, it is naturally bad that those real estate managers give away

decision power and responsibilities. Moreover, the following respondent is more negative towards the collaboration and does also discuss that the success is based on the individuals involved.

> *"I would say that the collaboration between BUs and shared services is stalling to maximum right now. But of course, in some cases it works great but then it is heavily dependent on the individuals involved."*
> *- Interviewee 7*
(63)

The same respondent further developed the discussion about the collaboration and described important aspects to keep in mind in order to maximize the advantages from the relationship.

> *"In some ways the relationship works great, but the decisions need to be supportive towards the BUs. I mean, when someone who knows better makes a decision it needs to be with the BUs best in mind because otherwise it would become a disaster. This is difficult since these colleagues in the shared services are experts within their fields which make them extra keen to work with their specialized fields in focus. Everyone wants to maximize and be as good as possible. But to be able to succeed you need to have an overall perspective with the BUs best in mind."*
> *- Interviewee 7*
(64)

One critical point in this collaboration is the high level of understanding that is required by the shared services about the daily work within the BUs, as described in section 5.1.3.2 Complexity in paragraph "Understanding of the core business".

> *"There are difficulties connected to these shared services since it is hard for them to understand completely how the daily business within the BUs looks like. So when the BUs come with problems that need to be solved by the shared services, it is hard for the shared services to understand. They start to make their own interpretations which can transform the initial needs to other stuff than what was required from the BUs."*
> *- Interviewee 12*
(65)

The quote below illustrates a failure in the collaboration and the fact that some employees do not understand how to use some of the shared services. This is in line with what is discussed in section 5.1.3.2 Complexity in paragraph "Insufficient information about shared services".

"I do not think that it is clear how to use the shared services and I become reminded about this when we have newly recruited colleagues. Because then I receive a lot of questions regarding who to ask and such. When you have worked within the company for a while you know at least a little bit about who to talk to about certain questions. [...] I think that the collaboration could work between the BUs and the shared services but I don't know how to use these services. I do know how to use some of them, of course, but not all. I have difficulties to interpret how I could take advantage of them in my current position."
- Interviewee 19

(66)

5.1.5.3 Cooperation

The undertaking of complementary activities.

The studied company is a complex organization and is built upon the collaboration between several different functions. For the company to succeed, it is crucial with a high level of understanding between the different functions within the company.

"To be able to reach our common goals, we need to collaborate. This means that you need to be very clear regarding the fact that, for example, marketing owns the advertisements and the campaigns whereas the BUs own the deals and together we reach the target."
- Interviewee 5

(67)

This quote underlines the fact that the different BUs and shared services need to collaborate in order to reach their common targets.

Initiating collaborations
As discussed in section 5.1.5.2 Power, when the shared services were implemented they started to initiate processes and direct work tasks to the BUs. This was obviously not a beneficial cooperation strategy and consensus prevailed within the company that the way of working needed to be transformed in order to be able to obtain the benefits of the shared services. However, some respondents argue that this occurrence remains still today, that the shared services creates a majority of the initiatives.

"The work performed by the shared services are still today initiated from the shared services and not from the BUs. We want to change that so that the shared services are working on demands from us in the BUs. One reason to this could be that there is lack of knowledge within the BUs regarding what we can get help with."
- Interviewee 15

(68)

The quote above comes from an employee at a BU, and not from the shared services itself. Despite that, one respondent from the BUs argues that the company already has managed to change the initiation of work to become more need oriented.

"The initiatives did from the start come from the shared services, but since that did not work, we have today changed that. Doing so by increasing their understanding of the BUs' needs and make the shared services work towards these needs. [...] However, the shared services' work should not to 100 percent be initiated from us at the BUs. That would have been wrong since we do not always know exactly what is best for us."
- Interviewee 5

(69)

The statement illustrates the fact that it is hard for the BUs to understand the full potential of the shared services and how their specialized knowledge can be helpful. This hypothesis seems to be supported by the quote below which is said by a respondent working in a shared service. The person argues that the initiative to start a specific task more or less always comes from a need, and when it does not, the shared services needs to find a way to create that specific need.

"We focus on things that our customers, our internal customers, think we should work with. [...] I want to work by cater for a need or by improving processes where we have found opportunities for improvement. If there is no such need today, we then have to create that need within the BUs."
- Interviewee 11

(70)

This is in line with Quote 69 where the respondent clearly argued that not all of the initiatives should come from the BUs. This statement illustrates the complexity of the cooperation and makes it clear that the shared services need to work with ideas and initiatives from both the BUs and the shared services themselves. However, the initiatives should mainly be with focus on needs from the core business.

5.1.5.4   Conflict

How conflicts are handled in order to "clean the air".

The respondents seem to agree upon the opinion that conflicts, in the majority of cases, are handled through communication and by being open minded. One respondent even argued that there in the best of worlds should not be any conflicts at all.

"Many people think that there is a need to disagree when decisions are being made. But in most cases, when decisions are being made, people are reaching consensus. This is done by gathering a sufficient amount of facts."
- Interviewee 2

(71)

However, some of the collaboration problems described in paragraph "Negative perceptions about the relationship" end up in conflicts which need to be dealt with. Since the cooperation between the shared services and the BUs heavily depends on a good relationship it is important to manage potential conflicts between the employees involved. Dependent on which underlying factors that launch the conflict, the actions need to be different. People react differently when conflicts arises and there are several different possible reactions.

"How people react depends on the individual, some get offended and think it's horrible, but it's the same way as in any relationship. You can talk with some people for ten minutes and discuss the situation whilst in some cases the people involved gets pissed right away. What is important here is that you have no right to complaint if you don't argue for your case. [...] I assume that all employees within the company should work with the intention to make things as good as possible for the company. And when I point out something that I want to change, I don't do it to make it as easy for me or my closest co-workers, I do it for the company as a whole. And if you do not think and act with that perspective in mind, there is a risk that more conflicts arise. This is not about who is right and who is wrong, the most important thing is to make the outcome as good as possible for the company."
- Interviewee 7

(72)

The respondent above argues that it is important to forget about personal disagreements and that the employees involved need to reach consensus about what is best for the company. This can be hard when you have different perspectives. Some respondents argue that the best way to solve these disagreements is to communicate which is exemplified with the quote below.

"The best way is to talk with the people involved and to solve it together. Everybody acts differently, some people reach out to the other person's boss but that's not to recommend, the best way is to solve it together."
- Interviewee 9

(73)

In situations where conflicts occur, it is important to be goal oriented in first hand and learn from the mistakes later.

"You have to solve it together. The goal is most important. You can learn what is right and what is wrong afterwards. Instead of arguing about the mistake, we need to be goal oriented and solve the problems. It is seldom not helpful to point fingers and say 'You are the one to blame'. What you can do is to keep these problems in mind so you don't make them twice. So we can learn from our mistakes."
- Interviewee 5

(74)

The respondent states that pointing fingers at each other does not solve anything and problem solving should be the first priority. However, sometimes the collaboration can end up in conflicts. When a certain collaboration has been struggling in the past, the respondent below states that it is important to improve the relationship by increasing the level of communication between the employees involved.

"For example, if I had a bad experience from last time I worked with a shared service and I come to a situation where I need that specific knowledge again. If I then decides to use an external service provider instead of the shared service, then I'm doing wrong. In these situations it is important to work even closer than before with the shared services to be able to overcome such problems. We need to collaborate and together handle such difficulties. In some situations, we decide that an external service provider is required to solve the problem but that decision needs to be taken together."
- Interviewee 5

(75)

5.1.5.5 Trust

The belief that the shared services will perform the required exchanges so that the outcome will be beneficial.

The level of trust is heavily dependent on past experiences from the usage of the shared services. The quote below indicates on a slightly low level of trust but there are quotes that convey that the level of trust is under improvement and is moving on a trajectory towards higher levels.

"I think that we have succeeded to erase some of the memories from the initial difficulties. Things need to become positive and you need some succeeded experiences before you earn trust. And that's not something that is achieved over a night."
- Interviewee 5

(76)

Indications of high trust towards the shared services
Some of the respondents answered that they had a high level of trust towards the shared services. The respondent below trusts his or her colleagues at the shared services to do their job when asking them for help.

"You trust your colleagues to perform the work task decided."
- Interviewee 9

(77)

This trust is built upon succeeded collaborations in the past. One example of a succeeded collaboration was described by the respondent in the quote below.

"One shared service just finished a work task for me which turned out to become a great success. They helped me through the whole process and I'm happy for it. [...] I think that it is important to let them do their thing and not get too much involved."
- Interviewee 19

(78)

Indications of low trust towards the shared services
Since the real estate managers are supposed to be highly involved in the processes con-

cerning their own properties, it does not come as a surprise that the level of trust from some respondents within the BUs towards the shared services is low.

> *"I see them more as a support function rather than that I can trust them to help me with things that have to be done. They should be there more as a sounding board like that when it comes to different government related issues but it is still up to me to solve everything."*
> *- Interviewee 19*

(79)

However, the statement above does not tell that the overall level of trust towards the shared service is low. It does only state that the respondent does not trust the shared services to deliver a whole solution without involvement of the real estate manager. However, there is a wish from the shared services to obtain a higher level of trust so that they can take more responsibility over their area of expertise.

> *"The BUs are supposed to own their questions the whole way, they are highly involved and make sure that everything is all right. And that's great, but if the BUs could trust the shared services more and hand over the responsibility to them for a while, they could become more time efficient. This is a tough balance to keep, because the BUs should be involved but if they are too much involved in the processes there is no point of having the shared services. Therefore, I think that the level of trust needs to be higher. For example, if I would handle a matter that is far away from my profession, it would be difficult for me to manage those questions that I don't know anything about. I think it's better if everybody works with what they are passionate about. [...] But we can not allow ourselves to lose focus on the core business."*
> *- Interviewee 10*

(80)

5.1.5.6 Summary of the Behavioral dimension

Since the REM from the beginning performed more or less all their activities by themselves, there was a high level of independence within the BUs. In addition, the fact that BUs have the choice to use external services makes the level of dependence quite low for some services. However, after the implementation of the shared services, the level of dependence seems to have changed. Several interviewees argued that the company is much better off now when this expertise exists within the company. A few of the respondents even argued that some of the shared services are vital for the company.

The respondents were unified regarding the power distribution between BUs and the shared services. The BUs should have the decision making power in the relationship. After some initial struggling, the power has today shifted from the shared services towards the BUs. In that sense, the shared services should be regarded as support functions. Regarding the degree of influence, the organization supports employees to take a high level of responsibility in their daily work and the real estate managers to own their questions. Since the shared services also wish to take responsibility over their work, a "clash" can emerge. Some respondents argued that there is a risk that the BUs get too little involved in some processes which can make the usage of shared services more of a hindrance than

they are beneficial. Therefore, all decisions that are taken need to be with the BUs' best in mind. In order to do this properly, there is a need for a high level of understanding of the BUs' daily business. Furthermore, the relationship between the BUs and the shared services is deeply dependent on a functioning collaboration. It is important that the initiation of the jointly work is coordinated and that the work tasks either are based on needs from one BUs or that they serve a common need for the whole organization.

Potential conflicts seem to be solved by discussions until consensus is reached. Also, goals should be prioritized in order to overcome conflicts. One respondent even argued that there seldom are conflicts since the decisions are most often taken unanimously based on gathered data. One interviewee stated that it was important to solve past conflicts between BUs and shared services so that they could collaborate better in the future. Past experiences build up a level of trust that is very important in the relationship to succeed in the future. Today, there were indications of both high and low trust from the BUs towards the shared services. The trust is mainly based on the specific individuals involved. The interviewees within the BUs seem to agree upon that they seldom trust the shared services to deliver a whole service, rather they act as support and should involve the BUs in the process in order to make the outcome successful.

5.1.6 Efficiency & Outcome

This section will analyze the last parts of the framework by Janssen & Joha (2004), namely transaction costs, customization, uncertainty reduction and satisfaction.

5.1.6.1 Transaction costs

The efficiency, including quality, flexibility and innovation, of the relationship.

As described in several of the paragraphs above, the efficiency of the relationship has become better since the initial years of struggle after the implementation. Despite this, there is still room for improved quality and the respondent below lists some undesired outcomes that have become the consequence of the implementation.

> *"Less entrepreneurship and vague distribution of responsibilities. I would also say that we are a bit slower now than before, but it is hard to blame the shared services for that. To some extent it can be due to the implementation of the shared services but the major reason is the tremendous growth of the company. We are much bigger today."*
> *- Interviewee 7*

(81)

5.1.6.2 Satisfaction

The degree of satisfaction with the shared services' performance and the relationship between the business units and the shared services.

The quote above by interviewee 7 (see Quote 81) indicates that the level of satisfaction can be somewhat low due to less entrepreneurship and difficulties regarding the distribution

of the responsibilities. These two aspects have been recurrent during the analysis and the company directs a lot of focus on solving these difficulties.

Low degree of satisfaction
Beyond the two aforementioned aspects, the initiation of work is another factor that has caused a feeling of unsatisfactory relationships, according to the respondents. A high amount of the work carried out by the shared services was at the start initiated by the shared services and not from a need from the BUs as discussed in section 5.1.5.3 Cooperation in paragraph "Initiating collaborations". When these self-initiated work tasks were sent out to the BUs at once, it was very demanding for the BUs.

> *"Sometimes there is poor timing in many of the initiatives. They are several people there (in the shared services), and then they send these new initiatives at us at the same time. Classic in May or June right before the vacation. Then you can throw those emails away and open them again in September."*
> *- Interviewee 7*

(82)

However, the majority of the respondents are satisfied with the development of the shared services and see the future potential.

High degree of satisfaction
A majority of the aforementioned reasons to why some employees are dissatisfied with the shared services can be traced back to the initial vague description of the shared services' responsibilities at the implementation. The company is well aware about these mistakes and there is an ongoing development process.

> *"We have continued to work with it. What we did good before is kept the same and we have been able to improve things that didn't work at the beginning, absolutely. That may be related to the fact that the whole company becomes better."*
> *- Interviewee 15*

(83)

There are quotes that indicate that the development process is moving toward meeting the expectations. Especially the introduction of the forum, discussed in 5.1.3.3 V&O Management structure, where managers meet and set the priorities for larger projects have been a appreciated development.

> *"Yes, I definitely feel that we are getting closer and especially after implementing this last idea with the forum."*
> *- Interviewee 3*

(84)

The respondent above highlights the importance of coordinating the ideas that evolve within the company. The joint prioritization is therefore a step in the direction of working together. Moreover, the usage of shared services is perceived to be an important source of knowledge for the company.

> *"The shared services have led to an enormous increase in knowledge for X*
> *which has acquired professionals in vital areas and raised the performance*
> *from a level of a layman where you before solved things to the best of your* (85)
> *ability."*
> *- Interviewee 4*

In addition, the fact that the real estate managers are supposed to handle more or less all questions regarding their properties, is putting a high level of pressure on them. Therefore, the shared services can at times be helpful in addressing some questions that need more in-depth knowledge.

> *"It would be difficult to handle all these types of questions by yourself.*
> *You can easily be fooled to buy the most expensive product by a contractor*
> *if you do not posses the right knowledge about the requirements from*
> *authorities. Then it can be advantageous to discuss this with our shared* (86)
> *services."*
> *- Interviewee 19*

The overall perception of the implementation can be illustrated by the quote below which shed light on the fact that the process is under development.

> *"We are much better off now then ever before the implementation of these*
> *shared services. [...] On a scale 1-10 I would rate this implementation at* (87)
> *a 7. There is room for improvements."*
> *- Interviewee 4*

To summarize, the respondents' overall degree of satisfaction of the implementation of the shared services is high but at the same time, it is possible to make it even better.

5.1.6.3 Customization

The specificity, i.e. the degree to which investments in a specific relationship can be used in alternative activities.

The shared services are currently working with both large and small matters at the company. As the shared services should work with tasks that originates from the BUs' needs, they could differ a lot. However, since the BUs are structured quite the same, the needs can be somewhat similar. Therefore, the work executed by the shared services has been partly standardized.

Standardized processes
The company wants to achieve some sort of economies of scale by using the shared services for matters that can be used all over the company. As an example, the purchasing department are supposed to customize their work to the overall organization to be as advantageous as possible.

"The purchasing department is supposed to solve bigger questions, not small and specific things. Bigger questions and contributions that will gain or can gain the whole company."
- Interviewee 11

(88)

Some of the processes performed by the shared services are more or less standardized. For example, the rent administration is responsible for managing new rental agreements and to insert these contracts into their systems which could be regarded as standardized work. Another shared service that to some extent is built upon a standardized process is marketing & communication. For example, when the BUs need help with some sort of advertisement, the marketing department uses a course of action that is pretty much standardized.

"There is always a need for some specific preparatory work for each property, apartment or territory. However, the course of action is pretty much standardized, but what kind of approach you use depends pretty much on where in the country you are at."
- Interviewee 10

(89)

Specific processes

Since the shared services are supposed to act as support functions, they are often handling specific requests from the BUs. Since the different BUs own properties all over Scandinavia in different locations and in different categories, the kind of help needed differs a lot.

"The kind of help that the commercial unit needs in one city probably differs a lot compared to the kind of help that the residence unit needs in another city. It is probably completely different things."
- Interviewee 7

(90)

Due to the different needs, it is sometimes hard not to become too specific. It is important to mention the difference between the shared services and how they are supposed to support the BUs. As stated in Quote 88 by Interviewee 11 above, some of the shared services are not supposed to get too involved in specific questions that are only applicable to one specific BU whereas others are supposed to be supportive in more detailed matters.

5.1.6.4 Uncertainty reduction

Concerns variability and the degree of stability.

To reassure that the provided level of stability towards their customers remains the same, or increases to the better, the company conducts regular follow-ups toward their end-customers by conducting a satisfied customer index. A high satisfied customer index is one of the company's main targets.

"The target for X is to have the most satisfied tenants at the market. And when we are conducting this data we are constantly asking ourselves how to improve this target."
- Interviewee 4

(91)

However, the company does not use this approach to test their internal clients' level of satisfaction. In this case, there are just a few of the shared services that are conducting follow-ups at all. For example, the project department seems to find follow-ups helpful in order to examine how the projects are becoming better over time (see Quote 39). Today, the department have employees who are only working with measuring the work performed in order to improve. The fact that project is one of few shared services that performs follow-ups can be due to the fact that the projects often have a finite lifespan which make them easier to measure and compare.

> *"Many projects are small and are finished within a month. They are easy to measure and many are equal here in our country. To see how good we become, see best practice and exchange experiences."*
> *- Interviewee 12*

(92)

Even though there are few departments that perform follow-ups, there seems to be a common belief that the organization would benefit by doing so.

> *"I don't think that there are any follow-ups. There are no internal measures for satisfied customer index between the departments. [...] I do believe that we would gain something by doing so. If you start to think like that, then I believe that improvement proposal would come automatically."*
> *- Interviewee 19*

(93)

However, even though the potential benefit could be seen, there seems to be a lack of time within the BUs to measure such indexes. The internal processes do not generate money, and that is where focus is primarily located.

> *"We solve our problems and continue with the next one. We don't, and this is probably the completely wrong answer to say right now, but we don't do follow-ups. Because you should do that to get better. But you have so much things to do which makes it impossible to handle this internal stuff."*
> *- Interviewee 7*

(94)

Even though there would be advantageous for the company to carry out such follow-ups, it seems to be neglected since there is no time for such work. It is considered unimportant since it doesn't produce any direct income. As long as the daily business succeed and the BUs are satisfied with the support, there is no time for follow-ups.

> *"As long as the internal client is satisfied, then we just keep going. We have no time for that kind of follow-ups. Because the thing is, we don't earn any money on that type of work."*
> *- Interviewee 10*

(95)

5.1.6.5 Summary of the Efficiency & Outcome dimension

One respondent argued that the implementation of shared services, in combination with a tremendous growth, has resulted in less entrepreneurship and vague distributions of responsibilities. This makes it clear that room for improvements exists. Overall, the respondents are satisfied with the implementation of shared services. However, memories from past failures of power dynamics are still present and there have to be succeeded collaborations in order to overcome these experiences. Several respondents argue that the trust gaining process is ongoing and they believe they are on the right track.

Looking at the customization of the services provided, some are standardized while others are highly specific. Consequently, as the responsibilities and services differs from service to service, treating the shared services as one homogeneous group is problematic. In order to measure progress and assure quality toward their customers, the company measures satisfied customer index. The index is also a part of the company-wide objectives. In addition, only a limited group of the shared services did perform any sorts of follow-ups after providing the service.

5.2 Additional dimensions discovered

Beyond the dimensions included in the framework by Janssen & Joha (2004), two additional dimension were found that affect the relationship between BUs and shared services.

5.2.1 Organizational culture

Concerns the social interplay between the employees. The organizational culture is taught to new members as the correct way to perceive, think and feel.

Since the company has grown rapidly in the past ten years, the same people that were involved in the development of the company still possess operative management roles. These people were a part of building the small company into having over 750 employees today. For them, the culture of the company is of huge importance. Even now, when being a large firm, the respondents talked about the company as having the culture of a "smaller" firm with shorter decision chains and less hierarchy.

> *"We decide that 'large firm' is a bad word at X, but we need to go in that direction. Why is it a bad word then? Because we associate it with other large firms that have no control, that could not answer to questions. Because they ended up too far from the core business. At the large firm, when a manager gets a questions, he or she has to ask another manager, who then asks three other managers who then talk to a poor guy at a smaller location. And so the information goes on. It is our largest fear, even today. But in particular back then. That's why we say that all our managers must come from the core business to any role there is at X and all the time have one foot left in the core business. Our managers should be able to answer any question about the core business."*
> *- Interviewee 3*

(96)

As stated in section 5.1.3.2 Complexity in paragraph "Understanding of the core business", the success of the company is heavily dependent on a deep understanding of the core business, according to the respondents. To enrich their new employees and foster them into their culture, the company let them perform an introduction period where they rotate at different roles within the BUs to teach them about the core business.

> *"The purpose is to convey the company's core business. What is the roots of this company? It is REM and real estates. The economy department, they are not an economy department at any economy firm or consultant firm there is. They work at a real estate company."*
> *- Interviewee 3*
(97)

The company wants to foster its employees to fit into their organizational culture. One respondent argued that it is convenient to take on young employees so that they are not heavily affected by the culture or way of working from other companies that differs a lot from their own.

The interaction within the company builds upon a high level of responsibility on the individuals involved. The company relies on employees taking full responsibility over their own work. This is deeply rooted in the culture of the company since the real estate managers are supposed to own their questions, as stated before. This mindset has been captured all over the company and the respondent below argues that it is important for the employees to be able to affect their processes.

> *"We like to own things and we take full responsibility for what we are doing. Then you want to be able to affect the things that we are responsible for."*
> *- Interviewee 5*
(98)

The high level of responsibility seems to motivate and attract people to stay at the company.

> *"Everybody that stop working here say that 'I have been working here this long since I liked the high level of responsibility that I got'."*
> *- Interviewee 10*
(99)

5.2.2 Overall corporate objectives

The company-wide objectives that make the different departments work towards the same goal.

All separate functions within the company work toward two common goals, according to the respondents. These are to maximize the satisfied customer index and to maximize the profits. Both these two goals focus on how the core business performs and do not include the shared services per se. How these two goals are interpreted at the specific functions at the company differs but they should all converge at the end. As argued by the respondent in Quote 74, corporate wide goals can be used in order to mitigate conflicts as these can unite employees from different functions. Furthermore, one respondent argued that the

shared services' goal is to make the daily business within the BUs to run as smooth as possible. According to the quote below, it seems like there were contradictions in the goals at the beginning but that the company has managed to align these goals.

> *"It is about the overall targets for the firm, regardless of where you work.*
> *That is, happier and more satisfied customers and better results. And now*
> *I think that we have become better at synchronizing our goals so that the*
> *company-wide goals are prioritized higher than before when each shared*   (100)
> *service didn't pay attention to the overall targets to the same extent."*
> *- Interviewee 5*

Since these common goals are company-wide, they are uniting the functions within the company. One respondent discussed a previous employer where the different functions' goals were structured such as one department within the company could benefit on the expense of another one.

> *"I even worked at a another firm where the bonus systems for different*
> *departments were contradictory."*   (101)
> *- Interviewee 14*

This was one of the fears of becoming a "large firm", to work against each other and become decoupled. In order to not lose grip of the core business, the adoption of overall objectives is regarded important. Especially the decomposition of each shared service's individual goals, in order to not work counter-productively as exemplified by the quote above.

6

Discussion

6.1 Critical factors to consider

The following section will provide a discussion and answers to the first research question: *Which factors are most critical to consider when managing the relationship between shared services and business units at a growing entrepreneurial firm?*

6.1.1 Comparing intents & the actual results

The implementation of shared services was, according to the conducted interviews, mandated. Several of the shared service functions had grown organically within the company to serve different needs that occurred whilst the company continued to grow. This means that the transition towards using specialized functions already had begun before the actual decision even was made. Also, the aim to foster the continuation of this growth was mentioned by several respondents as a motive behind the implementation. By comparing the underlying motives that were identified during the interviews with the ranking by Paagman et al. (2015), one can see that the order is somewhat similar (see Table 6.1). However, the motive to gain more consistent management information was ranked second in the interviews instead of 11, which was the case by the literature. One explanation for this could be that while Paagman et al. (2015) stated that many firms already had systems for securing consistent management information, the studied firm is still in a growth phase. Therefore, shared services could help them align the company and gain more consistency.

Furthermore, the data shows that cost reductions, which was ranked as number 1 by the literature in the paper by Paagman et al. (2015), was only ranked as number 7 in the conducted interviews. This can be due to the fact that the company is growing at a tremendous pace, and aims to continue to grow using the shared services as support. The continuation of growth can therefore be prioritized over cost reductions and sometimes even over profit. The decision to implement free standing shared services, as explained by Ramphal (2013), is in line with the low prioritizing of cost reductions. The free standing shared services are often more expensive to operate than a SSC but on the other hand, they give a higher level of autonomy. This is in line with their entrepreneurial culture which will be further explained in section 6.1.2 Entrepreneurial culture & shared services.

Table 6.1: List of the motives mentioned by the respondents and the respective rank. The motives are ranked according to the number of people that has mentioned the motive and then compared to the rank in the literature by Paagman, Tate, Furtmueller & de Bloom (2015).

Motive	Rank (Interviews)	Rank (Literature)
Improve quality of service	1	2
Improve efficiency/effectiveness/productivity	2	3
Consistent management information	2	11
Focus on core competences	2	5
Continue to grow (added)	5	-
Access to external resources	5	4
Cost reductions	7	1
Standardize processes	7	5
Exchange of internal capabilities	7	7
Improve control	7	10

By comparing the motives and the pre-set expectations with the actual outcome, one can find some interesting findings. The implementation aimed to improve the quality of the services but also to improve the efficiency by increasing focus on core competencies. The outcome however was something else as the data indicates that the implementation of the shared services resulted in a way of working that was different from the intended one. Instead of achieving these aims, the implementation resulted in an ambiguous relationship which was time consuming to manage.

At first, the consequence of the implementation was an overload of activities pushed from the shared services onto the BUs. The operative management unit, responsible for the implementation, did not predict this push. However, when the new managers of the different shared services individually tried to develop their departments, they wanted to contribute as much as possible and come up with new ideas and processes. It is possible that the operative management group gave the newly hired managers at the shared services too much freedom without highlighting the fact that the BUs still were the "kings and queens". One respondent explained that the managers for the shared services probably felt like they had more decision power than what was intended. The same respondent argued that this feeling could be traced back to an incorrect designed organizational scheme where the operative management visualized the organizational structure with the shared services above the BUs in the hierarchy. In that way, managers for shared services may have felt like they were the ones to dictate the relationship with the BUs. Consequently, it is arguable that the firm may have implemented the configuration of centralized services as they were above the BUs in the hierarchy and felt like they could push initiatives to the BUs (Ulrich, 1995). However, by analyzing the motives behind the

implementation, it is clear that the firm wanted to obtain the benefits of shared services. Therefore, the motives behind the shared services and the internal power relationship need to be considered and determined in beforehand. The operative management was able to identify this negative consequence quite fast after the implementation and was able to convey the incorrect power distribution to the whole organization. Today, the distribution of power is stated much clearer. However, even though this early drawback was dealt with at an early stage, it still affects how the respondents perceive the outcome today. One respondent described the implementation as leading to reduced entrepreneurship and unclear distribution of responsibilities which resulted in a slower organization (see Quote 81).

In conclusion, it is crucial for companies implementing shared services to first analyze what they want to achieve with the implementation. With these aims in mind, the firm has to align the setup with these expectations. One interesting and important aspect to consider is the distribution of the decision power between shared services and the BUs as it could hinder the relationship to function effectively. Therefore, it is important to clearly distribute the decision power before the implementation. In addition, the first impression can have a long lasting effect as it could get stuck in the employees' minds.

6.1.2 Entrepreneurial culture & shared services

The studied firm's business strategy, and their main message to their real estate managers working in the BUs, is to be the "kings and queens of their properties". Hence, the real estate managers should take responsibility for every matter regarding their properties giving them mandate to solve problems as they emerge. Employees at the studied firm consider this entrepreneurial culture as one of the key contributors to their previous success. So, after the implementation of shared services, the firm wanted to retain this entrepreneurial spirit. However, as stated above, the managers for the shared services did also take a lot of initiatives during the first year. As discussed before, the studied firm implemented their shared services as free standing giving them more autonomy and influence in their own strategies (Ramphal, 2013). The entrepreneurial culture, which fits the description of an organizational culture by Schein (1990), did create problems when employees had different points of departure. Having their starting points in different fields while at the same time the entrepreneurial spirit encouraged the shared service's managers to take initiatives and solving problems, the situation gave rise to an overload of ideas pushed onto the BUs. Maintaining the entrepreneurial culture while having shared services gave rise to two areas of concern. Firstly, real estate managers could potentially feel that they could unload some of their work onto the shared services. This would then go against the firm's business strategy since the real estate managers should take responsibility for every matter. Secondly, there is a risk that the shared services will not be optimally used if the real estate managers want to solve the issues themselves without provision of the service, like they always have. Not involving and using the shared services in their area of expertise do in turn remove the need for them. The statement by Janssen & Joha (2007), that the alignment of shared services' work with the overall business strategy is tough to achieve, seems therefore reasonable. Hence, the organizational culture needs to be taken into account.

Furthermore, Connell (2001) argues that some large firms want to be perceived as, and

create a culture of, a small firm in order to obtain higher employee morale. At the studied firm, it was, as stated above, rather a matter of maintaining the culture during growth. Despite the advantages of a small firm culture, detailed plans may be needed in order to implement changes in large firms (Connell, 2001). These two statements raise a highly interesting discussion about being a large firm and having rather informal communication and structures in order to take advantage of the perks of being a small firm. The implementation of shared services at the studied firm were described as growing organically into the company. Thus, detailed plans were not presented before the implementation stating how to use and coordinate these services. What need to be considered are the control structure and the governance of these services (Amiruddin et al., 2013; Minnaar & Vosselman, 2013; Schulz et al., 2009). These concepts will be further covered in the next sections.

Shared services are defined in different ways by different authors (Bergeron, 2002; Quinn et al., 2000; Schulman et al., 1999). In that sense, there seem to be neither a best way to describe shared services nor a best practice how to make use of the shared services. The studied company need to find a way that is optimal to their environment and their entrepreneurial culture. Anyhow, the culture will have an affect on the relationship, and how the employees perceive it, and therefore needs to be considered.

6.1.3 The role of shared services & control mechanisms

The BUs are mentioned as *internal customers* by several authors (Bergeron, 2002; Redman et al., 2007; Richter & Brühl, 2017). However, at the studied company, the internal roles and relationships are not clearly expressed. While some of the respondents talked about the relationship as team members, others talked about the use and treatment of the shared services just like internal consultants serving their customers. The difference in the possible treatments that these two perspectives on the relationship brings is substantial. If the BUs are clients, then they dictate the terms and set the demands. On the contrary, seeing the relationship where the two different parts are equal, the power lays in the ability to discuss and reach consensus. Here, the opinions go apart, which can be seen in 5.1.2 Contract. There is no literature stating that some way is better than the other, however the services provided by the shared services need to be aligned with the overall business strategy (Janssen & Joha, 2007).

Furthermore, the respondents were united in the question of where the decision power lays. At the studied company, the BUs are responsible for taking the decisions and thus have last say in almost every matter that concern their properties. However, as stated before, some respondents are not totally satisfied about the way the relationship between the BUs and shared services are functioning today. Amiruddin et al. (2013) state that this, relational risk, is one main known risk associated with the relationship. When not satisfied, employees can show opportunistic behavior which can damage the relationship (Nooteboom et al., 1997). In order to mitigate the relational risk, Amiruddin et al. (2013) suggest that social/cultural control should be exerted by the firm. However, opportunistic behavior is not shown at the studied firm, at least not according to the respondents. By having a present and operationally engaged management group, the company aims to remove any hierarchical boundaries. In addition, the program used to teach new employees how the daily work look like for the BUs is also one way to build the social/-

cultural control that the company hope, in the long run, will gain a beneficial relationship.

Despite the work done in order to align the company socially, some respondents did express negative perceptions about the relationship. A common theme that could be recognized in those were the dependence of the individual involved. One explanation for these negative statements could be that the social/cultural control means, presented by Amiruddin et al. (2013), may not be as effective for companies in rapid growth. The substantial growth, employing over 150 new colleagues last year, may have complicated and delayed the effect of the work. A majority of the respondents in this study have worked at the company for a long time and understand the way the company work and the underlying mechanisms that control their behavior at work. However, for the company as a whole, a high number of employees have been working at the company for just a few years. For these new employees, it takes time to learn these mechanisms. The long learning time, in combination with high growth rate, can potentially be a hinder for social/cultural control. In addition, the company wants to have rather informal communication and flat hierarchy, thus removing the means to exercise formal control over the managers. This can perhaps create a problem if the firm would continue to grow at the same pace.

The argumentation above highlights the difficulty to maintain social/cultural control over a firm that grows rapidly. In addition, having a flat hierarchy and informal structures reduce the possibility to exercise formal control, in turn making the social/cultural control even more important. In this situation, it is crucial to define the relationship between shared services and BUs in order for everyone to work towards the same direction.

6.1.4 Governance & Management control structure

In order to coordinate the relationship between the shared services and the BUs, Minnaar & Vosselman (2013) and Schulz et al. (2009) argue that either hierarchies or markets can be used as coordination mechanism. Using hierarchy coordination, the firm has to provide the shared services with the right incentives in order for the managers to make sure that they act in line with the overall business strategy (Minnaar & Vosselman, 2013). This can be seen at the studied firm as well where the overall objectives are shared and communicated to all departments in order to align the organization. These broad and corporate-wide objectives are what every BU and shared service should work against. It is then important not to create internal objectives and goals that are in conflict with these broader goals. The studied firm has recently implemented a way to govern the work performed in each shared service. Since the firm chose to implement a free standing model, there was at the start no one working with coordinating projects that were company-wide. These projects often require inputs and resources from several BUs, shared services and operative management. By implementing the forum described in section 5.1.3.3 V&O Management structure, the company is able to control processes and minimize risk for redundant work.

The other form of coordination, the market mechanism, can be used when the BUs are allowed to use external suppliers instead of the shared services (Minnaar & Vosselman, 2013). The market mechanism consists of an exit threat that is relevant when BU's managers perceive the price-quality ratio to low and when it is possible to buy the same service

for a lower price or a higher quality at the market. However, at the studied firm, the shared services do not charge the BUs for their services. The external suppliers' market price is then instead compared to the availability, the easiness of use and the level of trust that each particular shared service compose. The price-quality ratio of the market is in that sense compared to the time-quality ratio for providing the service in-house. Time is often the most limiting factor for the real estate managers, therefore they may choose to use external providers when the shared services cannot deliver at sufficient quality within the required time. Consequently, as the shared services do not charge anything for their service while external providers do, the exit threat can be perceived as quite low within this particular firm.

It is important to keep in mind that the shared services within the firm perform a high variety of services. The characteristics of the services affects the choice of management control structure (Minnaar & Vosselman, 2013; Vosselman, 2002). Therefore, it is not appropriate to manage them as if they were all the same. Hence, it is convenient to use the model by Vosselman (2002) to determine which kind of management control structure to use in each shared service. The model by Vosselman (2002) depicted in Figure 2.4 is based on three different dimensions which determine what type of management control structure to use. Since some of the shared services were not represented by employees in the selection group, the collected data is not sufficient enough to analyze all shared services according to the model. However, to prove the differences in the characteristics of the different shared services, project and marketing & communication services will pose as examples.

The project function performs a wide range of specialized projects that differ from time to time. For example, the REM can need help with renovations or modifications of the properties to fit their tenant's requirements whereas the RED can need help with major real estate development projects. Most of the projects are recurring and the complexity could sometimes be high. Therefore, the model recommends a deconcentration of the project function which thereby will facilitate for a tight collaboration (see Figure 6.1). What is interesting here is that the company already seems to be using some sort of a deconcentration of the project function as stated in Quote 21. Since it was created in 2016, the number of employees within the function have increased to around 50. These employees are now deployed in different cities in order to work close to the BUs. The deconcentration implies that it is possible to argue that the project function no longer should be considered as a shared service.

Moving on to the marketing & communication function, one can start by stating that their work differ from time to time. However, as stated by the respondent in Quote 89, the course of action that each work is based on is standardized. Since the characteristics of the service are standardized, the model does not consider either frequency of volume or degree of uncertainty. Therefore, the model by Vosselman (2002) argues for a free b/s management control structure. This means that the BUs should be able to choose whether to use the internal function or buy the service at the market. There is no obligation for the BUs to use the shared services which implies that the company already uses the free b/s control structure for this service. Figure 6.1 below visualizes the differences between the two shared services giving them different type of management control structure.
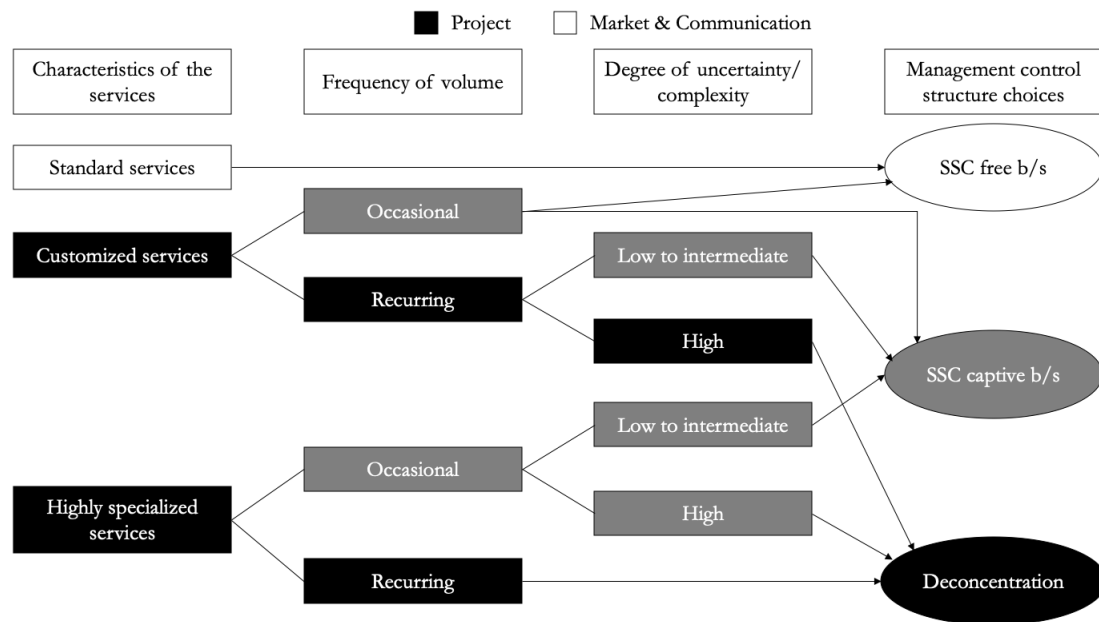
Figure 6.1: Using the management control structure model by Vosselman (2002), the project and market & communication services have been analyzed in order to find which structure that suit them best.

This comparison makes it clear that there are major differences in the characteristics of the services performed by the different shared services. Therefore, it is important for the management team to configure the coordination for each service individually.

6.2 Framework fit for entrepreneurial firms

The following section will provide a discussion and answers to the first research question: *How is the Relationship Management Framework by Janssen & Joha (2004) suited for analyzing the relationship in a growing entrepreneurial firm?*

The Relationship Management Framework by Janssen & Joha (2004) is built upon a relationship model for outsourcing designed by Kern & Willcocks (2002) as explained in the 2.4.2 Management & strategy. Janssen & Joha (2004) developed their model when performing a case study at a public organization. It is therefore interesting to investigate how the Relationship Management Framework manages to describe the relationship between the BUs and the shared services in a private and entrepreneurial setting. The framework managed to describe and analyze the relationship in a predominantly satisfactory way which resulted in interesting findings.

However, some issues were found when using the framework to analyze the relationship in this particular setting. In some dimensions, one is assumed to analyze all the services together as if they were homogeneous. As discussed earlier, this is not the case within the studied company. Consequently, the analysis became broad and sometimes even contradictory since many of the services differ greatly. Also, efficiency within the Intent dimension assumes that cost reductions are expected as one of the primary goals when implementing shared services. This assumption is reasonable since cost reduction is the prime motive for implementing shared services according to Paagman et al. (2015). On

the other hand, when using the framework to analyze a private entrepreneurial company, it can be inaccurate to assume that cost reductions are considered to be of highest importance, at least in this case. Furthermore, the Structure dimension captures several relevant aspects to consider, for example size and complexity. However, the complexity is only supposed to explain the variety of services performed by the shared services. Complexity should be extended and also include the complexity of the whole organization and especially for the BUs since this affects the understanding of the core business. Regarding the Interaction dimension, it was troublesome to capture data about exchange and normative content since it requires deep understanding about the functions and mechanics within the firm. Still, it does not mean that this dimension is less useful or important rather that it requires more effort and time to collect such data.

As mentioned in the analysis, two extra dimensions were found in the collected data that were regarded as major influencers of the relationship within this specific company. Also, the Contract dimension was regarded as an insignificant aspect to analyze in this particular setting. Therefore, the Contract dimension was removed. These three modifications results in a revised version of the Relationship Management Framework by Janssen & Joha (2004) illustrated in Figure 6.2. Due to the differences in the characteristics of public and private firms, it is understandable that contrasts were found. The following two sections will further discuss these three adjustments of the framework.

6.2.1   Removing the Contract dimension

As can be read from the analysis, the Contract dimension seems to be built on trust and shared objectives rather than formal contracts like SLAs. First and foremost, the entrepreneurial spirit and informality at the studied company does not cohere with formal contracts. For instance, SLAs were regarded as something counterproductive and would only prevent employees' from taking responsibility over situations. Additionally, it is not clear that the BUs perceive themselves as internal customers. In that sense, this dimension is somewhat uncalled for when analyzing similar types of firms as other dimensions already have coped with the aspects necessary for the relationship. As a consequence, one can argue that this dimension should be removed from the framework. Figure 6.2 below visualizes the framework without the Contract dimension that binds together the Intent with the other Configuration & Process dimensions. Instead, Organizational culture and Overall corporate objectives has been added to the framework. This will be further discussed in the next section.

6.2.2   Adding two additional dimension

As stated in the previous section, one addition to the framework is the Organizational culture dimension. The organizational culture is affecting the motives behind the implementation, the way of working, the structure of the shared services and how employees interacts and behave against each other. Organizational culture is therefore regarded as a key factor in order to analyze the relationships within the company.

Looking at the studied company, their entrepreneurial culture affects almost every decision that is taken. One can compare it to the foundation on which the firm is built upon. Yet, it is natural that the Organizatinal culture dimension was not accounted for by the

previous frameworks by Kern & Willcocks (2002) and Janssen & Joha (2006). The former was used to analyze outsourcing relationships while the latter was used for relationships between a SSC and a public governmental organization. In the latter case, one can argue that hierarchies and structures are the starting point for the foundation of the organization, rather than culture. During the data collection, the respondents frequently ended up in discussions about culture when asked about other topics. Therefore, culture can be connected to more or less all different dimensions and influences the whole organization.

Instead of using formal contracts that govern the relationship and services, mutual trust and cultural control are used in the company. Also, the corporate-wide objectives, and how these are configured to fit each separate shared service, are another way to manage the relationship. In Figure 6.2 the Overall corporate objectives dimension are connected to both the Configuration & Process dimensions as well as the Intent dimension. The objectives could be used as a mean to govern the relationship between BUs and shared services and are crucial in order to coordinate the business in a hierarchical manner (Minnaar & Vosselman, 2013). Acting in line with the overall business strategy therefore affects the motives behind the implementation, as shared services should enhance the probability of reaching those goals. Furthermore, the Overall corporate objectives dimension are connected with the Configuration & Process dimensions as the employees want to reach their common goals. In that way, the objectives can be used to mitigate possible conflicts as the employees can be united in what the aim for the whole company is (see Quote 74). The revised framework is presented in Figure 6.2 below.
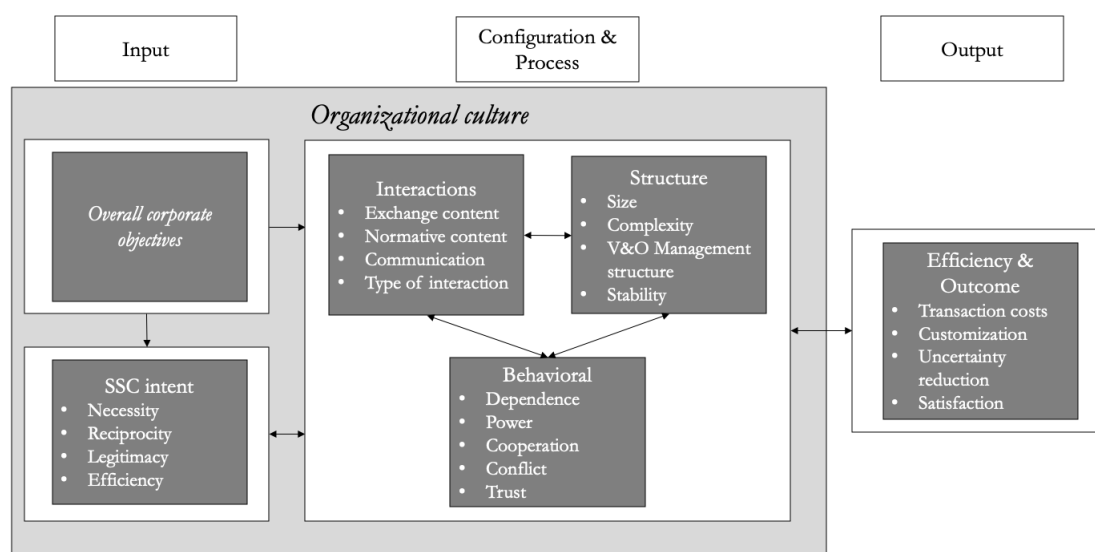

Figure 6.2: Revised framework building on the framework by Janssen & Joha (2004). This version includes two new dimensions, *Organizational culture* and *Overall corporate objectives*, and excludes *Contract*.

7

Conclusion

After analyzing and discussing the findings from the conducted interviews, four main critical factors have been found that need to be considered when managing the relationships between BUs and shared services at a growing entrepreneurial firm which answer our first research question.

First, the company has to configure their implementation with their motives for using shared services in mind. This means that the motives need to be analyzed carefully and that the chosen strategy should facilitate in the process of reaching the desired targets. If not carefully considered, an improper implementation can risk to cause long lasting lack of trust in the relationship for the employees involved. Also, the power relationship between the BUs and the shared services needs to be defined clearly. Second, the organizational culture needs to be taken into consideration when managing the relationship. As firms are different and often want to preserve their culture, the setup and characteristics of the shared services and their relationship with the BUs need to be customized. No best practice of how this setup can be managed has been found and further research has to be conducted in order to investigate the impact of culture and business strategy for companies using shared services. Third, the discussion brought forward the difficulties to maintain social/cultural control over an organization that grows rapidly. Also, the combination of a flat hierarchy and informal control reduce the possibility to exercise formal control which makes social/cultural control even more important. Consequently, the combination of social control/cultural, high growth rate, a flat hierarchy and informal structures reduces the possibility to exercise control. Fourth, it is important to configure the coordination for each service individually in order to maximize the potential for each shared service. Naturally, this is extra important when the characteristics of the provided services differ.

In order to better fit the setting of a growing entrepreneurial firm, the Relationship Management Framework by Janssen & Joha (2004) has been revised (see Figure 6.2) as an answer to our second research question. The Contract dimension has been removed and two other dimensions have been added instead. The analysis should have its starting point in the Overall corporate objectives dimension. The dimension affects both the Intent dimension and the Configuration & Process dimensions since it decides which corporate-wide targets that every BU and shared service should work against. Also, the organizational culture has been found to play a significant role in the relationship as it affects the way that employees perceive, think and feel in different situations. Therefore, the Organizational culture dimension has been added to the revised framework.

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Appendix A

Interview Template

Opening questions

Questions asked in order to get the conversation started and create a foundation to build the interview on.

How does the structure on your department look like?
- Number of employees
- Number of managers
- How is information exchanged?
- How does the daily work look like?

Could you draw the company's organizational structure? Should include (at least):
- Management
- Real estate management
- Real estate development
- Shared Services

Input

Questions asked only to those who worked at the company before the implementation and had insights into the decision.

<u>Before the implementation of shared services</u>
How did the structure of the company look like before you chose to implement shared services?
- Had each of the BUs their own department for purchasing, HR, market and so on?
- How many worked in those different departments?

How did the implementation occur? Step by step or all at once?

<u>Motives behind shared services</u>
Why did you choose to establish shared services?
- Did the idea come from a need (bottom-up) or from top management (top-down)?

Which underlying motives existed?

If the need emerged internally, in which part of the organization did it come from?

Did you see any problems with having support functions as shared services?

<u>Alternatives to shared services</u>
Were there any alternatives to shared services that you had in mind?

<u>Expectations</u>
What expectations did you have on the shared services?

Configuration and process

Questions regarding the structure and characteristics of the relationship between the shared services and business units.

<u>Initiation of work at shared services</u>
How does the work get initiated at the shared services?
- Need from BU?
- Internal innovation/ideas?

<u>Control of work at shared services</u>
Who owns the project in a collaboration between a shared service and BU?

Who is ultimately responsible for reaching the target of a collaboration?

What is your opinion on the fact that decisions have been centralized?

<u>Financing</u>
How are the shared services financed?
- Internal invoicing?
- Budget?

<u>The relation between shared services and business units</u>
How are the expectations set on the shared services?

What is your opinion on the relation between shared services and business units?
- Do you have internal clients and consults?
  - Why/why not?
- Is there any type of agreement that regulates the level of service? (SLA)
- How are delays and failures handled?
  - Is there any difference from how it was before the implementation of shared services?
  - Who is responsible? Why?

How are potential conflicts between shared services and BUs handled?

How much "informal" information exchanges exist between shared services and BUs?

How do the internal customers specify their requests to the shared services?

Aims
What is the assignment description for your shared service?
- Support?
- Push?
- If not any clear description:
  - How would you describe the work that should be carried out in the shared service and what limits are set?

Do you think that the description is clear?
- Why/why not?

How are the targets set for the shared services?
- KPIs?
- How are the collaborations between shared services and BUs followed up? How are they evaluated?

Roles
Have any new roles been created as a consequence of the implementation of shared services?

Have any new roles been created in order to coordinate the collaborations between the shared services and the BUs?

Have you experienced that the influence of the BUs has changed after the implementation of shared services?
- Have you experienced any resistance to that?

How do you experience that the level of influence between the shared services and BUs is today?

Communication of strategy
To senior management:
Has the intention between the shared services been communicated to the different shared services and BUs?

To middle management:
What is the purpose of your shared service/BU? What is the purpose of having shared services?

Do you feel like all shared services and BUs are working along the same strategy?

Standardization of work tasks
To business units:
Is there any type of activity that the shared services perform today that you would like to do / could have done easier yourself? If so:
- Why don't you do it?
- How do you bring it up? To whom?

Is there any type of activity that your are dependent on the shared services to perform?

To shared services:
Which type of work, that you do for the BUs, are most common?

Have you standardized any work tasks in your shared service?
- Why?
- How?

How is the work prioritized in your shared service?
- Variables?
- Decision-makers?

To all:
Have there been moments when you question if the shared services are prioritizing what is best for the whole company?

Do you feel that shared services are necessary for the company?

Output

Questions about the outcome and satisfaction of the implementation of the shared services. The questions comparing how it was before the implementation and how it is today, were only asked to those working before the implementation.

Fulfilled expectations
Have your expectations been fulfilled?
- Financial
  - Costs
- Non-financial
  - Collaboration
  - Service level
  - Wait

Not fulfilled expectations
Have any aspect become worse since the implementation?
- That you did not count on?

Satisfaction

Are you satisfied with the implementation and management of the shared services?

Ending questions

These last two questions were asked in order to make sure that we did not miss any aspects that the interviewee considered important.

Have you any thoughts or ideas on how to improve the relationship between shared services and BUs?

Are there any questions connected to this subject that you consider important that we did not ask?
- Any aspects that we missed?
- Any problems?