The implementation of a human capital shared services model in the South African banking sector

by

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Supervisor: Prof Mari Jansen van Rensburg

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DECLARATION

I declare that **The implementation of a human capital shared services model in the South African banking sector** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

______________________________ 2012/05/28

Signature Date

K Swart

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DEDICATION

This work is dedicated to Human Capital Professionals throughout South Africa, encouraging them to continuously strive to enhance their current knowledge and skills enabling them to make contributions to improvement of business processes and productivity.

I encourage all Human Capital Professionals to continuously stay abreast of latest developments and to make a significant difference within their respective areas of specialties.

SUMMARY

THE IMPLEMENTATION OF A HUMAN CAPITAL SHARED SERVICES MODEL IN THE SOUTH AFRICAN BANKING SECTOR

by

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Degree: Magister Technologiae

Subject: Business Management

Supervisor: Prof Mari Jansen van Rensburg

To cope with constant changes in the economic environment, organizations continuously strive to implement appropriate business models that will contribute to increased productivity, reduced costs and a competitive advantage. Organisations need however to choose among different business models and select the option that offer the greatest potential to improve their service delivery, reducing costs and enable them to focus on their core business.

This study conceptualized the shared services business model, by focusing on key factors, such as the rationale for implementing a shared services unit over other business models, establishing the processes followed by the banking industry with the implementation of a human capital shared services model, identifying the advantages versus disadvantages of the implementation of the model and to provide recommendations for the development and implementation of shared services models within specific organisational context. The researcher conducted mixed method research to address the research problem which incorporated both qualitative and quantitative research. In the study research was conducted in three phases. During the first phase exploratory research was conducted, consisting of desk study research and industry reports as well as surveys, periodicals and academic publications.

During the second phase qualitative research was conducted, through semi-structured interviews. Findings from this research phase were used during the third phase, which was a quantitative study, whereby information gathered from the interviews informed the design of questionnaires. It is evident from the results that there were many similarities between the analyses of the interviews and questionnaires in relation to the literature review. Many commonalities amongst the three banks were identified during the implementation process and in many instances corroborated statements by key authors during the literature review. Both the interviews and analysis of the questionnaires confirmed cost savings, improved customer services and standardization as benefits of a shared services model.

It was concluded that the implementation of a human capital shared services model within the banking sector in South Africa contribute positively to each of the banks used in the sample, both from a cost perspective as improvement of efficiencies. It was further concluded that the processes, systems and people involved in the implementation process are critical to successful implementation. Based on the information gathered the researcher recommends that a project team be appointed from inception to finalization of the implementation of a shared services model, which will be required to deal with the planning phase, feasibility study and the full implementation plan relating to the implementation of the model.

In practice, this study will provide shared services managers with insights with regards to the implementation process to be followed for implementing a human capital shared services model. It can also provide valuable insight to management with regard to important or key factors to consider, ensuring the effective implementation of the model. Findings of this study may also be extended to other organizations in South Africa, considering the implementation of the shared services model.

Key terms:

Shared Services; Banks; Banking Sector; Business Models; Implementation Process; Human Capital.

Contents

DECLARATION i

ACKNOWLEDGEMENTS ii

DEDICATION........ iii

SUMMARY iv

LIST OF TABLES........ 7

LIST OF FIGURES 8

CHAPTER 1 – RESEARCH ORIENTATION 9

1.1 Introduction........ 9

1.2 Background to the Research 9

1.3 Purpose of the study........ 10

1.4 Context of the study........ 11

1.5 Objectives of the study 11

1.6 Problem statement 12

1.7 Significance of the study........ 12

1.8 Research Methodology........ 13

1.8.1 Population and sample 13

1.9 Delimitations of the study........ 14

1.10 Assumptions........ 14

1.11 Chapter Outline 14

1.12 Conclusion........ 15

CHAPTER 2 – LITERATURE REVIEW 16

2.1 Introduction........ 16

2.2 Background 16

2.3 Business models that contribute to competitiveness in organizations 17

2.3.1 Decentralized business model........ 20

2.3.1.1 Advantages of a decentralized business model 21
2.3.1.2 Disadvantages of a decentralized business model 21
2.3.2 Centralized business model 22
2.3.2.1 Advantages of a centralized business model 22
2.3.2.2 Disadvantages of a centralized business model 23
2.3.3 Outsourced business model 24
2.3.3.1 Advantages of outsourcing as a business model 25
2.3.3.2 Disadvantages of outsourcing as a business model 26
2.3.4 Business partner model 27
2.3.4.1 Advantages of a business partner model 28
2.3.4.2 Disadvantages of a business partner model 29
2.3.5 Shared services business model 30
2.3.5.1 Advantages of a shared services model 36
2.3.5.2 Disadvantages of a shared services model 37
2.3.5.3 Structure and elements of a shared services model 39
2.3.5.4 Implementing a shared services model 41
2.4 Conclusion 47
CHAPTER 3 – RESEARCH METHODOLOGY 49
3.1 Introduction 49
3.2 Research Scope 49
3.3 Aim of the research 50
3.4 Objectives of the research 50
3.5 Research strategy 51
3.6 Population and sample 52
3.6.1 Population 52
3.6.2 Sample and sampling method 53
3.6.3 Purposive sampling 54

3.6.4 Selection of sample group and size; the characteristics of the sample.................55
group and problems relating to sampling 55
3.7 Phase One: Exploratory Research... 56
3.8 Phase Two: Qualitative Research... 56
3.8.1 Interview process...58
3.8.2 Structured interviews 59
3.8.3 Unstructured interviews 60
3.8.4 Semi-structured interviews 60
3.9 Phase Three – Quantitative Research 63
3.9.1 Data analysis and interpretation 66
3.9.2 Validation of survey results...67
3.9.3 Data format...68
3.10 Limitations of the study 68
3.11 Reliability and validity 70
3.12 External validity 71
3.13 Internal validity.. 71
3.14 Reliability hand truth 72
3.15 Conclusion.. 73
CHAPTER 4 – RESULTS AND DISCUSSION.. 74
4.1 Introduction... 74
4.2 Phase One - Qualitative Phase.. 74
4.2.1 Interview analysis 74
4.3 Summary of interviewee responses 76
4.3.1 Suitable Key Word: Advantages of the model...76
4.3.2 Suitable Key Word: Disadvantages of the model 78
4.3.3 Suitable Key Word: Impact of the model on staff 80
4.3.4 Suitable Key Word: Implementation of the model 81

4.3.5 Suitable Key Word: Key factors considered in the decision to implement the model ... 83

4.3.6 Suitable Key Word: Lessons learnt and factors that caused concerns ... 84

4.3.7 Suitable Key Word: Measurement of success ... 86

4.3.8 Suitable Key Word: How was the implementation process structured? ... 88

4.3.9 Suitable Key Word: Reasons for implementing the human capital shared services model ... 91

4.4 Phase Two - Quantitative Phase ... 94

4.4.1 Questionnaire analysis ... 94

4.4.2 Suitable Key Word: Biographical details ... 96

4.4.3 Suitable Key Word: Factors considered in implementing a human capital shared services model ... 99

4.4.4 Suitable Key Word: Advantages of implementing a human capital shared services model ... 102

4.4.5 Suitable Key Word: Disadvantages of implementing a human capital shared services model ... 105

4.4.6 Suitable Key Word: Factors addressed in implementing a human capital shared services model ... 107

4.4.7 Suitable Key Word: Factors considered in implementing a human capital shared services model ... 110

4.4.8 Suitable Key Word: Importance of factors in selecting a human capital shared services model over other models ... 113

4.5 Summary of questionnaire results ... 116

4.5.1 Factors considered by respondents in implementing human capital ... 116

services model ... 117

4.5.3 Disadvantages identified with the implementation of a human capital ... 119

4.5.4 Importance of factors considered in the implementation of a human capital shared services model ... 119

4.6 Conclusion ... 120

CHAPTER 5 – CONCLUSION ... 123
5.1 Introduction ... 123
5.2 Conclusions of the study ... 123
5.3 Practical Considerations ... 124
5.3.1 Establish a Implementation Committee ... 124
5.3.2 Planning stage ... 125
5.3.3 Feasibility study ... 125
5.3.4 Implementation process ... 126
5.3.5 Monitoring and evaluation ... 128
5.4 Theoretical Implications ... 129
LIST OF REFERENCES ... 131
ANNEXURE A: ... 137
INTERVIEW GUIDE USED DURING SEMI-STRUCTURED INTERVIEWS ... 137
ANNEXURE B: QUESTIONNAIRES CIRCULATED TO HUMAN CAPITAL STAFF ... 140

LIST OF TABLES

Table 2.1 Elements of centralization, decentralization and shared services Schulman et *al* (1999:12)

Table 2.2 Shared services processes (Corporate Leadership Council, 2006)

Table 3.1 Number of employees per bank

Table 3.2 Types of interviews (Myers, 2009:124)

Table 3.3 Questionnaires circulated and response rate

Table 4.1 Semi – Structured Interviews - Respondent’s Characteristics

Table 4.2 Number of employees per bank

Table 4.3 Descriptive statistics for biographical variables

Table 4.4 Factors considered in implementing a human capital shared services model

Table 4.5 Advantages of implementing a human capital shared services model

Table 4.6 Disadvantages of implementing a human capital shared services model

Table 4.7 Factors addressed in the implementation of a human capital shared services model

Table 4.8 Factors considered by each bank in the implementation of a human capital shared services model

Table 4.9 Importance of factors in selecting a human capital shared services model over other models

LIST OF FIGURES

Figure 4.1 Age Distribution
Figure 4.2 Length of service
Figure 4.3 Job Level
Figure 4.4 Factors considered in implementing a human capital shared services model
Figure 4.5 Advantages for implementing a human capital shared services model
Figure 4.6 Disadvantages for implementing a human capital shared services model
Figure 4.7 Importance of factors addressed in implementing a human capital shared services model
Figure 4.8 Importance of factors considered in implementation of a human capital shared services model
Figure 4.9 Importance of factors in selecting a human capital shared services model over and above another model.

CHAPTER 1 – RESEARCH ORIENTATION

1.1 Introduction

To cope with the constant changes in the economic environment, organizations continuously strive to implement appropriate business models that will contribute to increased productivity, reduced cost and a competitive advantage. This study will aim to evaluate various business models, consider various advantages and disadvantages of each model as well as evaluating the implementation of a human capital shared services model within the South African Banking sector. Chapter one of the study will deal with the background, purpose and significance of the study, highlighting the problem statement, research objectives and research design and methods as well as the context in which the study will be undertaken.

1.2 Background to the Research

South Africa has a well developed banking sector that dates back to the 18th century, which operates in sophisticated local and world markets. The banking sector is highly regulated by legislation and state agencies under the auspices of the South African Reserve Bank, the National Credit Regulator and the Financial Services Board (Bankseta, 2009/10). All the basic, traditional functions of banks, without exception, have been subjected to increased competition since the early 1980's (Bankseta 2009/10).

According to Bankseta (2009/10) banks are losing traditional monopolies and some of their historic competitive advantage. Bankseta further states that according to their records for 2008, there are currently 2 512 registered levy-paying enterprises within the sector, employing 154 076 people. One hundred and thirty four large organizations, including the four major banks Absa Bank, First Rand, Nedbank and Standard Bank, account for 6% of the sector, but provide 94% of employment in the sector.

In light of the above and within the current economic environment, organizations need to continuously strive to reduce costs, improve service delivery and implement a business model that allows them to focus on their core business. Organizations need to consider a number of business models that will support them in achieving reduce costs, improve service delivery and enabling them to focus on their core business. It is therefore important for organizations to consider various business models and implement a model which best suites their current operating environment.

To cope with these constant changes in the business environment and to ensure a competitive advantage, organizations consider changing their business models, by moving outside the traditional centralized, decentralized and outsourced models and adopting shared services. As described in the literature review, Ulrich (1995) defines shared services as the combining and consolidation of services within a corporation. Ulrich (1995) further suggests that shared services are a single organizational phenomenon, occurring when separate business units within a company are brought together. A human capital shared services model has been adopted by the banking sector. According to Marsh (2004) shared services are not new in the banking sector and range from the consolidation of back office processing through to full business process outsourcing.

In this study, the researcher will focus on the implementation of a human capital shared services model in the South African banking sector.

1.3 Purpose of the study

The purpose of the research will be to establish the business rationale for implementing a human capital shared services model over other business models.
In addition, the study aims to determine the advantages and lessons learnt by the three major banks during their implementation processes of human capital shared services.

Information gathered during the study will be used to make recommendations for the development and implementation of a human capital shared services model, with a specific application to the implementation within a finance institution.

1.4 Context of the study

This study will explore the reasons why the three major banks within South Africa made a decision to implement a human capital shared services model, rather than following the implementation of more traditional business models. The study will further explore the processes followed to implement the human capital shared services model, determining the benefits of the model and lessons learnt during the implementation process.

The information gathered during the study will be valuable to guide implementation processes of a human capital shared services model within a finance context.

1.5 Objectives of the study

The objectives of this study are:

- To establish the primary rationale by the four major banks for choosing a human capital shared services model over and above more traditional models such a decentralized, centralized and outsourced business models;
- To establish the process followed by the banking industry with the implementation of a human capital shared services model;
- To gauge the challenges versus benefits of the implementation of the model and
- To provide recommendations for the development and implementation of shared services models within specific organizational context.

1.6 Problem statement

Different business models exists which organizations could consider to improve their service delivery, reduce costs and enable them to focus on their core business. It is important for organizations to contextualise the various business models to establish which models will be the most appropriate within their business environment. The focus of this study will be on the human capital shared services model. Organizations are primarily implementing shared services as a business model to gain primarily cost advantages (Mohan, 2006). Although a shared services model has many advantages for organizations, the process followed in the implementation of a shared services model is critical to achieve the intended benefits.

The implementation of a shared services model is not without its challenges and could be difficult to implement within organizations. Indeed, if implementation of human capital shared services is approached without following an appropriate implementation model, companies often find that the shared services model does not deliver the intended benefits as anticipated. The problem statement therefore is that the absence of an implementation model will result in difficulties to successfully implement the shared services model.

1.7 Significance of the study

Research indicates that globalization and technological advancement are two key drivers responsible for the introduction of shared services models in the business environment (Corporate Leadership Council, 2006). To ensure the effective implementation of shared services, it is critical to understand the business case for human capital shared services, how these centres are structured and what the core processes are that will be housed under such centres.

An understanding of the shared services model and the impact of the model by relevant role players, from top management to the employees actually involved in the transactional processes, will contribute to the successful implementation of the human capital shared services model.

This study will provide guidance on the various models that could be adopted by organizations, considering advantages and disadvantages and the most appropriate steps and stages to follow to ensure the successful implementation of the human capital shared model in an organization.

1.8 Research Methodology

During the research a mixed method approach was used that incorporated both qualitative and quantitative research. In this study research was conducted in three phases. The first phase dealt with exploratory research consisting of desk study research and industry reports as well as surveys, periodicals and academic publications. During the second phase qualitative research was conducted, through semi-structured interviews. Findings from this research phase were used to inform the measurement items used during the third phase. During this phase quantitative data was gathered by means of a survey.

Therefore based on the above, mixed method methodologies were considered appropriate for informing and contributing to a more compressive study relating to the implementation of a human capital shared services model within the banking sector.

1.8.1 Population and sample

Although, in South Africa, there were 36 commercial banks operating at the time of the study, under the banking license requirement, four major banks, namely Absa Bank, First National Bank, Standard Bank and Nedbank, accounted for 83% of total deposits during 2009 (Sector Skills Plan, 2009/10). As a result these four banks formed the target population for this study. This study employed a non-probability sampling method and used a purposive sampling technique to identify respondents for the second phase of the research project. For the third phase a total sample of employees occupying team leader and front line positions were used. The research methodology will be discussed in Chapter three of this study.

1.9 Delimitations of the study

This study will be conducted within the South African context and will focus on the banking sector with specific focus on the three major South African banks, namely, ABSA Bank, Standard Bank and Nedbank.

1.10 Assumptions

The assumption is that all of the three major banks have implemented a human capital shared services model successfully and that participants in the structured interview and the questionnaires are familiar with the model to answer related questions in terms of the implementation of the model within the three major banks.

1.11 Chapter Outline

This research is structured in five chapters.

Chapter one sets the research orientation providing the background to the research. This chapter also presents the research scope, background, research methodology, context and objectives.

Chapter two provide a literature review. The literature review revealed past research relating to: 1) a number of business models organizations could consider, 2) advantages and disadvantages of each model, 3) the human capital shared services business model, 4) structure and implementation of the human capital shared services model.

Chapter three, the research methodology is outlined to address the research objectives.

Chapter four presents an overview of the qualitative and quantitative research results.

The final chapter, **chapter five**, relates the findings of the research and concludes with identifying research implications, providing recommendations and highlighting areas of future research.

1.12 Conclusion

Having briefly discussed the purpose and significance of the study and expanding on the problem statement and why it is important to conduct the research, it is critical to understand the various business models organizations can consider, taking into account their advantages and disadvantages. Chapter two review a number of business models organizations could consider, including the human capital shared services model.

CHAPTER 2 – LITERATURE REVIEW

2.1 Introduction

Organizations continuously strive to have a competitive advantage over their competitors. The implementation of appropriate business models could give organizations a competitive advantage and have the potential to contribute to reduce cost, increase productivity and improve efficiency (Bergeron, 2003). It is thus critical for organizations to align their business activities to the most appropriate business model and it is therefore important for management to have a thorough understanding of the various models as well as the disadvantages and advantages the models have when implemented within a organization. The literature review, to follow, provides a detailed overview of the various business models, highlighting the advantages and disadvantages of the models. Special emphasis is placed on the shared services model, its advantages as well as disadvantages and the process to be followed to ensure effective implementation of the model.

2.2 Background

South Africa has a well developed banking sector that operates in sophisticated local and world markets. In South Africa there are 36 banks operating under the banking licence requirements (Bankseta Sector Skills plan, 2009/10). South Africa's banking sector mainly employs skilled and highly skilled workers. According to the Bankseta, Sector Skills plan (2009/10), managers, professionals and clerks account for up to 95% of all employees in the sector. Managers account for only 18% of the total employment profile and professionals account for 38%. Clerks account for 48% of the total profile and represent the biggest occupational grouping. A variety of factors drives change in the banking sector, for example, the sectors ability to compete in the global economy (Bankseta Sector Skills plan, 2009/10). One such factor is the efficiency of people as it plays a significant role in global competitiveness. Since the early eighties all the traditional functions of banks have been subjected to increased competition, from non-financial companies.

During the period 2004 and 2007 the sector experienced growth from 131 031 to 148 789 employees. The 2008/09 sector profile reflects a total number of 154 064 employees which is a further growth of 4% from 2007/08 (Bankseta Sector Skills plan, 2009/10). The banking system is a vital service industry within any country. According to a study done in relation to competition in banking in 2004, South African banks are profitable and have performed in the top 100 within the international fraternity (Bankseta Sector Skills plan, 2009/10).

The three major banks, namely ABSA Bank, Standard Bank, Nedbank and First National Bank accounted for 83% of total deposits (Sector Skills Plan, 2009/10). To cope with these constant changes in the business environment and to ensure a competitive advantage, organizations consider changing their business models, by moving outside the traditional centralized, decentralized, human capital business partnering and outsourced models and adopting shared services as a business model. Shared services, offers organizations the opportunity to combine and consolidate services within a corporation (Ulrich, 2005).

According to Marsh (2004) shared services are not new in the banking sector and range from the consolidation of back office processing through to full business process outsourcing. For the purpose of this study, shared services will be defined as the standardization and consolidation of administrative or support functions into a single entity providing common services. This study will focus on the implementation and application of this concept in the South African banking sector.

2.3 Business models that contribute to competitiveness in organizations

A fundamental principle of organizational design is that a change in strategy mostly requires a new set of capabilities and a realignment of the core elements of the organization (Galbraith, 2005). According to Ulrich (1997), human resource leaders across various industries realign their organizations in order to undertake “strategic business partner” work.

Ulrich (1997) further states that at the same time there is focus on cost cutting and efficiency, aimed at staff functions in general and at human resources in particular. Ulrich (1997) further state that a lot of human resource transactional work is pushed into shared services or to outsourced vendors. According to Matan (2009), choosing between outsourcing and shared services has significant implications for the long term strategy of any organization.

Matan (2009) further states that non profit organizations are turning to the concept of shared services as an even more effective form of outsourcing. According to Matan (2009) shared services is similar to outsourcing except that instead of vending services to outside groups, several non profit organizations join together to share resources and streamline functions. In contrast to Ulrich (1995) definition of shared services, Matan (2009) suggests that sharing services isn't just consolidating similar activities in one location but where the services are shared; professionals serve a group of similar organizations at a cost and quality that wouldn't be possible if each organization was left to its own devices.

Like so many ideas, the shared services concept came from the United States of America (Reilly and Williams, 2003). The concept of shared services, according to Reilly and Williams (2003) has not been seen as something peculiar to human resources, but is also applicable to any form of service delivery. In order to conceptualize the shared services concept within the context of this study, it is important to understand the concept and the various definitions associated with the shared services model.

Marsh (2004) indicates that shared services are simply an efficient business architecture that creates substantial business advantages through the sharing of pooled resources. Ulrich (1995:14), on the other hand, defines shared services as "the combining and consolidation of services within a corporation" and suggests that shared services are a single organizational phenomenon, occurring when separate business units within a company are brought together.

Quinn, Cooke and Kris (2000) define shared services as the practice of moving beyond the boundaries of the single organizational unit. It is of interest to note that Ulrich (1995) argues that shared services are the opposite of centralization. Ulrich (1995) furthermore suggests that where staff functions such as human resources and finance have been centralized in companies, they have generally relatively powerful relationships in relation to business units because their role involves both governance and control aspects. Oates (1998), on the other hand, suggests that shared services could just be another form of outsourcing.

According to Reilly (2000) sharing services may not necessarily refer to the centralization of staff and resources, but to the fact that the activities involved are available to a number of parties. According to Quinn, *et al*. (2000) the practice of shared services has moved beyond the boundaries of the single organizational unit. Shared services are however a concept which is adopted by organizations both globally and nationally. For the purpose of this study the focus will be on shared services within a national context, focussing on the three major banks within South Africa.

It is however important to recognize the different types of business models that could be adopted by organizations in the service industry and the factors to be considered in determining the most appropriate business model for a specific operating environment. Organizations could consider a number of business models, namely the traditional decentralized, centralized, human capital business partnering and outsourcing approach as well as a shared services model. Schulman *et al* (1999) further highlights very distinctive elements which differentiate centralization, decentralization and shared services from each other. The key elements are as follow:

Table 2.1: Elements of centralization, decentralization and shared services

Decentralization	Centralization	Shared Services
▪ Higher costs ▪ Variable standards ▪ Different control environments ▪ Duplication of effort	▪ Unresponsiveness ▪ No business unit control of overhead costs ▪ Inflexible to business unit needs ▪ Remote from business	▪ Business units maintain control of decisions ▪ Recognition of local priorities ▪ Responsive to client needs ▪ Independent business unit ▪ Pooled experience ▪ Lean, flat organization ▪ Dissemination of best practices ▪ Recognition of group functions ▪ Synergies ▪ Enhance career progression ▪ Common systems and support ▪ Consistent standards and control ▪ Economies of scale ▪ Critical mass of skills

Schulman *et al (*1999:12)

Table 2.1 highlights key elements organizations could consider when making a decision on an appropriate business model. Although many of the above elements are also considered as key advantages and disadvantages of other business models, each element needs to be considered by top management to arrive at an appropriate decision to implement a suitable business model. The various business models, including the shared services model will be discussed below.

2.3.1 Decentralized business model

Decentralization may be defined as "the transfer of decision making authority, responsibility, and tasks from higher to lower organizational levels or between organizations" (Hanson, 1998:111). Although the transfer of decision making authority in an organization could attribute to the streamlining of business processes, it is also associated with a number of advantages and disadvantages.

The following advantages and disadvantages are associated with decentralization as a business model.

2.3.1.1 Advantages of a decentralized business model

According to Selden (2010) an advantage of a decentralized approach is that it is seen as a way to overcome the inflexibility and inefficiency of traditional systems that are overseen by strong central personnel agencies. Bergeron (2003) supports the above and states that a decentralized business model allows for freedom, more autonomy and the opportunity to change tactics with little or no delay. Selden (2010) further states that when decisions regarding human resource functions such as recruitment and selection, compensation and discipline are decentralized, agency managers have the flexibility to be more effective by modifying their human resource processes to fit their specific goals and needs. Flexibility and autonomy are therefore key advantages of a decentralized business model which has been recognized by both Selden (2010) and Bergeron (2003).

Decentralization also allows organizations to customize service offerings for specific regional needs, facilitate greater alignment of service delivery within regional business and human resources, and allows for employees to speak to services staff within the working hours for each location and therefore facilitates timely resolution of issues (Corporate Leadership Council, 2010).

2.3.1.2 Disadvantages of a decentralized business model

According to Van der Linde, Boessenkool and Jooste (2006) and Schulman, Harmer and Dunleavy (1999), decentralization is associated with duplication of efforts, higher costs and variable standards. Further to the above, Bergeron (2003) highlights that in a decentralized model revenue flows through the parent corporation and there is no central point of control and reporting is typically through the local division. Bergeron (2003) concurs with Schulman, *et al*. (1999) that decentralization as a business model results in different control environments and duplication of efforts.

Bergeron (2003) further indicates that a major disadvantage of the decentralized business model is that it provides a customer service orientation but at the cost of redundancy throughout the organization and leads to poor integration. Decentralization could also result in higher start up costs compared to establishing regional offices. In addition, decentralization requires greater effort to establish and greater management attention from the head office to operate and may also lead to inconsistent human resource service delivery across regions (Corporate Leadership Council, 2010).

2.3.2 Centralized business model

The centralized approach to human resource management originated in the United States in the late nineteenth century and was a popular model throughout the twentieth century (Selden, 2010). In a centralized organization, the focus of the business units and back office support operations is upwards and towards the corporate headquarters. According to Reilly (2000) organizations can save money by centralizing a lot of personnel work especially if it is just administrative work.

Reilly (2000) further states that human resource functions in organization are seeking to become more customer focused, more administratively efficient and integrated, and also more strategically positioned. When organization considers centralization of functions as a business model, they need to consider both the advantages and disadvantages. The following advantages and disadvantages are associated with centralization as a business model.

2.3.2.1 Advantages of a centralized business model

Bergeron (2003) and Van der Linde, *et al.* (2006) recognize corporate control as an advantage of a centralized business model. According to Van der Linde *et al.* (2006) an advantage of a centralized business model is that it offers a high degree of corporate level control and economies of scale although it is at the expense of customer service and responsiveness.

Similar findings from Bergeron (2003) highlight that a centralized model allows for greater revenue, reporting, employee reward and recognition which are managed at a corporate level. According to Bergeron (2003) the centralized approach is also more likely to result in a center of activity and with this approach organizations can afford to maintain the latest technology to produce consistent results. In the case of a human resource function, centralization of human resources will create a framework for shared services.

A further advantage according to Selden (2010) is that a centralized system allows for the standardization of policies and procedures. A centralized model could therefore reduce costs and allow for the standardization of processes by focusing on economies of scale, allow shared services set up with a minimum capital expense and provides maximum ease for data integrity (Corporate Leadership Council, 2010).

2.3.2.2 Disadvantages of a centralized business model

Centralization brings with it unresponsive, inflexible and costly business units. According to Schulman, *et al*. (1999) centralization as a business model consists of the following elements, namely:

- Unresponsiveness;
- No business unit control of overhead costs;
- Inflexibility to business units needs and
- Remoteness from business;

Although centralization results in no business unit control over overheads, which is seen as a disadvantage by business units, organizations as confirmed by Bergeron (2003) and Van der Linde, *et al.* (2006) recognizes corporate control of revenue, reporting and reward and recognition as an advantage. Therefore centralization might have disadvantages at a unit level relating to control and might be perceived as an inflexible business model, but has advantages at an organizational level.

Centralization could also prevent the customization of transactions for every location and allows for companies to offer a very limited number of services globally (Corporate Leadership Council, 2010).

2.3.3 Outsourced business model

Outsourcing is indeed a corporate turnaround trigger. In the 1980s and ‘90s, non profits focused on outsourcing or vending out their entire operations or departments, such as accounting, fundraising, records administration and program evaluation to conserve resources (Matan, 2009). Matan (2009) further states that outsourcing saved considerable amounts of money, particularly in the areas of labour and related employee benefits. In an outsourced model both the risks and rewards are high. The existing corporate structure will therefore have an impact on the decision between outsourcing and shared services (Sako, 2010). Sako (2010) indicates that outsourcing of business services combines two decisions, namely to make-or-buy decisions concerning the corporate boundary and the other is the restructuring of the internal corporate hierarchy. The creation of shared services or outsourcing is in support of appropriate organizational design.

Sako (2010) further states that both these models could be attributed to mergers and acquisition of companies which result in the duplication of functions previously belonging to one company. Attempts to eliminate these duplications often results in either outsourcing or shared services. According to Sako (2010) companies outsource for several reasons, of which cost savings is probably the ultimate reason. The means by which outsourcing is achieved varies from company to company and is influenced by introducing new technology, improving service quality, transforming fixed investment into variable costs that will assist in freeing management time to focus on the core business. Caruth and Caruth (2010) and Bergeron (2003) define outsourcing as the process of contracting with an outside party to perform company functions that were previously performed in-house.

Bergeron (2003) stated that organizations normally decide on this business model to save costs, which involves not hiring full time employees. This approach therefore results in internal resources being made available to work on core competency tasks. According to the 'HRfocus Outsourcing and Shared Services' survey results, 65.9% of the respondents said that they are most likely to outsource pension benefits and administration, 60% will outsource employee assistance programs, 49.1% background checks and 48.6% health care benefits.

According to the survey there was however some variance by size of organizations in terms of what is outsourced. For instance, large organizations, those with 1 000 employees and more were most likely to heavily outsource pension benefits administration and employee assistance programs. Smaller organizations, between one to 350 employees were most likely to outsource pension benefits administration, health care benefits administration, employee assistance programs and payroll administration.

Mid size organizations, 351 to 1 000 employees had more outsourcing in pension benefit administration and background checks (HRfocus, 2007). The following advantages and disadvantages are associated with outsourcing as a business model.

2.3.3.1 Advantages of outsourcing as a business model

According to Caruth and Caruth (2010) outsourcing human resource activities will result in performing human resource management activities better, cheaper and faster than these same activities can be performed in-house. Caruth and Caruth (2010) further states that outsourcing saves management time and effort. Bergeron (2003) states that a benefit of outsourcing is that it becomes very attractive when a task of a high skill level is to be performed, but there is a low volume of demand. An outsourced model also has a low start up cost. Key benefits that organizations are reaping from outsourcing these services include saving money, the ability to assign staff to other tasks, and access to expertise that otherwise would be unavailable (Bergeron, 2003).

Outsourcing increases efficiencies and allows staff to focus on their core responsibilities, said the Vice President, Human Resources, of a non-profit human services organization with 325 full time equivalent employees (HRfocus, 2007). Technology can also become a more manageable area through outsourcing (HRfocus, 2007). However, according to a Director of Human Resources for an automobile company with 110 000 staff members, outsourcing doesn’t really result in significant cost savings. According to the Director, they never reduced human resource staff when they outsourced, but rather re-allocated those resources to higher value business. Another benefit for outsourcing is that human resource staff gets the opportunity to work on more strategic assignments (HRfocus, 2007).

2.3.3.2 Disadvantages of outsourcing as a business model

Outsourcing is not without its prominent disadvantages. Some significant disadvantages of outsourcing are increased direct costs, perceived loss of control, confused responsibilities and decreased employee morale (Caruth and Caruth, 2010). A further disadvantage of outsourcing, as a business model, is that it lacks relative control over products and services, since the outsourced organization handles the revenue, reporting as well as recognition and reward of employees and the majority of the business management functions (Bergeron, 2003).

From a human resources perspective, an outsourced model will allow very little control over key functions such as recruitment, training and administration of day to day matters (Sako, 2010). It is also stated by Sako (2010) that an outsourced model results in high powered incentives, with the client being able to credibly threaten to terminate the contract when the provider under performs. The HRfocus (2007) survey indentified that the right vendors and ensuring services promised are delivered as key to the success of the outsourced model. When deciding on an outsourced model it is thus important to do a due diligence review of each provider’s capabilities and make sure that they define the processes as required by the organization (HRfocus, 2007). It is important to note that even outsourced services still need to be managed by human resources.

A human resource administrator employed at a manufacturing company with 108 fixed term employee's indicated that they have had numerous occasions where they identified errors and waste, particularly in the area of health benefits administration (HRfocus, 2007). According to this company, outsourcing requires as much, if not more, oversight than doing things in-house. Some outsources also suffers the same quality and retention problem.

Sako (2010) however states that outsourcing works best to make external providers truly accountable for performance, whenever processes are standardized and stable for easy service level agreement specification. However, Sako (2010) states that a shared services model is a better option where processes are either customized or being transformed.

2.3.4 Business partner model

According to Ulrich and Brockbank (2009) the informal business partner model has existed for more than 100 years when effective support functions, including human resources, have contributed to business results. Ulrich and Brockbank (2009) further state that formalizing how human resource professionals can create more value as business partners has been the focus for 10 to 15 years.

The business partner model is however not unique to human resources as all staff functions is trying to find ways to deliver more value to the top line growth and bottom line profitability (Ulrich and Brockbank, 2009). However, according to Kates (2006) the most common organization design employed in reaction to external changes can be termed the business partner model. Kates (2006) further states that the model was developed in direct response to a fear that business perceived human resources to become too centralized and disconnected from the business and too inwardly focused on issues of little importance to managers. According to Kates (2010), the business partner model has three components, namely a customer facing front end, product focused back end and operational service center.

Staff at the front end is typically called business partners, strategic partners or strategic advisors. The role of the business partner is focused on diagnostic, consultative and organization development work, although it tends to retain a broad scope of responsibility for work in areas like employee relations and staffing (Kates, 2006). According to Kates (2006) the product focused back end is small specialist groups that produce programs and policies and provide decision support. Focus is on specialized areas such as compensation, benefits, employee relations, learning and development, talent management and workforce planning.

Kates (2006) further alludes to the fact that this function relies heavily on the business partner to roll out the programs to the business. In terms of the service centre, Kates (2006) highlights that the creation of the service centre is intended to reduce cost and improve quality by systematizing and recuing transactional work. This notion is also expressed by Ulrich (1997). In addition, Kates (2006) states that the service centers aims to take away employee centered worked from the generalist. According to Kates (2006) the center can be centralized internally, outsourced or provided through multiple vendors. Its mandate is to process transactions, administer payroll and benefits, answer queries and resolve low intensity employee relations issues. It is important to note that employees in each part of the model require a different set of skills to ensure success.

2.3.4.1 Advantages of a business partner model

According to Kates (2006) the business partner model can be seen as a successful transitional design. It has served to build much needed credibility for the human resource function through a close alignment to the business managers who are paying the bills. The model has helped to push a generation of generalists toward becoming talent management and organizational development specialist.

2.3.4.2 Disadvantages of a business partner model

The most common issue in the business partner model is the tension between the front end (the generalist staff tightly allied to their lines of business) and the back end (the specialized centers of excellence focused on enterprise programs). According to Ulrich and Brockbank (2009) these inevitable failures of the business partner model could stem from both organizational and personal factors. Ulrich and Brockbank (2009) further state that asking human resource professionals who have focused on policies and transactions to do talent and organization audits and massive change efforts may be too great to shift.

Another disadvantage of the model is the uncertainty about who owns the client relationship. Typically business partners determine when centralized specialists should be brought in. On the other hand specialists complain that they don't work enough with clients directly. Business Partners uses them selectively as a shadow resource and coach. In some companies, when specialist from the centre of excellence is brought in to early, the business manager challenges why so many human resource people are in the room. Another challenge created by the business partner model is how to best deliver organization development work (Kates, 2006). Kates (2006) further states that it is challenging to get the right balance between functional and organizational initiatives. The front end business partners are designed to have different sets of priorities than their counterparts in the centers of excellence.

Organizations therefore find it difficult to implement this model due to uncertainty about their role within business (Kates, 2009). According to Kates (2006) for many organizations the business partner model has not lived up to its promise, and is beginning to outlive its usefulness. Kates (2006) further states that the level of alignment to the business in this model has improved customer service for individual line managers, but the case has not been made that more value for the enterprise overall has been created.

2.3.5 Shared services business model

As indicated above, organizations can consider a number of business models to implement. However, the application of a shared services model is the focus of this study and it therefore requires a more detailed discussion. The shared services model will therefore be discussed in detail below. Back in the 1990s, Ulrich proposed a model for human resources that led to dramatic growth in the development of human resource shared service centers across the globe (Hibberd, 2009).

However, according to Hibberd (2009) a decade has past and the landscape is changing again with the explosion in multi function back office shared services that incorporate finance, legal, procurement and information technology. Hibberd (2009) further states that shared service centers has risen in the public sector, in particular where multi-organizations share services, in which a group or organizations collaborate on creating an outsourced shared services model. Hibberd (2009) furthermore suggests that another breed of shared service centers is evolving and that these new giants incorporate an increasing amount of strategic human resources, rather than just transactional functions of human resources that were the focus of the pioneer shared service centers in the 1990s. Hibberd (2009) indicates that shared services involve centralizing certain payroll and human resources functions with the aim to deliver internal support services with greater efficiency and effectiveness.

The IOMA's 2007 'Outsourcing and Shared Services Survey' highlights trends in organizations that have adopted the shared services model. Hibberd (2009) however states that a further opportunity of the model is that it is bringing generic business managers into human resources so that the function becomes more business orientated and less inward looking. There may however also be opportunities for human resource people to broaden their skills by spending time in other important functions such as finance.

Hibberd (2009) further states that these opportunities needs to be developed alongside a change management implementation plans, otherwise the risk will be to focus purely on structural and process change at the expense of the cultural change needed to win over hearts and minds. According to the IOMA's 2007 survey, larger organizations are more likely to use a shared services model. Matan (2009) indicates that there are five areas where companies could consider sharing services to improve efficiencies and effectiveness namely shared spaces, human resources, internal audit, information technology and accounting.

According to Matan (2009) several organizations can share the services of a human resource department, which can protect them against lawsuits and discrimination complaints and keep them abreast of increasingly complex state and federal laws. Matan (2009) further states that a shared human resource function may also offer less costly employee benefits, such as health insurance, life insurance and retirement plans. However, according to Ulbrich (2006), there is a common understanding that shared services focus on optimizing corporate resources and processes in a new organizational entity.

According to Ulbrich (2006) shared service functions such as finance and human resources are more important today than they ever have been to the success of most companies. This view is also expressed by Mergy and Records (2001), suggesting that shared service units influence how the company manages its human capital, financial capital, and technology, which are arguably three of the most important components of a successful company today. According to King (2006) shared services are often mistakenly implemented as outsourcing; however the differences between outsourcing and shared services are significant in many aspects.

Generally, shared services bring in long-term stable competitive advantages, while outsourcing involves much uncertainty (King, 2006). According to Wang and Wang (2007) shared services have been widely spread in the government and private sectors.

Wang and Wang (2007) further state that unlike outsourcing, shared services is the standardization and consolidation of common functions across the multiple organizations to reduce information process duplication and increase information and knowledge sharing. Schulman, *et al*. (1999:35) defines shared services as "the concentration of organizational resources performing like activities, typically spread across the organization, in order to serve multiple partners at lower cost and with higher service levels, with the common goal of delighting external customers and enhancing corporate value."

According to Selden (2010) a shared services model merges support services into a single unit in an organization. In the modern context, shared services means far more than simply the old practice of centralizing certain company service functions. An instructive example is that of financial giant ABSA Bank, which received global recognition in March, 2005 with an honourable mention in the Best New Shared Services category of the International Quality and Productivity Centre Shared Services Excellence Awards in Miami, United States (Tuck, 2004/5).

In the case of human capital, it is important to note that not all services are alike. Human capital functions performed by a shared services unit can be grouped into two categories: transactional services and transformational services (Selden, 2010). According to Selden (2010), transactional services include all the practices involved in the day-to-day administrative management of the workforce, whereas transformational services are neither routine nor administrative. They are activities designed to help implement strategies to reach organizational goals. The results of a study done by the Bywater Group of 200 European companies also revealed that 90 percent of the responding companies already use shared services (Marsh, 2004).

Within the South African context, the human capital shared services concept has been implemented within the service industry as well as the banking sector. According to Marsh (2004) the concept of shared services in the banking sector ranges from the consolidation of back office processing to full business process outsourcing.

According to Reilly and Williams (2003), there are three key dimensions that in combination distinguish shared services from other forms of service provision models namely:

1. the nature of the services provided which is primarily determined by the customer;
2. the common provision of services, and
3. the availability of devices for a number of users.

Reilly and Williams (2003) further stated that in 1995 a financial services company started their approach to shared services by combining the administrative support services for one particular division. However in 1996 they added the administration of recruitment services and in 1998 further divisions were added. According to Reilly and Williams (2003) a financial services organization found that before they introduced shared services, their human resource procedures contributed to a number of approaches which led to inconsistencies.

It was found that it was particularly important to avoid inconsistencies, especially where it affects legal, regulatory and corporate governance issues. It was clear that the introduction of a shared services approach led to a more consistent and rigorous approach in the application of regulated processes (Reilly and Williams, 2003). According to Reilly and Williams (2003) the shared services model has developed independent and as a separate functional process.

This study adopts the definition of Mohonathan (2009) that defined shared services as the standardisation and consolidation of administrative or support functions into a single entity providing common services. According to Mohonathan (2009) shared services are:

- *A powerful value creator for private and public-sector organizations;*
- *A management and organizational trend that has helped enterprises deliver better service at agreed to demand and cost levels;*

- *A focus to technology investments and has driven process excellence across multiple functions and industries;*
- *An organization's leverage that has helped global operating models and establish new governance processes for global operations;*
- *A change in response to globalization, as a result of an ever shifting economic and talent environment of the multi-polar world. Shared services are thus driving rapid change in how shared-services organizations are structured, located, and staffed.*

Mohonathan (2009) further states that the challenge for organizations will be to keep on driving continuous value to create and sustain competitive advantage, especially once they realized the initial savings and productivity increases. Recent research done by Accenture examined the practices and innovations being explored by shared-services leaders, those organizations whose shared-services approaches and strategies are leading them toward high performance.

The research found that high performers in shared-services are pushing the boundaries, always exploring ways in which shared services can deliver business value beyond cost savings and avoidance. Accenture believes that a shared-services model, properly planned and deployed, can become a key driver of high performance in a global business environment. According to Mohonathan (2009) the distinctive approach to organizational planning and execution involves specific structural capabilities, namely:

- End-to-end management: High performers apply shared-services across an entire process, end-to-end, managed by a process owner (an executive with the responsibility for driving standardization across the enterprise, measuring efficiencies and driving continuous improvement).
- Customer demand management: Ultimately the business's customers determine the fate of a shared-services organization.

It is therefore important to note that instead of turning aside customer requests not covered in the menu of shared services; high performers should develop better customer demand management capabilities. According to Ulbrich (2006) shared services are marked by three common goals, namely,

1. cost reduction through service providing to a diverse set of business units;
2. an accumulation of intellectual and capital assets;
3. a centre of excellence providing services with customer and process focus; and
4. a place to deploy new technology.

It is however important to note that although a shared services model have very significant common goals, the following has been identified by Ulbrich (2006) as problems experienced during the implementation of a shared services model:

1. business relations;
2. interfaces; and
3. location of the shared services model.

According to a 2005 global survey conducted by Deloitte Consulting, making the transition to a shared services environment involves time consuming and expensive tasks associated with compliance (Payroll Manager's Report, 2007). The report further indicates that championing shared services is a continuous process and a number of strategies could be followed, namely adding shared services for core transactional services and continues to partner with outsourcing to enhance delivery.

Another strategy could however be to expand shared services in recruitment, training, legal affairs, remuneration and finance where other firms implement a shared services model to help some of the human resource transactional items to become more consistent. (Payroll Manager's Report, 2007). According to Crouch, Head of Human Resources and Organizational Development at Somerset County Council, the recession and economic downturn will provide a burning platform for organizations to implement shared services (Brockett, 2009).

Apart from the above, shared services as a business model also has the following advantages and disadvantages.

2.3.5.1 Advantages of a shared services model

The implementation of the shared services model has a number of benefits. Some of the benefits of the model will be discussed in detail below.

Cost savings:

Van der Linde *et al.* (2006) highlights cost savings as a benefit for shared services as the shared services model offers the organization the opportunity to make the most of increasingly scarce resources which results in cost savings. This is supported by a Manager of Compensation and Benefits of an insurance company which indicated that the implementation of the shared services model resulted in cost savings (Payroll Manager's Report, 2007). This could be attributed to fewer staff and leveraged buying. Bergeron (2003) supports this by highlighting that shared services allow for the ability to lower headcount that could result in cost savings.

Increased efficiency and productivity:

The implementation of a shared services model brings about consistency and efficiency in processes (IOMA's 2007 Outsourcing and Shared Services Survey).
This is supported by Bergeron (2003) who indicates that shared services results in increased efficiency. Shared services allow doing more with same or less resources (Van der Linde *et al,* 2006).

Creating working capital improvements:

According to Schulman *et al.* (1999:16), working capital improvements are gained from standardizing, concentrating and netting treasury activities, operating receivables, payables, and inventory management in a centre of excellence. This creates economies of scale, improves control and decreases expenses.

Ensuring corporate governance and professional services:

According to Quinn *et al. (2000) s*hared services business units liberate governance functions from transactional functions, as well as professional staff from transactional processes. This therefore means they can focus on providing professional services to the organization and executive team.

Enhancing corporate value:

According to Van der Linde *et al.* (2006) process re-engineering, benchmarking and the use of best practices results in cost savings that add value to the organization. Enhancing corporate value can be achieved through consolidating the transactions of common customers and vendors who deal with more than one company or business unit. According to Schulman *et al*. (1999:16), economies of scale are achieved through the standardization of processes that are experienced by customers. Van der Linde *et al*. (2006) indicates that shared services allow organizations to consolidate transactions of common customers and vendors. Shared services are a high volume, low cost transactional service provider.

Through the consolidation of back-office operations and business process re-engineering, greater economies of scale can be obtained (Van der Linde *et al*, 2006). It is evident from the above that the implementation of shared services does not only contribute to reduce costs and increased efficiency but also contribute the enhancement of corporate governance and professional services and well as enhancing corporate value.

2.3.5.2 Disadvantages of a shared services model

Bergeron (2003) indicates that the implementation of a shared services model is associated with a high start up cost. According to Reilly (2008) moving to a shared services business model result in boundary disputes, gaps in service provision, communication difficulties within human resources as well as customer complaints over services.

Further disadvantages are the culture change that accompanies the implementation of the model and the possible duplication in administrative and managerial effort (Bergeron, 2003). Bergeron (2003) further indicates that another disadvantage of shared services is that employee reward and recognition within a shared services environment are based purely on customer satisfaction and therefore excludes participation of direct line management in the process of performance management from a client perspective.

Reilly (2007) suggests that agreeing to service standards and managing against them could be a problem when implementing a shared services model, especially in decentralized companies or those where the headquarters themselves have a parochial view of the world. Another challenge, according to Reilly (2007), is that CEO's may oppose losing their own human resources function, as it is a demonstration of power and status, or object to sharing with more powerful partners. Reilly (2007) suggests that line management may dislike the further distancing of human resources from their own location and human resources itself faces job losses or relocation, and more fractured career paths.

One of the challenges of a shared services environment is that the failure to plan and properly communicate can derail centralization initiatives. According to the IOMA's 2007 Outsourcing and Shared Services Survey, one of the key disadvantages of the implementation of a human resource shared services model is that in the next 10 years organizations will be struggling to find human resource professionals with the right depth, knowledge and skills to provide high level strategic input (Cook, 2008).

This statement is supported by a survey of 200 senior human resource practitioners by a consultancy agency named Marshal James, which found that 54% of human resource professionals were concerned about the detrimental effect of shared service centers on human resource career pathways. Richard Crouch, Head of Human Resources and Organizational Development at Somerset Country Council, however argues that this is unfounded as the principles for career and succession planning is catered for in the employment contracts of people moving into the shared services environment (Cook, 2008).

Robinson, states that the results of a shared services model might be attractive for cash strapped organizations but require a large initial investment to be done properly. According to Cook (2008) the emerging of shared services as a business model results in organizations producing business partners with no responsibility for various human resource levers. Cook (2008) further states by implementing such a model will result in skills being taken away from the human resources workforce, leading to a situation where it will be very difficult for entry and mid level human resource professionals to develop skills and knowledge that will enable them to enter into more senior roles in human resources.

This makes it difficult to determine where the next level of human resource leaders will come from. Cook (2008) further states that no one can argue with the logic behind creating a shared transactional service centre in large organizations, and indicates that the impact of such a model need to be considered when selecting a shared services model on nurturing talent.

2.3.5.3 Structure and elements of a shared services model

Shared services need a spine, a fit for purpose and common infrastructure which needs activities to integrate (Beaman, 2007). How to structure a shared services unit in an organization will however depend on the needs of the organization. The structure of the shared services function influences its effectiveness within a particular organization (Corporate Leadership Council, 2006). Some organizations create large shared services groups with the responsibility for several functions including human resources.

By housing human resource shared services within a larger shared services function, organizations may realize greater cost effectiveness (Corporate Leadership Council, 2006). In essence, a global shared service will house global business services, such as Finance, IT infrastructure, Accounts payable, General Ledger, Travel and Site Services, Human Resources and Security. The human resource function will be sub-divided into payroll and pension depending on the nature of the business. Shared services could also be free-standing.

If this type of structure is implemented, organizations may create a shared service function focused on human resource related transactions. This will enable direct alignment of the human resource shared services within the strategic human resources function, strengthening strategic human resource ability to drive organizational change through shared services. In a free-standing human resource shared services structure the shared services unit deals with staffing and diversity, pay and rewards, benefits and learning as well as training (Corporate Leadership Council, 2006). Organizations could also decide to outsource shared services to an outside vendor.

Outsourcing human resource shared services result in containing costs and creating a single point of contact for human resource services. Alternatively, organizations may outsource lower level human resource services such as transactional activities and all centers (Corporate Leadership Council, 2006). If this structure is adopted, human resource personnel remain within the organization to support complex cases, formulate strategy and manage vendor relationships. It is important to note that human resource shared service centers typically manage transactional and administrative human resource services due to the ease of standardized delivery (Corporate Leadership Council, 2006).

Organizations commonly incorporate the most readily standardized processes into human resource shared services such as benefits, global services such as relocation, human resource management services, learning, payroll and staffing (Corporate Leadership Council, 2006). The shared service process could be divided into administrative, operational and strategic processes as indicated in Table 2.2 below.

Table 2.2: Shared services processes

Administrative	Operational	Strategic
▪ Compensation and Benefits ▪ Employee Communications ▪ Payroll ▪ Transfers ▪ Timekeeping	▪ Management/Leadership Competencies ▪ Organizational Management ▪ Performance Management ▪ Recruitment ▪ Training and Development ▪ Vendor Management ▪ Workforce Planning	▪ Executive Compensation ▪ HR Strategy

Source: Corporate Leadership Council (2006)

Organizations design human resource shared service delivery to support the functions objectives such as achieving low costs, high quality and a shift towards strategic contribution (Corporate Leadership Council, 2006). Indeed, according to Quinn *et al.* (2000) organizations require more accessible services for less cost. To achieve lower costs, Porter (1985) suggests that activities such as benefit administration could benefit from a shared service environment. Schulman *et al.* (1999) also refer to a concept called “in sourcing”, which in his view refers to the process followed when organizations outsource transactional services to an internal third party.

2.3.5.4 Implementing a shared services model

Implementing a shared services unit requires that senior management have an understanding of the organizations needs, the characteristics of the business models available, the technologies involved in enabling the process of sustaining growth, the process involved in the operating unit, as well as legal, contractual and economic implications of shared services (Bergeron, 2003). According to Bergeron (2003) there are seven fundamentals steps to be followed when implementing shared services, namely:

Reconnaissance

During this phase data will be the collected about the company and the business environment. Data will be collected from both internal and external stakeholders. During this phase the committee will be expected to answer questions on who is behind the initiative for the implementation of shared services, what is the map of the political landscape and who should have a say in the approach followed to implement the concept (Bergeron, 2003). Bergeron (2003) further states that site visits could assist in gathering the information. According to Bergeron (2003) it could also be beneficial to have a consultant talk to employees and managers as he/she could be viewed as independent to the company.

Feasibility study

Since all relevant information has been gathered, the next step will be to establish whether the implementation of shared services is economically, politically and culturally feasible (Bergeron, 2003). According to Bergeron (2003) key questions to address during this phase is to establish if there is alternative business models that will satisfy the needs of the organization and also to address long term capital requirements. Bergeron (2003) further states that it could be required to answer the following questions:

- What is the additional resource requirements needed to implement a shared services model?
- How will security measures be enacted and at what costs?
- What is the projected investment in technology over the life of the shared services unit?
- Is the timeline for implementation reasonable and compatible with other business activities?
- Will additional training be required for management and employees and at what cost?

Bergeron (2003) further states that in exploring or determining the due diligence on the part of management include exploring options, including traditional outsourcing or staying with the status quo. According to Bergeron (2003) the feasibility of moving to shared services depends on projections of the companies need for back end services and whether this service warrants the implementation of the shared services model.

Final decision

During this stage organizations move forward to implementation or explore other options. According to Bergeron (2003) the decision to implement a shared services model however depends on the following:

- Adequacy of resources – are there sufficient resources available to implement the shared services unit, or will some amount of outsourcing be required?
- Capacity constraints – what is the capacity of the organization and does potential growth warrant back end services?
- Desire to integrate options – is there enough interest at all levels in the organization to integrate operations into shared services?
- Employee skill set – do a move to shared services and the associated technology infrastructure represent a major shift in the employee skills set?
- Organizational mass – is the organization large enough to benefit from a shared services unit? The larger the company and the greater the transaction volume of back end services, the greater the benefit of potential shared services;
- Privacy and secrecy concerns – if a company is involved in government contracts or deals with sensitive records it may be more difficult to move to a shared services model;
- Strategy – how well does the shared services strategy fit with the corporate strategy?
- Technological superiority – does the organization enjoy technological superiority and will a shared services unit leverage this superiority?
- Workforce stability – will be employees submit to downsizing or retraining or will they look for employment elsewhere?

Strategic planning

Strategic planning is about creating specific milestones for success. According to Bergeron (2003) key factors to consider during this stage are:

- Establish business benchmarks;
- Anticipate contingencies;
- Draw up timelines for technology infrastructure developments;
- Appoint a transition team for employees, technology and business processes;
- Plan resource shifts;
- Evaluate vendors for outsourcing work.

Action

During this stage action will be taken on the strategic plan that was developed. Implementation of the plan will also commence during this stage. According to Bergeron (2003) key factors to consider during this stage are:

- Writing the contract that is legally binding between the parent corporation and the shared services unit;
- Downsize, recruit and train new employees;
- Write a service level agreement that specifies the expectations between the parent corporation and shared services;
- Transfers assets, physically and legally;
- Select vendors for technology and other needed resources for implementation.

Assessment

The assessment phase involves continuous re-examination of benchmarks at regular intervals.

Growth

This phase involves a movement towards a value based system and freedom from the parent corporation. According to Bergeron (2003) important aspects to deal with during this phase are:

- Repairing the corporate culture and work climate;
- Correcting delivery timelines and service level agreements

According to Bergeron (2003) a prerequisite for implementation is to establish an implementation committee. This committee at a minimum should include senior manager and a consultant that understand shared services. Bergeron (2003) further states that the demand during the first five phases is normally high on the parent corporation after which it moves to the management of shared services. Bergeron (2003) further states that by following the above implementation process, the odds of success can be maximized. Implementing human resource shared services requires significant set-up costs and extensive change management within the human resource function and the organization as a whole (Corporate Leadership Council, 2006). An effective implementation plan helps organizations achieve the following objectives:

- Secure stakeholder buy-in for shared services;
- Optimize the start-up costs;
- Minimize the time required for implementation;
- Ensure smooth transition and increase employee adoption of shared services post launch

According to Reilly and Williams (2003) there are a number of aspects to implementation. The first is to establish whether to go straight ahead and implement the shared services model, pilot it or implement it in stages. This will depend on how quickly the organization wants to move to the new form of operation. Reilly and Williams (2003) further states that once this has been decided upon the decision or plans will need to be communicated to the various stakeholders.

Thirdly, the appointment process will commence, where employees who will manage the shared service center will be appointed and training will be provided. Reilly and Williams (2003) also refer to the testing and phasing stages during the implementation of the model. According to Reilly and Williams (2003) testing a shared services model can be done at different points in the process. Various activities can be piloted in the process to genuinely evaluate whether the process is viable or not. Reilly and Williams (2003) further states that testing can be used to ensure operational integrity. Although moving to a shared services model can create dramatic advantages for many organizations, the truth is that it may not be the best approach for every company (Beaman, 2007).

According to Beaman (2007) many companies are not large enough, have sufficient scale or have the diversity of process to reap a worthwhile return from such an environment. Beaman (2007) further states that an enterprise with less than 5 000 employees will not perform the number of human resource transactions or hire the required number of employees to make a human resource shared services model viable. According to Beaman (2007) an organization with less than 5 000 employees will be better off with human resources functions distributed into business unit throughout the company or maintained in a centralized model without the investment in service management and governance as found in the shared services environment.

According to Beaman (2007) when executives decide to pursue a shared services model, they need to consider a design which entails a number of factors. Location is one critical design aspect to consider and executives need to decide where to place the human capital function to ensure that the entire organization benefit from it. Like many change initiatives, the establishment of a shared service center can be the cause of consternation throughout the company (Beaman, 2007). However according the Beaman (2007) although shared service can strengthen the organization, streamline processes, and enhance efficiency, human nature can interfere. Proper change management is therefore critical.

According to Beaman (2007) there are three phases in the business process infrastructure maturity model for a shared services center, namely harmonization, leverage and delivery rationalization and integration and convergence. During the harmonization phase organizations focus on the lowest cost solution with the emphasis on transactional processes and systems standardization as well as functional transactional best practices (Beaman, 2007). During the leverage and delivery rationalization phase the focus is on global business services and automation or self services, where in the integration and convergence phase focus will be on mass customization, value added knowledge and services and integrated analytics. Change management and training is however common denominators that are regarded as important stages during the implementation process by both Beaman (2007) and Bergeron (2007).

2.4 Conclusion

In a January 2011, the Corporate Leadership Council Human Resources Survey consisting of 128 members suggested that three out of 10 organizations (30%) currently have only one human resource shared service center. The survey further found that 26% of organizations have between two and five human resource shared service centers and only 13% of organizations have more than six shared service centers. It is however, expected that these results are can change over the next five years as many organizations are planning to increase the number of shared service facilities to reduce costs (Corporate Leadership Council, 2011).

In terms of the survey the industry profile of respondents represents 20% of the banking, insurance and financial services industry, which provides a positive overview of the perceptions of staff within the industry relating to the concept of shared service centers. The banking sector, similar to other industries, had to consider a number business models, taking into account costs versus benefits as well as their operating environment and the ultimate business objective.

According to Sako (2010) there is more than one way to decide on a business model, and that each model has its merits and demerits, associated with risks and rewards. However, according to a 2005 global survey conducted by Deloitte Consulting, increasing numbers of organizations have moved to a shared service environment to help complete the time consuming and expensive tasks associated with compliance. Implementing a shared services model is a dynamic, constantly evolving process (Bergeron, 2003). Shared services implementation incurs significant set up costs and requires careful change management.

Failure to determine the right structure for shared services can result in higher costs, process redundancies, operating disruptions and increased resistance from the workforce (Corporate Leadership Council, 2010). Transforming the internal process into a shared services unit doesn't happen overnight (Bergeron, 2003). Bergeron (2003) confirms that change management is perceived by organizations as a challenge, especially during the implementation of shared services as a business model. The larger the organization and the more diverse the corporation the longer it takes for the model to be implemented. In the context of the banking industry it could therefore take significantly longer to measure the successes of the implementation of the model due to the relative size of the three banks.

This study therefore investigate practices of successful implementation in order to establish the most effective and efficient implementation model that contributes to reduce costs, increased effectiveness and efficiency and standardization of processes.

CHAPTER 3 – RESEARCH METHODOLOGY

3.1 Introduction

Business research is a systematic inquiry that provides information to guide managerial decisions. It is a process of planning, acquiring, analyzing and disseminating relevant data, information, and insights to decision makers in ways that mobilize the organization, to take appropriate actions that can maximize performance and minimize risks (Cooper and Schindler, 2008).

During this study both exploratory and descriptive research were conducted. According to Cooper and Schindler (2008), exploratory studies tend toward lose structures with the objective of discovering future research tasks, and attempts to explain an event, act, or characteristic measured by research. Descriptive studies, on the other hand, attempt to describe or define a subject, often by creating a profile or group of problems, people, or events, through the collection of data and the tabulation of the frequency on research variables or their interaction (Cooper and Schindler, 2008).

In this chapter, the researcher describes the research design and strategy that was used in the research to gather relevant information, which assisted in clarifying the research question. Methods and concepts applicable in the study are described and efforts made to demonstrate how they would be applied.

3.2 Research Scope

The research scope summarizes the focus of this study. The research design and methodology were determined by the aim of the research, the research question as well as the research objectives will be discussed in detail below.

3.3 Aim of the research

The aim of the study was to create greater understanding of the business rationale, employed by South African banks, to implement human capital shared services within the human resource function. In addition, the study aimed to determine the advantages and lessons learnt by respondents during their implementation processes. Ultimately, this research aimed to develop recommendations for the development and implementation of a human capital shared services model, with a specific application within the banking industry.

The overall research questions that were answered include:

- Which business models can be applied within the human capital function?
- What factors distinguished a human capital shared services model as the most appropriate model?
- What challenges were experienced during the implementing of a human capital shared services model in South African banks?
- What were the lessons learnt and how best could these be used to refine or adjust the human capital shared services model?
- What was the best way to set-up a human capital shared services model based on the findings of the research?
- What were circumstances peculiar to the specific banking environment?

3.4 Objectives of the research

The objectives of this research were to:

1.1.1 Establish the primary rationale for choosing a human capital shared services model;

1.1.2 Establish the process followed to implement a human capital shared services model;

1.1.3 Compare the challenges and benefits of implementation of the model; and

1.1.4 Provide recommendations for the development and implementation of shared services models within specific organizational contexts.

3.5 Research strategy

This section discusses the research type, design and rationale for the phased research approach that was adopted. A mixed method approach was used that incorporated both qualitative and quantitative research. Mixed method research can be defined as a combination of both quantitative and qualitative methods (Kvale, 2007). In this study research was conducted in three phases. The first phase dealt with exploratory research consisting of desk study research and industry reports as well as surveys, periodicals and academic publications.

During the second phase qualitative research was conducted, through semi-structured interviews. The aim of the interviews was to gather information relating to the implementation of a human capital shared services model within the banking sector. Findings from this research phase were used to inform the measurement items used during the third phase. During this phase quantitative data was gathered by means of a survey.

Mixed method methodologies, according to Creswell (2003), add the following value to research:

- Provides strengths that offset the weaknesses of both quantitative and qualitative research;
- Provides more comprehensive evidence for studying a research problem than qualitative and quantitative research alone;
- Answer questions that cannot be answered by quantitative and qualitative research alone;
- Assist the researcher to collaborate across the sometimes adversarial relationships between qualitative and quantitative researchers;

- Encourages the use of multiple worldviews or paradigms rather than the typical association of certain paradigms for quantitative researchers and other qualitative researchers;
- Is practical in the sense that the researcher is free to use all methods possible to address a research problem. It is also practical because individuals tend to solve problems using both numbers and words; they combine inductive and deductive thinking.

Therefore based on the above, mixed method methodologies were considered appropriate for informing and contributing to a more compressive study relating to the implementation of a human capital shared services model within the banking sector.

3.6 Population and sample

After determining the appropriate research approach the researcher identified the population and sample that would be used during the research study. Both the population and sample will be discussed below.

3.6.1 Population

A population is any group that forms the subject of research interest (Goddard and Melville, 2004). Goddard and Melville (2004) indicate that it is often not practical and possible to study an entire population. For the purpose of this study the target population was the commercial South African banks.

Although, in South Africa, there were 36 commercial banks operating at the time of the study, under the banking license requirement, four major banks, namely Absa Bank, First National Bank, Standard Bank and Nedbank, accounted for 83% of total deposits during 2009 (Sector Skills Plan, 2009/10). As a result these four banks formed the target population for this study. Samples and the sampling method will be discussed in the section below.

3.6.2 Sample and sampling method

This study employed a non-probability sampling method and used a purposive sampling technique to identify respondents for the second phase of the research project. For the third phase a total sample of employees occupying team leader and front line positions were used.

Given the exploratory and descriptive nature of the research, it was not the intention to generalize findings but rather to provide rich data that would describe current practices. For the purpose of this study it was decided to invite all the banks in the target population (see section 3.6.1) to participate in the study. These banks included ABSA Bank, Standard Bank, First National Bank and Nedbank. Regrettably First National Bank, declined to participate in the study. The researcher also learnt that First National Bank had not fully implemented the shared services model and that the shared services manager had left the employ of the Bank at the time of the study.

The inputs from the remaining three respondents were however sufficient, given the explorative nature of the research, as all three banks had implemented a human capital shared services model and employed in excess of five thousand employees each at the time of the research. The research assumed that all banks had a common objective namely to improve the human resource processes and reduce costs within each bank.

During phase two, semi-structured interviews were conducted with the shared services managers within each bank, to gather qualitative data about the business rationale employed, implementation processes, and current practice. During phase three, all employees working within the shared services environment, occupying team leader or front line positions were included in the sample. The following sampling methods were used during the research study:

3.6.3 Purposive sampling

Purposive sampling involves selecting specific units of interests and is based entirely on judgment of the researcher in that the sample is composed of elements which contain the most characteristics, representative or typical attributes of the population (Vermeulen, 1998: 55). The use of purposive sampling procedure enabled the researcher to collect data through semi-structured interviews from known information sources which amongst others include corporate shared services managers or people who were responsible for this function within the three major banks.

To confirm the researchers assumptions in relation to the information gathered during the interviews, a third phase was included in the research, whereby the researcher circulated questionnaires to all individuals occupying front line or team leader positions, that were employed in the shared services unit of each bank at the time of the implementation of the human capital shared services model. A total sample of 50 was drawn from the three major banks.

Of the 50 questionnaires, 10 questionnaires were circulated to Bank 1 and 2 respectively and 30 questionnaires to Bank 3. Although each bank employ between 40 and 137 employees within the shared services unit respectively, employees within front line or team leader positions within the three banks represents a total of 50 employees. The questionnaire was circulated to these employees due to their knowledge of the implementation process. Their involvement during implementation and evaluation of the shared services model was paramount to the process.

The nature of their roles also requires them to have a deeper knowledge of shared services model and its operations. Table 3.1 below provides information pertaining to the number of employees within each of the banks.

Table 3.1: Number of employees per bank

	Number of employees		
	Organization	**Human Capital Shared Services Unit**	**Occupying team leader/front line positions**
Bank 1	±35 000	40	10
Bank 2	±28 000	55	10
Bank 3	±37 000	137	30

From the above table it is important to note that both Bank 1 and 2 employ between 40 and 55 employees respectively within their shared services unit and Bank 3 employ 137 employees. In terms of the structure of the unit within each bank, Bank 3 employ significantly more employees within their shared services unit, resulting in a higher number of employees occupying front line and team leader positions. Therefore a higher number of questionnaires were circulated to Bank 3.

It is important to note that the researcher worked within the banking sector and was therefore familiar with the environment and also had access to required networks to obtain relevant information.

3.6.4 Selection of sample group and size; the characteristics of the sample group and problems relating to sampling

The three major banks were chosen because of their relative comparative size relating to their workforce then. Each of the banks employed in excess of five thousand employees. It was assumed from a human resources perspective that the size of the workforce necessitated the consideration of various business models to improve internal customer service, turnaround times and efficiency. The research further focused on the implementation process followed by each bank to implement a human capital shared services model. The sampling methods adopted in the study are contextualized in the phased research approach referred to earlier and explained in detail below.

3.7 Phase One: Exploratory Research

Exploratory research was used in phase one in order to:

1. review different types of business models;
2. define the shared services concept within the context of this study;
3. establish advantages and disadvantages of the model; and
4. obtain a better understanding of the implementation process of the model.

The first step in the exploratory study was to review existing secondary data. Secondary data was obtained from previous research studies, industry reports and surveys, periodicals and academic publications.

Literature was sourced and reviewed under the following themes:

1. Industry reviews – the banking industry
2. Banks and business models
3. Banks and shared services
4. Outsourcing and business models
5. Organization design and structure
6. Implementation of shared services models

The secondary literature was evaluated and classified as either relevant or irrelevant for the study. Ideas and concepts from the relevant literature reviews were synthesized and organized into relevant themes.

3.8 Phase Two: Qualitative Research

Qualitative research describes the how and why things happen. It can be described as a process that includes an array of interpretive techniques.

These techniques seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency of certain more or less naturally occurring phenomena in the social work (Cooper and Schindler, 2008). Cooper and Schindler (2008) further state that qualitative research draws data from a variety of sources, including the following:

- People (individuals or groups);
- Organizations or institutions;
- Texts (published and virtual sources);
- Settings and environments (visual/sensory and virtual material);
- Objects, artefacts, media products; as well as
- Events and happenings.

According to Flick (2009) qualitative research is of specific relevance to the study of social relations, due to the fact of the pluralisation of life worlds. Flick (2009) further states that the process of qualitative research can be described as the sequence of decisions. This is supported by Silverman (2010) who indicate that most qualitative researchers believe that they can provide a "deeper" understanding of social phenomena than what would be obtained from purely quantitative data. Myers (2009) corroborates this by indicating that qualitative research methods were developed in the social sciences to enable researchers to study social and cultural phenomena. Examples of qualitative research methodologies were listed as action research, case study research and grounded theory (Myers, 2009).

Myers (2009) further states that qualitative research mostly records what people said and is most appropriate when a particular subject is studied in depth. This author further highlights that qualitative research is ideal for studying social, political and cultural aspects of people and organizations. "Qualitative research draws data from people and organizations". According to Cooper and Schindler (2008) managers are returning to qualitative techniques as it provides the needed insights to make ever expensive business decisions.

Having considered the above, a qualitative research approach was considered to be appropriate for this study as it enabled the researcher to gather information from participants through interviewing, which is one of the most useful techniques used during qualitative research (Meyers, 2009). This method was also appropriate as it assumed that social reality is constructed by the participants in it. It further allowed for the researchers' role to be that of an objective observer. Data during qualitative research might be contained within transcriptions of interviews or video focus groups (Cooper and Schindler, 2008). During this study, interviews were the primary data collection technique used to gather data.

The first step in the data collection process was to identify relevant participants to partake in the interviewing process. This study was interested in the views of decision makers who play a leading role in the implementation of a human capital shared services model within the banking sector. The participants within the three major banks occupied the position of shared services managers. The positions might also have been known by other titles depending on the structure and naming convention within each of the banks. It was thus important to establish the appropriate participants as well as the contact details of the person in question for each of the banks.

In order to facilitate this process, access was obtained through industry networks. The researcher identified the most appropriate person within the three major banks and invited that individual to participate in the research study. If the selected respondent did not comply with the participant profile provided in the invitation, the respondent was requested to provide the details of a more suitable respondent within the bank. These recommended alternative decision makers were subsequently contacted via email and telephonically and invited to participate in the study. Interviews were conducted as detailed in the next section.

3.8.1 Interview process

Myers (2009) states that interviews enable the researcher to record what informants say about a particular topic.

In his view, Myers (2009) considers this technique as assisting the researcher to understand people, their actions and motivations as well as the broader context in which they lived and worked in. Indeed, it has been said that qualitative interviewing is like night goggles, permitting researchers to see what is not ordinarily in view and examine that which was looked at but seldom seen (Rubin and Rubin, 2005). Interviews that can generally be classified into three different categories, namely structured, semi-structured and unstructured interviews as summarised in Table 3.2 below:

Table 3.2: Types of interviews

Structured interviews	The use of pre-formulated questions, strictly regulated with the order of the questions, and sometimes regulated with the time available.
Semi-structured interviews	The use of some pre-formulated questions, but no strict adherence to them. New questions might emerge during the conversation.
Unstructured interviews	Few if any pre-formulated questions. In effect interviewees have free rein to say what they want. Often no set time limit.

Source: Myers (2009)

In order to select the most appropriate interview technique for the purposes of this study it was important to consider the advantages and disadvantages of the different types of interviews.

3.8.2 Structured interviews

According to Cooper and Schindler (2008) structured interviews permit more direct comparability of responses and the interviewer can mostly maintain neutrality.
Structured interviews require considerable planning beforehand in order to ensure that all important questions are included in the script. Structured interviews also minimize the role of the interviewer during the interview as there is no need for improvisation during the interview (Myers, 2009).

Myers (2009) further states that structured interviews are most appropriate during telephone interviews, survey research and market research. A major advantage of this type of interview is that it allow for consistency across interviews. This, on the other hand, could also be a major disadvantage, as it does not allow the interviewer to pursue new lines of enquiry that could or might emerge during the course of the interview (Myers, 2009).

3.8.3 Unstructured interviews

Unstructured interviews are the complete opposite of structured interviews. According to Cooper and Schindler (2008), unstructured interviews have no specific questions or order of topics that need to be discussed. During unstructured interviews, there are very few (if any) pre-formulated questions, no time limit and interviewees have free rein to say what they want. However, a disadvantage of this method is that during these interviews the interviewee can stop talking and there may be a break in conversation. The interviewer therefore needs to be prepared to improvise and might have to ask questions on the spot (Myers, 2009).

One of the major advantages of unstructured interviews as describe by Myers (2009) is that the interviewee talks freely and may tell the interviewer everything he/she thinks is important. This could also be a disadvantage if the interviewee is not talkative, as very little may be said.

3.8.4 Semi-structured interviews

A semi-structured interview allows flexibility and is less formal than a structured interview. Cooper and Schindler (2008) define semi-structured interviews as "interviews with a few specific questions which allow the individual tangents of thought with interviewer probes". Although flexibility might be considered as a strength for an interviewer, it could also have its weaknesses. Vermeulen (2008) argues that one of the biggest weaknesses of using a semi-structured interview can be that important aspects could be inadvertently missed.

Myers (2009), on the other hand, states that one of the advantages of semi-structured interviews is that there is some consistency across interviews as the interviewer would always start with a similar set of questions each time. The semi-structured interview therefore aims to offer the best of both which minimize potential risks. It allows for some structure but also the opportunity for improvisation if required. It is Myers' (2009) view that this type of interview gives the interviewer the opportunity to add more insights as issues arise during the course of the interview, while pre-determined questions also provide some kind of focus during the interview process.

Semi-structured interviews were appropriate for the gathering of relevant information, in this study, as it allowed for the collection of objective information consisting of facts and subjective information such as attitudes, opinions and convictions. To limit the weaknesses identified in the preceding discussion and ensure that all relevant information was gathered during the interview process, an interview guide was developed by the researcher. The guide contained some pre-formulated questions but there was no strict adherence to them. A copy of the interview guide is attached in Annexure A.

For this study the most suitable interviewees were identified through the use of informants and networks. This approach was appropriate as relevant managers within the three major banks were interviewed to assist in creating an accurate picture of the implementation of a shared services model within the banking environment. The participants were selected based on their role and experience in the banking sector within the shared services environment. This phase of the research contributed in a secondary role where perspectives and insights gained during the interviews were used to refine the measurement instrument.

Employees that participated in a semi-structured interview included:

1. Head of Employee Services at Nedbank. The participant has more than eight years experience in the role and 41 years banking experience.

2. Acting Head of People Serve at Standard Bank. The participant has been in the position for one year, but has more than five years banking experience in a shared services environment.
3. Head of HR Shared Services at ABSA Bank. The participant has been in the position for three years, but had been involved in the implementation of shared services within ABSA Bank prior to this role.

During the interviews the following aspects were addressed:

- Reasons why a human capital shared services model was implemented;
- Consideration of other business models;
- Implementation of the shared services model over other models;
- Process followed by human capital to implement the shared services model;
- Advantages and disadvantages of the model;
- Impact of the model on staff;
- Lessons learnt during the implementation process;
- How successes of the service were measured and communicated.

Information gathered from the literature study was used to develop pre-formulated questions that guided the interviewer during the interview process. The questions were formulated in advance, but the interviewer altered the order and formulation of questions during the interview. Apart from the flexibility to alter the questions during the interview the instrument was appropriate as this allowed for in-depth discussions with the relevant managers to gather as much information on the decision of shared services as a business model as well the process followed to implement the shared services model.

The perspectives and insights gained from the three shared services managers were further used to refine the measurement instrument as discussed in chapter four. During phase three, questionnaires were used to determine whether participants directly affected by the implementation of the human resources shared services model, regarded the model as effective, whether it provided a competitive advantage as well as improve service delivery. Details on phase three follow.

3.9 Phase Three – Quantitative Research

During this phase, questionnaires were used to gather information from shared services staff within the study sample. Quantitative research attempts precise measurement of something. In business research, quantitative methodologies usually measure consumer behaviour, knowledge, opinions or attitudes (Cooper and Schindler, 2008).

Cooper and Schindler (2008) state that this methodology answer questions related to how much, how often, how many, when and who. During quantitative research, surveys are considered as the most dominant research method, although they are not the only methodologies used. Cooper and Schindler (2008) indicate that the purpose of quantitative research is based on researcher immersion in the phenomenon studied, by gathering data which provides a detailed description of events, situations and interaction between people and things. Quantitative data often consist of participant responses that are coded, categorized and reduced to numbers so that the data can be manipulated for statistical analysis (Creswell, 2003).

Therefore the focus of research during a quantitative study is to describe, explain and predict, whereas a qualitative study focused on understanding and interpretation (Cooper and Schindler, 2008). Phase three sought to gather information from participants relating to their understanding of shared services and the impact of the model. Data was obtained by means of a survey employing a questionnaire for data collection purposes. Measurement items contained in the questionnaire was informed by information gathered from the semi-structured interviews and also taking into account the literature review.

A questionnaire is a printed list of questions that respondents are requested to answer. According to Goddard and Melville (2004) a good questionnaire ought to have the following characteristics:

- Complete, gets all the data is required;
- Short and doesn’t abuse the respondents time or concentration;
- Asks only relevant questions;
- Give clear instructions;
- Has precise, unambiguous and understandable questions;
- Has objective questions and does not suggest answers;
- Starts with general questions;
- Has appropriate questions;
- Puts sensitive questions at the end, and
- Used mostly closed questions.

Both open and closed questions could be used to obtain data. According to Goddard and Melville (2004) open-ended questions can be used in a preliminary survey to get a feel of the subject. With open-ended questions respondents answer questions in their own words. Closed questions on the other hand require respondents to choose from a collection of alternatives or assign a numerical score or ranking. For the purpose of this research a close questions using likert scale anchors were developed to gather information from respondents in relation to their experience with the implementation of a human capital shared services model.

Likert scales, developed by Rensis Likert are the most frequently used variation of the summated rating scale. Summated rating scales consist of statements that expressed either a favourable or unfavourable attitude towards the object of interest (Cooper and Schindler, 2008). Each measurement item offered a respondent the option to select the most appropriate level of agreement, with 1 the least favourable and 5 the most favourable. In addition, the questionnaire also employed rating questions to gather information.

Rating questions can be defined as questions that ask the participant to position each property or object on a verbal, numeric, or graphic continuum (Cooper and Schindler (2008).

Data collection approach

Questionnaires were developed and distributed to a total of 50 human capital staff members within the three major banks that occupied team leader or front line positions. The questions were specific and focused on determining whether respondents regarded the implementation of the human capital shared services model as an advantage that improved service delivery, reduced cost and increased productivity.

Table 3.3 below provides a breakdown of questionnaires distributed and responses received per bank. It is important to note that the response rate of 68% was deemed acceptable.

Table 3.3: Questionnaires circulated and response rate

Bank	Questionnaires circulated	Responses received
Bank 1	**10**	**5**
Bank 2	**10**	**7**
Bank 3	**30**	**22**

A copy of this invitation and questionnaire is attached as Annexure B. Questionnaires were circulated by shared services managers, to all shared services staff that occupied team leader positions within the various banks. The invitation contained the following information:

- The purpose of the study including that the study was part of a Masters Degree study.
- Personal details of the researcher and supervisor.
- The assurance of confidentiality and anonymity.
- Clear instructions on how to participate in the questionnaire.

The method of data analysis and interpretation used to analyze the data collected during phase one and two follows in the next section.

3.9.1 Data analysis and interpretation

Given that qualitative data consist of words and observations, Leedy and Ormrod (2009) argue that qualitative data could be analyzed by interpreting narrative data. It is therefore of critical importance to keep records of all interviews conducted. Methods of recording interviews for documentation and later analysis include, audiotape recording, videotape recording, note taking and remembering (Kvale. 2007).

For the purpose of this study interviews were recorded through digital audio taping. The interviewer could as a result concentrate on the topic and dynamics of the interview (Kvale, 2007). Audio taping is considered to be a popular method of recording qualitative interviews (Vermeulen, 2008). According to Vermeulen (2008) the recorder provides an accurate, verbatim record of the interview which provides the researcher the ability to listen to the participant attentively and probe where necessary. Transcribing the interviews from an oral to a written mode, structures the interview conversation in a form amenable to closer analysis, and is in itself an initial analysis (Kvale, 2007).

It was however important to transcribe the audiotapes as early as possible to enhance the author's intimacy with the interview data. One of the limitations of transcription was that it took long because the transcriber had to listen very carefully to the responses of the participants and sometimes replayed it, in order to ensure that the accurate information was typed. According to Kvale (2007), the time needed to transcribe an interview is dependent on the quality of the recording, the typing experience of the transcriber and the demands for details. Atlas.ti. was used to analyze the information gathered during the semi-structured interviews.

The purpose of the analysis was to condense the great mass of data into analyzable units by creating categories from the data. These categories were used to summarize and bring meaning to the text as categories combined similar ideas, concepts and themes.

These categories were then labelled with descriptive words. For purposes of this study a coding sheet was designed so that the data in each category could be coded accordingly using Atlas. ti as a software platform. The data was presented in text and graphical format which included quotations, tables and various graphs which were analyzed to draw conclusions and led to recommendations. In terms of analyzing the questionnaires, used during phase three, descriptive statistics were used. For the completed questionnaires, an analysis was done which provided descriptive measures in order to describe the data set. In most social research the analysis entails three major steps, which are highlighted below (Vos, 2002).

- Cleaning and organizing the information that was collected, called the data preparation step;
- Describing the information that was collected, also called descriptive statistics; and
- Testing the assumptions made through hypothesis and modelling, called inferential statistics.

Questionnaires were also analyzed, using SAS software as well as Microsoft Access to determine trends and establish common denominators amongst human capital staff in relation to the establishment and implementation of a human capital shared services model. Results from both the quantitative and qualitative phases will be presented and discussed below.

3.9.2 Validation of survey results

Data validation is the process of ensuring that analysis is done on clean, correct and useful data. The construct validation however could only be taken to the point where the questionnaire measured what it is supposed to be measured. Construct validation was addressed in the planning phases of the survey and during questionnaire development. The questionnaires developed were intended to measure the advantages and disadvantages of implementing a human capital shared services model and factors considered during the implementation of such a model at three major banks in South Africa, which constituted the study sample.

The questionnaire was also informed by a comprehensive literature review as well as inputs from industry experts.

3.9.3 Data format

The data that was received from questionnaires was coded and captured on a database developed on Microsoft Access. These questionnaires were captured twice and then the two datasets were compared to minimize capturing mistakes. After the database had been developed, rules with respect to the questionnaire that set boundaries for the different variables or questions were used. For instance where the likert scale was used and responses were indicated as follows:

- Strongly disagree was coded as 1
- Disagree was coded as 2
- Undecided was coded as 3
- Agree was coded as 4
- Strongly agree was coded as 5.

If a boundary was set in Microsoft Access as less than 6, this meant that if any number higher than five was captured an error would show until a number less than 6 was captured. The information was imported into a SAS-format through the SAS ACCESS module. The information received from the questionnaires was then verified for correctness, and then analyzed.

3.10 Limitations of the study

In line with Meyers (2009) the potential limitations of this study are:

- Artificiality of the interview – the interview process involved interrogating a person who was a complete stranger, and asking interviewees to give or create opinions under time pressure;

- Lack of trust – as the interviewer was a complete stranger, there was likely to be a concern on the part of the interviewee with regards to how much the interviewer could be trusted. This meant that the interviewee might not have divulged information that could be considered sensitive. If this was important information the data gathering could remain incomplete;
- Lack of time – the lack of time for the interview could mean that the data might be incomplete or that interviewees were creating opinions under time pressure that was not completely reliable;
- Level of entry – the level at which the researcher entered the organization was crucial. For example if the researcher entered the organization at a lower level it could have been impossible to engage members of senior management. The researcher needed to establish which of the participants would be able to provide relevant information and also needed to introduce the topic of research to relevant parties.

A further limitation of the study could be that shared services managers at the major banks may have refused to participate in the study due to possible time constraints. Respondents identified to answer the questionnaires might also not have answered the questions truthfully. In terms of quantitative data, the following limitations needed to be considered, namely:

- Large samples were required, and the logistical difficulties inherent in gathering a sufficiently large sample could sabotage the study before it even got off the ground.
- Another limitation was that questionnaires were completed by human capital staff within the three major banks only, and would therefore be limited to their opinions, excluding front line division that received a service from human capital shared services.

3.11 Reliability and validity

Reliability refers to the degree of consistency with which instances were assigned to the same category by different observers or by the same observer on different occasions (Hammersley, 1992:67).

Validity on the other hand involves determining the degree to which a researcher claims knowledge about the subject in relation to reality (Klenke, 2008). Validity and reliability are usually complementary notions, while reliability means dependable, validity means candidness (Neuman, 2006). However, to avoid interview biasness two alternatives, as explained by Easterby-Smith *et al*. (1991), were used during the interview process. These alternatives involve probes that are ‘basic probes’ and ‘giving ideas or suggestions to verify data, the meaning and understanding the interviewee is giving to the questions asked. In terms of the quantitative data, Neuman (2006) argues that field research tends to have greater external validity and lower internal validity. While, internal validity refers to whether the research findings are compatible or reflect the reality, external validity refers to the applicability of research findings to other situations as detailed by Merriam (2002).

Therefore, to maximize the validity of this research, triangulation of data sources was employed. This is because the internal validity methods used were considered compatible to the nature and design of this research. However the reliability of data can be increased using rich and thick description of instructions and intensions in a cover story, as recommended by Neuman (2006). Therefore, rich and thick description was employed in writing a cover story. This cover story comprised of a one-page quick insight into the research, which motivated the problem statement, purpose and relevance of the research. All participants received the same cover story with the story being prepared and sent to set the stage for the interview. An interview guide was also developed to ensure that similar questions were posed to the interviewees. The interviewer could also probe the interviewees to verify data, the meaning and understanding of the questions asked.

In terms of the questionnaires a structured questionnaire was also used with clear instructions. The selection of respondents followed a clear respondent profile compliance and the respondents were allowed to email there completed questionnaires directly to the researcher.

3.12 External validity

In the qualitative research component of this study, validity is referred to as credibility or the extent to which the result was creditable or believable from the standpoint of the participant. External validity or transferability as known in qualitative research was the extent to which the results could be transferred to other contexts and settings. Credibility, transferability, dependability and comfort ability composed the concept of trustworthiness of qualitative research (Klenke, 2008). Interviews were conducted with shared services managers and questionnaires were circulated to human capital staff in the three major banks. It was assumed that the information gathered would be from experienced staff within the shared services units, which was needed to support reliability and validity.

Preliminary questions were utilized as a means to generate an in depth phenomological understanding of the process followed to implement a human capital shared services model within the three banks and the likert scale questionnaire ensured that the scope was narrowed down to focus on key factors. Although, the primary data collected was based on participants' and respondents' perceptions, experiences and expertise, a hundred percent (100%) validity could not be guaranteed as both the participants in the interviews and respondents to the questionnaires could not have answered truthfully.

3.13 Internal validity

Internal validity was described as establishing casual relationships by demonstrating co-variation between variables under investigation (Klenke, 2008). During quantitative research, truth was defined as internal validity.

During the research study, factors considered in terms of internal validity were that respondents that answered the questionnaires might not have answered the questions truthfully, which might have an impact on the interpretation of the results. This was mitigated by requesting respondents to answer the questions as truthfully as possible and also to explain the rationale for the research study to them.

During the interviews, participants were assured that their responses will be treated with the strictest confidentiality and that information gathered will only be used for the purposes of the study.

3.14 Reliability hand truth

Kirk & Miller (1986:20) define reliability as the degree to which the findings of a study are independent of accidental circumstances of their production. To ensure reliability during qualitative research, findings could be discussed with the participants to ascertain accuracy in reporting. Participants were also consulted and had to agree to participate in the study (Munhall and Chenail, 2008).

According Silverman (2006) two ways to ensure reliability is to make the research process transparent through describing the research strategy and data analysis methods and by paying attention to theoretical transparency through making explicit the theoretical stance from which interpretation is to take place. Silverman (2006) further state that interviews ought to adhere to the criteria of reliability by:

- Tape recording all interviews
- Carefully transcribing these tapes according to the needs of reliable analysis
- Presenting long extracts of data in the research report

To ensure that this study adhered to validity and reliability, participants were fully informed of the intent of the study and the prospective outcomes. Participants might have mistrusted the intention of the semi-structured interview to gather information and avoided certain questions that could have given misleading answers.

This was reduced by adequately introducing the purpose of the study, by phrasing questions on sensitive issues in a positive way, taking sufficient time for the interview, and assuring the participants that the data collected was confidential. Trustworthiness of data in qualitative research was considered of great importance and much emphasis will be placed on this to ensure that data is of good standard. This was be further supported by gathering information from trustworthy sources only. Interviews were also being recorded and transcribed to ensure an accurate reflection of data during the analysis phase of the study.

3.15 Conclusion

The research design is probably one of the most important components of a research study. The aim of the research method and design used during this study was to gather as much relevant information as possible pertaining to the implementation of a shared services model within the banking sector.

The information gathered was analyzed and applied within the South African Banking industry. In chapter four the analyzed and interpreted data collected through various data collection techniques will be outlined.

CHAPTER 4 – RESULTS AND DISCUSSION

4.1 Introduction

Chapter three reviewed the research methodology that was used to obtain information to address the research questions posed in this study. The results and interpretation, with respect to each of the three semi-structured interviews, as well as the questionnaires will now be presented and discussed in detail. Interpretation and discussion of results involves making sense of the data that has been collated and analyzed (Leedy and Ormrod, 2009). This chapter collates and synthesizes primary as well as secondary data that has been analyzed and debated from literature reviewed in chapter two and primary data. The intention of bringing both sources of data together is to provide answers to the research question stated in chapter one.

The results and discussion took the form of an evaluation of pertinent questions pertaining to the implementation of a human capital shared services model within the banking sector. Data was collected to enhance insight into the processes followed to ensure effective implementation from a qualitative perspective contrasted against the quantitative data that dealt with specific opinions about the outcome of the implementation.

4.2 Phase One - Qualitative Phase

4.2.1 Interview analysis

During this study the respondents represented three major banks, namely ABSA Bank, Standard Bank and Nedbank. The researcher interviewed the corporate shared services managers of each bank. Table 4.1 below provides an analysis of the participants that were interviewed from the three major banks. The interviews were conducted in lieu of evaluating the implementation of a human capital shared services model within the South African banking sector as listed below.

The three banks included in the sample employ in excess of five thousand employees, which necessitated the implementation of a human capital shared services model.

Table 4.1: Semi – Structured Interviews - Respondent's Characteristics

Date	Interviewee	Gender	Ethnicity
16/08/2011	A	Male	White , South African
25/08/2011	B	Female	White , South African
30/08/2011	C	Female	White , South African

The length of service of the employees within the position of head of shared services in each of the banks, vary between one, three and eight years. The purpose of the interview was to compare responses and then identify and summarize the common themes that arose. The comparison of the interviews utilized a code list, pertaining to the interview questions, and the subsequent responses by the participants realized by the researcher. The code list utilized, for the purpose of the interview analysis, included the following codes:

- advantages-model-ABSA Bank
- advantages-model-Nedbank
- advantages-model-Standard Bank
- disadvantages-model-ABSA Bank
- disadvantages-model-Nedbank
- disadvantages-model-Standard Bank
- impact-model-staff-ABSA Bank
- impact-model-staff-Nedbank
- impact-model-staff-Standard Bank
- implementation-critical steps-ABSA Bank
- implementation-critical steps-Nedbank
- implementation-critical steps-Standard Bank
- implementation-key factors considered-ABSA Bank

- implementation-key factors considered-Nedbank
- implementation-lessons learnt-kept awake-ABSA Bank
- implementation-lessons learnt-kept awake-Nedbank
- implementation-lessons learnt-kept awake-Standard Bank
- implementation-measuring success-ABSA Bank
- implementation-measuring success-Nedbank
- implementation-measuring success-Standard Bank
- implementation-process-set up-ABSA Bank
- implementation-process-set up-Nedbank
- implementation-process-set up-Standard Bank
- implementation-reasons-ABSA Bank
- implementation-reasons-Nedbank
- implementation-reasons-Standard Bank

Information gathered during the semi-structured interviews in terms of the code list will be discussed in detail below.

4.3 Summary of interviewee responses

An interview guide was developed to assist the researcher to identify common themes during the semi-structured interviews. Each of the themes assisted in answering the research question. Common themes identified by the three major banks during the semi-structured interviews were coded and will be presented and discussed below.

4.3.1 Suitable Key Word: Advantages of the model

4.3.1.1 Question to participants:

In your view, do you think the implementation of the shared services model had advantages for the bank and could you share those with me?

4.3.1.2 Responses by participants:

- ***Response: Bank 1***

The advantages identified by the interviewee included outsourcing, cost savings, efficiency improvements, turnaround time improvements, ability to measure progress, ability to develop the relevant service level agreements (SLA's) and delivery on the procedure. A further advantage identified was that the implementation of a shared services model was that people brought the systems together, which resulted in collaboration between departments and streamlining of processes.

- ***Response: Bank 2***

The advantages identified by the interviewee included efficiency improvements, cost savings, centralization leading to economies of scale, control from a compliance and risk point of view and standardization.

- ***Response: Bank 3***

The advantages identified by the interviewee included standardization, controls and risk management and the ability to see trends, identifying risk and revenue leakage and familiarizing staff with policies and procedures in support of fast-tracking them as competent business partners.

4.3.1.3 Summary of commonalities and differences

A number of common themes were identified in terms of the advantages of having implemented a shared services model, namely centralization, efficiency improvements, standardization and improvement in controls, risk management and cost savings. These advantages have been identified by Van der Linde *et al.* (2006) and Bergeron (2003) during the study and were confirmed in the research.

The head of shared services at Bank 1 indicated that one of the major advantages identified in terms of implementing shared services was that people brought the systems together, which resulted in collaboration between departments and streamlining of processes. The implementation of the model also improved turnaround times in terms of business processes.

4.3.2 Suitable Key Word: Disadvantages of the model

4.3.2.1 Question to participants:

Are there any disadvantages of the model that you would like to share?

4.3.2.2 Responses by participants

- ***Response: Bank 1***

Bank 1 indicated that they haven't really experienced any disadvantages in terms of implementing the model. However, a possible disadvantage identified was that they were not yet being used as a South African benchmark globally. The participant also indicated that this is probably not a disadvantage but that it is really what the Bank would like to see in the future.

- ***Response: Bank 2***

In terms of Bank 2, a disadvantage that was identified was that the centralization of business processes into a shared services environment which leads to depersonalization between human capital staff and business as many processes were automated. Face to face contact is no longer a requirement.

- ***Response: Bank 3***

The interviewee stated that the model is designed for business as usual and therefore does not accommodate anything that falls outside that category and also focuses on the transactional truth and may ignore the emotional truth. Transactional truth indicates that shared services perform at 99% accuracy and turnaround time whereas for human capital business partners the 1% that shared services does not get right becomes 100% of the truth. A further disadvantage identified was that it created an unequal footing that could result in a master and slave relationship, especially between corporate human resources and shared services staff.

4.3.2.3 Summary of commonalities and differences

In terms of the disadvantages of the human capital shared services model, all three of the banks had different views. Bank 1 indicated that they have not really experienced any disadvantages, but would like to see their shared services model being recognised globally. Bank 2 indicated that shared services as a business model could lead to depersonalization while Bank 3 highlighted that shared services is designed for business as usual and not designed to deal with something that does not fall into business as usual paradigm.

Reilly (2007) also highlights this as a disadvantage by suggesting that line management may dislike the further distancing of human resources from their own location and human resources staff itself may face job losses or relocation, as well as fractured career paths. A common theme identified in relation to disadvantages during the interviews was the impact the implementation of the model had on staff, both from a relationship point of view between human capital staff and in terms of face to face interaction.

4.3.3 Suitable Key Word: Impact of the model on staff

4.3.3.1 Question to participants

Do you think the implementation of the model had an impact on staff and can you please share with me the critical issues identified?

4.3.3.2 Responses from participants

- ***Response: Bank 1***

In terms of the impact, the participant identified that employees were sceptical in the beginning; however this was overcome by an inclusive approach that was adopted to reduce scepticism and resulted in all staff being retained. Synergies within the group were identified in order to place staff in the right positions.

- ***Response: Bank 2***

The interviewee indicated that the model enabled the existing staff, to get control over everything they could possibly do, which increased instant response time. The model however also resulted in dissatisfaction and feelings of being “left in the dark”. This was however addressed through following a methodical approach, with the help of using a consultant and inclusion of staff in the recognition programme. Following this approach staff was delighted to move to the shared services unit. Included in the model was job rotation which added to general efficiency improvement.

- ***Response: Bank 3***

This participant identified raised levels of anxiety as a key factor directly related to the implementation of the model. The participant contributed this factor to new levels and ways of reporting and monitoring and the potential career changes.

4.3.3.3 Summary of commonalities and differences

During the literature review, focus was placed on the people aspect of shared services, especially with regards to career growth and the depth, knowledge and skills of shared services employees. A common theme identified during the interviews by all three banks was that staff initially felt anxiety over the change. However, through a methodical approach followed staff became positive in most cases.

An interesting analogy drawn from a staff perspective was that all three banks employed in excess of 25 000 employees from a transactional point of view. The comparison also pointed out that a methodical inclusive approach to reduce staff anxiety through staff engagement was adopted; which directly contributed to reduced negativity towards the implementation of the model. In addition a shared impact identified, was the possibility of broadening career prospects and introducing career movements.

4.3.4 Suitable Key Word: Implementation of the model

4.3.4.1 Question to participants

Having implemented the model, in your view which steps in the implementation process are critical?

4.3.4.2 Responses from participants

- ***Response: Bank 1***

The participant identified the following as critical success factors to be considered during the implementation of the model:

- To ensure that you have identified the impact of the model on people, processes and systems;

- To have developed a change management strategy by utilizing specialists in the field of change management and always adopt a inclusive approach;
- To ensure that the strategy is aligned to the business strategy. Always ensure you implement according to the strategy;
- To determine how the organization will benefit from implementing the model and continuously evaluate the model to determine the benefits.

Over and above the critical success factors identified the participant also considered communication, transparency, end-to-end alignment, buy-in from stakeholders at all times, and service review management as factors that were considered during implementation of the model in the Bank.

- ***Response: Bank 2***

The participant identified proper planning, following a methodical approach to the project, communication and bit by bit implementation rather than too much too fast as critical success factors during implementation.

- ***Response: Bank 3***

According to the participant, stakeholders had to see the value of what they were attempting to achieve by implementing the shared services model. It was also critical to ensure compliance to the implementation plan from the outset until the end. The following was identified as critical success factors namely:

- To have a well-defined picture from the outset, as people would raise questions. Responses needed to be based on facts;
- To continuously remind people of the reasons for implementing the model;
- To have a communication strategy in place and focus on road-shows to communicate information in a standard way.
- To develop an ABC Talk Toolkit to inform people on how to do things;
- To engage with business partners; and

- To manage relationships between stakeholders, and ensure that they understand the impact of the implementation of the model.

4.3.4.3 Summary of commonalities and differences

The comparison of the interview responses clearly indicated that planning, communication, engaging with stakeholders, management of stakeholder relationships, and change management were the common critical success factors that were considered in the implementation of the model. The importance of change management, stakeholder engagement and communication is also supported by Beaman (2007) and Bergeron (2007).

4.3.5 Suitable Key Word: Key factors considered in the decision to implement the model

4.3.5.1 Questions to participants

Why did you implement a human capital shared services model within your bank and what factors did you consider in implementing a shared services model over other business models?

4.3.5.2 Responses from participants

- ***Response: Bank 1***

The key factor considered in the decision to implement the model by Bank 1 was the value chain of the organization. It was important to make sure the existing strategy was in line with the culture; how the group was transforming and where the Bank was moving to. Additional factors included processes, efficiency, cost containment; improvement on service delivery, and improvement of delivery outputs.

- ***Response: Bank 2***

The participant identified a number of key factors that were considered in the decision to implement the model, namely utilizing the technology available, reducing the use of paper, allowing staff access to their own information, simplifying the use of tools provided, centralizing all processes and reducing costs as key factors during implementation.

- ***Response: Bank 3***

The key factors considered in the decision to implement the model by Bank 3 were cost containment, efficiency and standardization. The participant indicated that the human resources function was previously decentralised which resulted in documents and processes not being implemented in a standardized manner.

4.3.5.3 Summary of commonalities and differences

Cost containment and efficiency were the two main factors that guided the decision to implement the model by all three banks. Bank 3 also identified standardization as a key factor. Bergeron (2003) confirms that the implementation of a shared services model results in increased efficiency and cost savings and that both these factors are key consideration by organizations when selecting an appropriate business models.

4.3.6 Suitable Key Word: Lessons learnt and factors that caused concerns

4.3.6.1 Questions to participants

In implementing the model, is there any lessons learnt you could share?

4.3.6.2 Responses from participants

- ***Response: Bank 1***

The interviewee stated that the main concern during implementation was the fear of losing skilled people. The lessons learnt in Bank 1 were identified to be:

- Their failure to acknowledge the contribution of the entire staff during the implementation process as well as underestimating the impact and contribution that the implementation of the model would have on people's jobs.

- ***Response: Bank 2***

The interviewee stated that the main concern during implementation process was whether they were addressing staff concerns raised in terms of the model as well as internal audit findings as promptly as possible. The lessons learnt in Bank 2 were to seriously consider the importance of effective communication and buy in from stakeholders at all time during the implementation process.

- ***Response: Bank 3***

The interviewee stated that the main concern during implementation was whether they would achieve the service level agreement (SLA) goals as it might have been unrealistic goals. However during the implementation process, a number of lessons learnt were identified namely:

- To never underestimate the importance of enforcing into the mindset of staff that they are responsible for the success of the shared services unit. They need to understand that success and failure does not just reside on the managers' shoulders but that each person is part of the value chain.
- Staff members need to be engaged into vigorous roles and responsibility conversations, and understand their role in the shared services unit from the outset.

- It is critical to follow the roll-out plan at all times and never add or leave out important steps.
- It is important to ensure that when employing people, they are bigger than the job, therefore demonstrating capabilities that exceed the minimum standards of a position within the shared services unit. Don't employ staff that only meets the minimum standards, also consider potential for career growth;
- Ensure that there are some elements of fun during the implementation process to keep staff morale positive.
- Focus on development and listen to career aspirations of staff. Discuss how they were going to get there or why they couldn't get there.
- Embed a leadership philosophy and clearly articulate what was acceptable, what was not acceptable, what was mediocrity and what would be done with mediocrity.
- Focus on both consequence and recognition.

4.3.6.3 Summary of commonalities and differences

In comparing the interviewee responses a common concern during the implementation of the model was whether staff fully understood that each person's role formed part of the value chain of the organization. The lessons learnt indicated effective communication regarding roles and responsibilities to be a factor in all banks. Bank 3 however provided a comprehensive response to lessons learnt, focusing on staff with emphasis on career aspirations, roles and responsibilities, recognition and the consequences for mediocrity.

4.3.7 Suitable Key Word: Measurement of success

4.3.7.1 Question to participants

How is the success of the service measured and communicated?

4.3.7.2 Responses from participants

- ***Response: Bank 1***

In terms of Bank 1 the implementation of the model was measured based on the following:

- Turnaround times aligned to set service level agreements, which were based on agreed delivery items and time frames.
- Communication sessions within the group.
- By circulating a survey to all Group Executives and staff, measuring the effectiveness and efficiency in terms of service delivery. The outcome of the survey provides a NET protector score, which gives an overview of satisfaction in terms of service delivery. This score is also used as a benchmark annually to focus on improvements.
- Service level reviews (client rating) done quarterly utilizing questionnaires.
- Cost reduction, tracked at quarterly intervals against a defined benchmark.

- ***Response: Bank 2***

The implementation of the model in Bank 2 was measured with an annual employee services survey, called a Barret survey.

- ***Response: Bank 3***

The implementation of the model in Bank 3 was measured through surveys that provided feedback from customers. Customer satisfaction of 85% was required and the survey measured internal processes in relation to service level agreements. Surveys that provided feedback regarding performance appraisals, training and development and how the budget was managed, were also conducted. In terms of the relations management, surveys were also conducted.

4.3.7.3 Summary of commonalities and differences

A comparative analysis pointed out the following common measurements used in the implementation of the model:

- Surveys providing feedback on various levels;
- Service level reviews (in the form of questionnaires; independent logging teams; customer satisfaction).

According to Bergeron (2003) the development of service level agreements is critical. He further states that service level agreements needs to be developed, clearly specifying the expectations between the parent corporation and shared services.

4.3.8 Suitable Key Word: How was the implementation process structured?

4.3.8.1 Question to participants

The implementation process is crucial to ensure the successful implementation of the human capital shared services model. Can you please outline the process followed by human capital to implement the shared services model? What steps did you follow?

4.3.8.2 Responses from participants

- ***Response: Bank 1***

Bank 1 indicated in their response that they wanted to implement a human resources shared services model from a global perspective. This required extensive planning and benchmarking of the human resource structure, which included extensive research in terms of the type of model that will be implemented.

This bank also followed an inclusive approach by brainstorming amongst specialist on how they would like to implement the model. Focus was also placed on change enablement processes and ensuring that the right people were employed. One key principle followed was that people would have to be re-deployed into the organization and that no retrenchments would take place as a result of the new model. Key components that arose during the planning process were that:

- The human resource shared services unit would deal with Executive Management end to end, including on-boarding, completing of documents and signing of contracts, whereas for the rest of the group, this functions would reside within Group Human Resources.

- ***Response: Bank 2***

Bank 2 indicated that the implementation process was developed by a specialist and was then further refined by a development company. A phased approached was used, with the first phase focusing on leave. Focus was placed on leave as it was found that leave was recorded on manual cards and managed differently in various areas, resulting in a lack of control. Training however remained under the Center of Excellence.

During phase two a group shared services portal was splintered into business services and employee self-services and the process payments area was incorporated into the shared services unit. This previously resided with Group Finance. The systems and processing department was also incorporated into shared services as well as a part of the procurement function. This included from buying a pencil to furnishing an office. Procurement for information technology infrastructure was however excluded from the procurement function within shared services.

- *Response: Bank 3*

The interviewee's response identified the availability of an appropriate information technology system as critical, and further indicated that the bank chose SAP as the preferred information technology system as this system already introduced employee self service, which standardized processes to be followed. Extensive time was also spent on defining various processes and sourcing the right people for the shared services environment. According to the interviewee a different mindset is required to work in this environment and defining roles and responsibilities are critical. Lastly service catalogues were defined and service level agreements were developed to measure turnaround time and accuracy of data.

4.3.8.3 Summary of commonalities and differences

Critical steps in the implementation process include planning, communication, change management and engaging with stakeholders. Stakeholder buy-in was essential and it was important that the value of the unit was understood upfront. Change management and stakeholder engagement were common themes identified during the interviews. Only one of the major banks highlighted systems and alignment to the business strategy as critical steps during the implementation process. The comparison identified the following process commonalities in the implementation of the model between the three banks:

- Planning a shared services structure.
- Defining the various processes relevant to the shared services model.
- Defining the service catalogues (employee self-services, business services, training, payments, procurement, etc).
- Introducing a suitable information technology system, for example SAP.
- Sourcing the right people for the shared services environment.

4.3.9 Suitable Key Word: Reasons for implementing the human capital shared services model

4.3.9.1 Question to participants

Why did you implement a human capital shared services model within your bank?

4.3.9.2 Responses from participants

- ***Response: Bank 1***

Based on the interviewee's response, Bank 1 chose to implement the human capital shared services model as it best suited the bank's business requirements and corporate culture. In addition the following reasons were also stated:

- The ability to integrate the banks service delivery model into the human capital shared services model.
- Implementing a globally researched model taking into account that shared services is an evolving science, which they was the co-creator of.
- Ensuring that the best researched model was implemented to provide sustainable cost containment and improved efficiencies

- ***Response: Bank 2***

The interviewee stated that the employee services model started in the human resource cluster and the bank thought it would be beneficial to place human resources back into a human capital shared services model.

- ***Response: Bank 3***

The following reasons for implementing the human capital shared services model in Bank 3 were given namely cost efficiencies, reduction of duplication of effort, standardization and control. In addition, the respondent indicated that the previous model was decentralized and caused duplication.

4.3.9.3 Summary of commonalities and differences

Comparatively interviewee responses indicated the following common reasons for implementing the human capital shared services model:

- Match business requirements.
- Cost efficiency.
- Improved efficiencies.

Key factors considered by all three banks during the implementation process were cost containment and efficiency. Bank 1 also considered the alignment of the human capital shared services unit to the value chain of the organization. People, systems, policies and procedures also played significant roles based on the implementation process. Information gathered from the interviews relating to the implementation process will be discussed in more detail below. The process followed during implementation is critical. Although there were commonalities between the three banks, the process as explained by Bank 1 was found to be very structured. For example, it was important to determine how human capital shared services was going to be positioned from a structural perspective.

Extensive research was conducted on the type of model and how it was going to be implemented. Change management and hiring the right people during the implementation process were also critical and it was very important that an inclusive approach was adopted. With Bank 2, on the other hand, the migration of information to the online employee services system was critical, as well as change management and training.

Bank 3 placed a lot of focus on systems to identify the appropriate technology, which was followed by defining the processes. Although many commonalities between the seven fundamental steps to follow during implementation identified by Bergeron (2003) exist, the three major banks considered the following as key considerations:

- Improved customer services.
- Cost savings.
- Change in business strategy.
- Standardization of processes.
- Economies of scale.

All three banks successfully implemented the shared services model and a number of lessons were learnt during implementation. Bank 1 identified the impact the change had on people as crucial and would have in retrospect liked to acknowledge more the contribution people made. According to Bank 1 the impact and contribution of the implementation of the human capital shared services model on people ought not to be underestimated. Bank 2, on the other hand, identified communication and buy-in from stakeholders as critical. Bank 3 indicated that they would have enforced the mindset that human resource employees were responsible for the successful implementation of the model.

Further to this was to enforce the mindset that each person played a role in the value chain. Bank 3 also highlighted that more vigorous roles and responsibility conversations needed to take place and there should be more focus on development. The common theme in terms of lessons learned thus addresses the human factor and not technology or systems. Successful implementation of the human capital shared services model in all three banks was measured by service level agreements and surveys.

The number of deviations from the service level agreement would provide a significant indication of the successful implementation of processes, as surveys would measure customer satisfaction as well as effectiveness and efficiency in the shared services execution.

The information above provided a detailed presentation and discussion of the results as gathered and collected from the three major banks through the semi-structured interviews. Many commonalities amongst these banks were identified during the implementation process and in many instances corroborated statements by key authors from the literature review. Information gathered during the semi-structured interviews will also be used to make recommendations in chapter five of the study.

4.4 Phase Two - Quantitative Phase

4.4.1 Questionnaire analysis

The target population for the completion of the questionnaires as discussed in chapter three of the study was human capital employees, occupying front line or team leader positions at the three major banks in South Africa. The three banks employed in excess of 25 000 employees, and the shared services unit provides services to all employees both nationally and globally. Table 4.2 provides a breakdown of the number employees per bank in relation to the number of employees per human capital shares services unit.

Table 4.2: Number of employees per bank

	Number of employees		
	Organization	**Human Capital Shared Services Unit**	**Occupying team leader/front line positions**
Bank 1	±35 000	40	10
Bank 2	±28 000	55	10
Bank 3	±37 000	137	30

In terms of the questionnaires all 50 employees occupying team leader and front line positions was included as the target population and the sample realization was 34. This sample size was sufficient as it represented all employees occupying team leader or front line positions in the three major banks.

These employees played an important role in the implementation of the model and their involvement was paramount to the successful implementation of the model. In terms of the nature of these employees' jobs they were involved in the development of business processes, systems and also provided input in terms of processes that required revision. Their knowledge and input therefore played an important role in ensuring optimal utilization of staff and effective implementation of the model.

Questionnaires were provided to the shared services managers or head of shared services of each of the banks for distribution. In terms of the research study, it was important to gather as much information as possible on why each bank decided to implement the shared services model over other models, factors each bank considered to decide on the appropriate model as well as determining whether the implementation of the model resulted in advantages and disadvantages for each of the banks. The 50 employees were identified with the assistance of the shared services managers to participate in the questionnaires as they had the most knowledge of the shared services environment and had been instrumental during the implementation process of the model. Each of the 50 employees could provide meaningful inputs.

Efforts were also made to improve on the response rate and follow ups were made via email, five days after circulation of the questionnaire and again telephonically, two days after the initial response of 49%, to the shared services managers or head of shared services of each bank. This resulted in an increase of the response rate from 49% to 68% response rate. Descriptive statistics are provided below for each variable.

The information gathered from respondents was classified into three sections in the questionnaire, namely:

- Biographical details
- Section 1: Agreement with implementation practices
- Section 2: Rating of factors deemed important during implementation

Only the respondents who completed the entire questionnaire were included in the analysis.

4.4.2 Suitable Key Word: Biographical details

4.4.2.1 Responses received from respondents:

Table 4.3 below provides descriptive statistics for all biographical details that respondent were required to complete.

Table 4.3: Descriptive statistics for biographical variables

Variables	Categories / Ratings	Frequency	Percentage out of total
Biographic variables			
Age	<20 Years	1	3.10%
	20-29 Years	6	18.80%
	30-39 Years	13	40.60%
	40-49 Years	7	21.90%
	50-59 Years	4	12.50%
	60 and above	0	0.00%
	Unknown	1	3.10%
Length of service with the bank.	0-5 Years	9	28.10%
	6-10 Years	9	28.10%
	11-15 Years	5	15.60%
	16-20 Years	2	6.20%
	>20 Years	6	18.80%
	Unknown	1	3.10%
Job Level / Function	Manager	11	34.40%
	Specialist or Professional Staff	7	21.90%
	Support Staff	13	40.60%
	Unknown	1	3.10%

4.4.2.2 Graphical presentation of biographical information

The graphs below, provides a graphic representation of the biographical variables of each of the respondents that completed the questionnaires.

Figure 4.1: Age Distribution

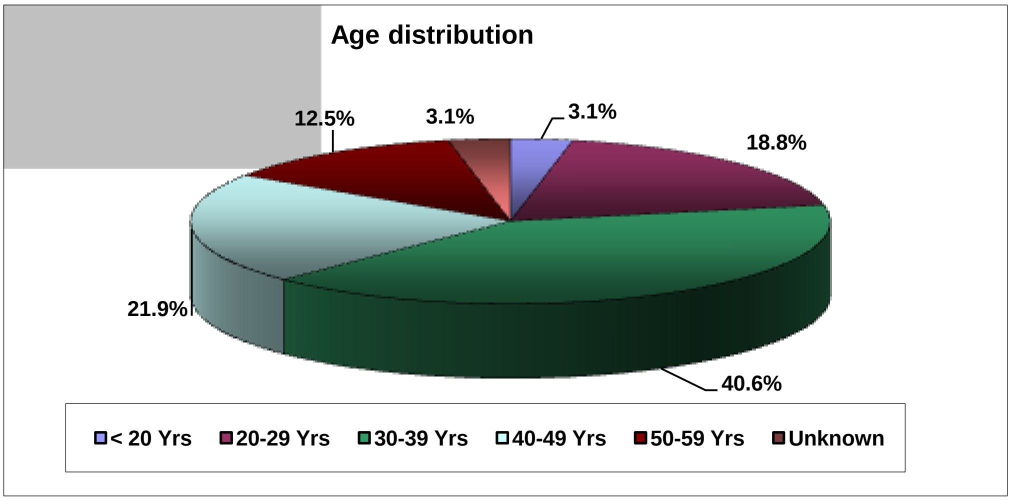


Figure 4.1 above represents an analysis of the age distribution of respondents that completed the questionnaires. The largest age group that completed the questionnaire was the group 30-39 years, representing 40.6%, followed by the age group 40-49 years, which represents 21.9% and then the age group 20-29 representing 18.8% of the sample.

Figure 4.2: Length of service

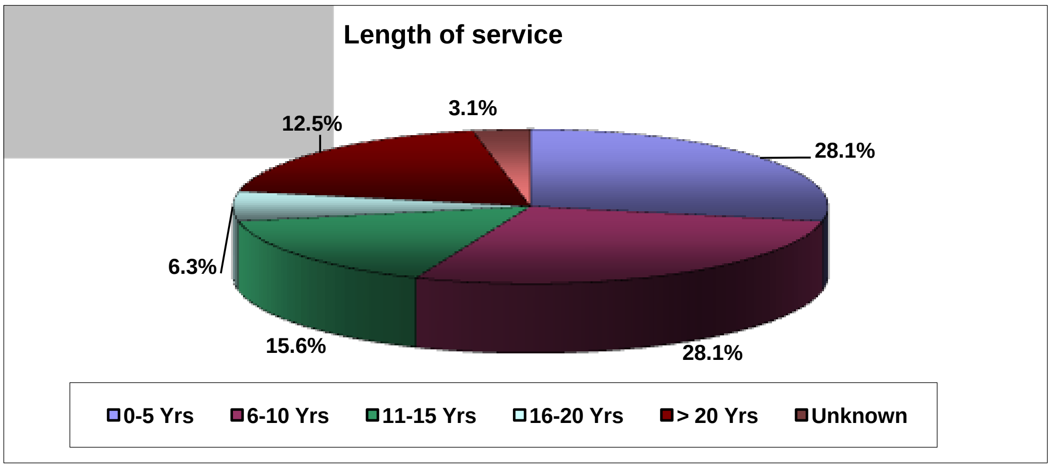


Figure 4.2 above represents an analysis of the length of service of participants that completed the questionnaires. The graph also reflects that more than half of the respondents were in service of the three banks for less than 11 years, representing 56.2% of the sample.

However, 15.6% of the employees that completed the questionnaires were employed in the banking industry between 11-15 years. Based on the above it can be concluded that an average of 71.8% of the participants had been working within the shared services environment within the banking industry and were therefore able to make a meaningful contribution into the process of information gathering relating to the implementation of a shared services model.

Figure 4.3: Job level

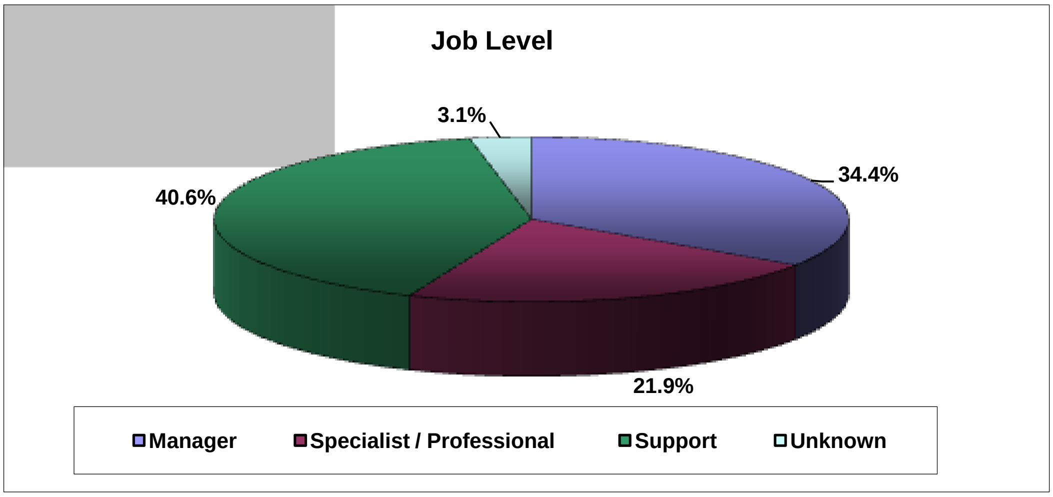


Figure 4.3 above represents an analysis of the job level of participants that completed the questionnaires. The largest percentage of respondents was support staff (40.6%), followed by managers (34.4%). 21.9% of the respondents were specialist or professional staff. This could be attributed to the fact that the majority of staff employed by the various banks provides a support service to business, with a lower number occupying specialist of professional positions. Although staff may occupy team leader or front line positions, the shared services environment focuses on transactional services and is mostly administrative in nature.

4.4.2.3 Summary of responses

The information as presented above provide a overview of the biographical variables of each of the respondents, their age, job level and length of service within each bank. The information assisted the researcher to establish that an appropriate level of input was obtained based on experience and different levels of positions occupied.

4.4.3 Suitable Key Word: Factors considered in implementing a human capital shared services model

4.4.3.1 Question to respondents:

To cope with the constant changes in the economic environment, organizations continuously strive to implement appropriate business models. Which factors were considered to implement a human capital shared services model within your organization?

4.4.3.2 Responses received from respondents:

Table 4.4 below provides descriptive statistics for the factors considered by the respondents in implementing a human capital shared services model. The scoring for section one was achieved by multiplying the value of the responses for each statement with the number of respondents for that question and then adding them all up. The statements are then sorted from the lowest to highest score.

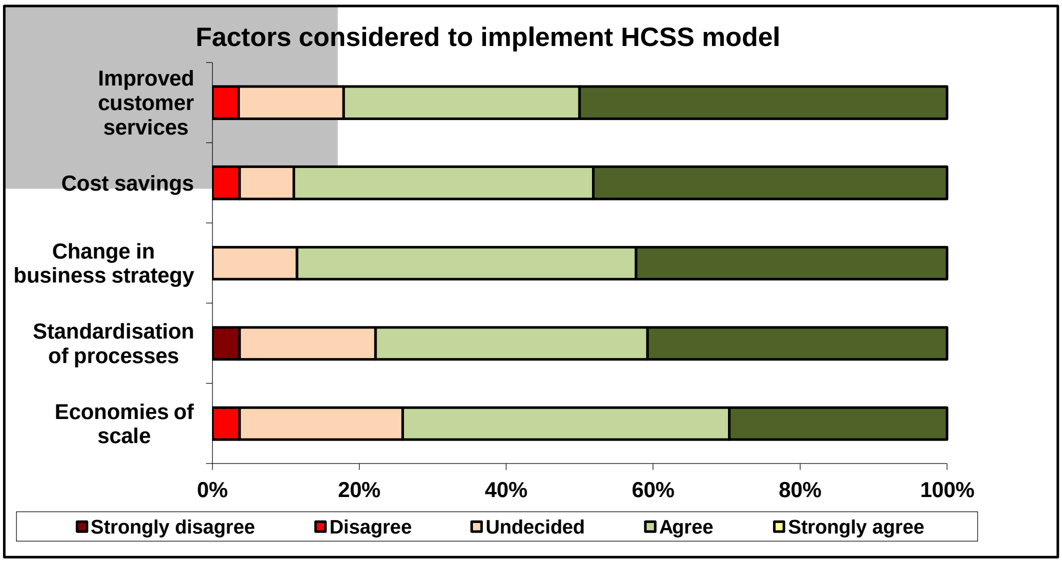
Table 4.4: Factors considered in implementing a human capital shared services model

Variables: Factors considered in implementing a HCSS model	Categories / Ratings	Frequency	Percentage out of total
Section one (1)			
Cost savings.	Strongly disagree	0	0.00%
	Disagree	1	3.10%
	Undecided	2	6.20%
	Agree	11	34.40%
	Strongly agree	13	40.60%
	Unknown	5	15.60%
Economies of scale.	Strongly disagree	0	0.00%
	Disagree	1	3.10%
	Undecided	6	18.80%
	Agree	12	37.50%
	Strongly agree	8	25.00%
	Unknown	5	15.60%
Change in business strategy.	Strongly disagree	0	0.00%
	Disagree	0	0.00%
	Undecided	3	9.40%
	Agree	12	37.50%
	Strongly agree	11	34.40%
	Unknown	6	18.80%
Standardization of processes.	Strongly disagree	1	3.10%
	Disagree	0	0.00%
	Undecided	5	15.60%
	Agree	10	31.20%
	Strongly agree	11	34.40%
	Unknown	5	15.60%
Improved customer services.	Strongly disagree	0	0.00%
	Disagree	1	3.10%
	Undecided	4	12.50%
	Agree	9	28.10%
	Strongly agree	14	43.80%
	Unknown	4	12.50%

4.4.3.3 Graphical presentation of responses by respondents in terms of factors considered in implementing a human capital shared services model

The graph below provides a graphic representation of the factors considered respondents when implementing a human capital shared services model.

Figure 4.4: Factors considered in implementing a human capital shared services model



The factors that were considered by the respondents as indicated above are listed from the factor with the highest score to the factor with the lowest score.

4.4.3.4 Summary of responses

The factors that were considered in the implementation of a human capital shared services model included improved customer services, cost savings, change in business strategy, standardization of processes and economies of scale. Of all these elements cost savings ranked the highest with respondents who agreed and strongly agreed representing 75% of the total response. This concurs with findings presented by Bergeron (2003) which indicated that shared services allows for the ability to lower headcount that could result in cost savings.

Improved customer services and change in business strategy were equally considered as important factors, with standardization of processes and economies of scale scoring 65.6% and 62.5% respectively. Factors considered are listed below in order of importance.

- Cost savings (75.0% of respondents agree to strongly agree);
- Improved customer services (71.9% of respondents agree to strongly agree);
- Change in business strategy(71.9% of respondents agree to strongly agree);
- Standardization of processes(65.6% respondents agree to strongly agree); and
- Economies of scale (62.5% respondents agree to strongly agree).

4.4.4 Suitable Key Word: Advantages of implementing a human capital shared services model

4.4.4.1 Question to respondents:

Do you think the implementation of the model had the following advantages?

4.4.4.2 Responses received from respondents:

Table 4.5 below provides descriptive statistics in terms of the advantages in implementing a human capital shared services model.

Table 4.5: Advantages of implementing a human capital shared services model

Variables: Advantages of implementing a HCSS model	**Categories / Ratings**	**Frequency**	**Percentage out of total**
Section two (2)			
Cost savings.	Strongly disagree	0	0.00%
	Disagree	0	0.00%
	Undecided	6	18.80%
	Agree	13	40.60%
	Strongly agree	8	25.00%
	Unknown	5	15.60%

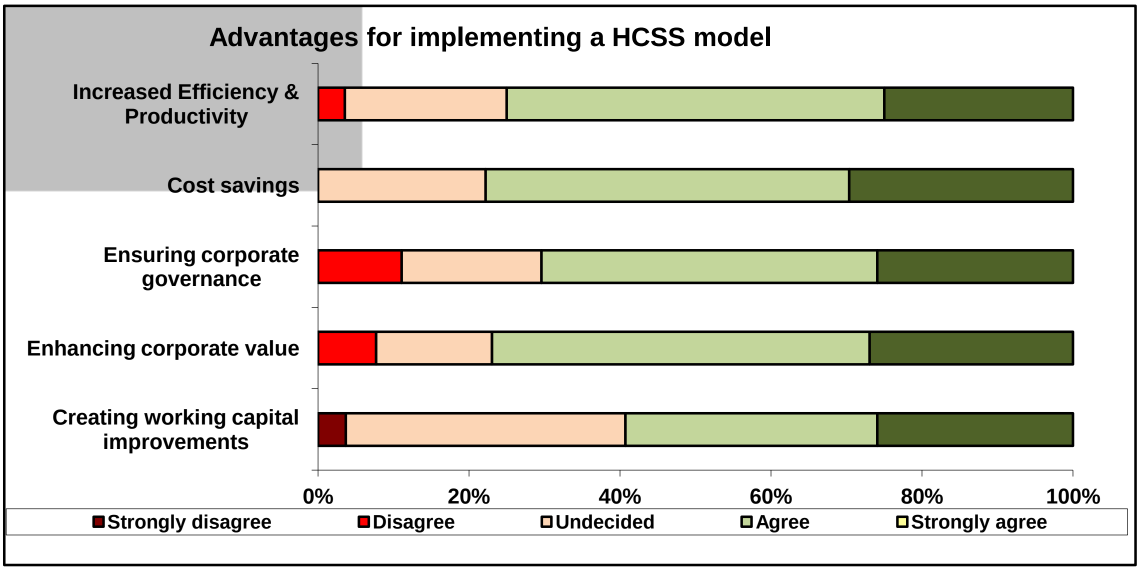
Variables: Advantages of implementing a HCSS model	Categories / Ratings	Frequency	Percentage out of total
Section two (2)			
Increased efficiency and productivity.	Strongly disagree	0	0.00%
	Disagree	1	3.10%
	Undecided	6	18.80%
	Agree	14	43.80%
	Strongly agree	7	21.90%
	Unknown	4	12.50%
Creating working capital improvements.	Strongly disagree	1	3.10%
	Disagree	0	0.00%
	Undecided	10	31.20%
	Agree	9	28.10%
	Strongly agree	7	21.90%
	Unknown	5	15.60%
Ensuring corporate governance and professional services.	Strongly disagree	0	0.00%
	Disagree	3	9.40%
	Undecided	5	15.60%
	Agree	12	37.50%
	Strongly agree	7	21.90%
	Unknown	5	15.60%
Enhancing corporate value.	Strongly disagree	0	0.00%
	Disagree	2	6.20%
	Undecided	4	12.50%
	Agree	13	40.60%
	Strongly agree	7	21.90%
	Unknown	6	18.80%

4.4.4.3 Graphical presentation in terms of the advantages considered of implementing a human capital shared services model

The graphs below, provides a graphic representation of the factors considered by respondents as advantages of implementing a human capital shared services model.

Five factors were included in the questionnaire, namely increased efficiency and productivity, cost savings, ensuring corporate governance, enhancing corporate value and creating working capital improvements.

Figure 4.5: Advantages for implementing a human capital shared services model



4.4.4.4 Summary of responses

Figure 4.5 above presents an analysis of the participant's responses relating to the advantages that a human capital shared services model had for their organization. From the graph above it is evident that the advantages with the highest scores were "corporate value, cost savings and increased efficiency and productivity". Therefore 65.6% of the respondents agree to strongly agree that a shared services model contribute to cost savings.

A total of 65.7% of the respondents agree to strongly agree that increased efficiency and productivity is an advantage for implementing a human capital shared services model. This confirms results from the IOMA's (2007) survey on outsourcing and shared services that indicate that a shared services model bring about consistency and efficiency in processes. It also supports the findings from Bergeron (2003) that suggest that shared services results in increased efficiency.

4.4.5 Suitable Key Word: Disadvantages of implementing a human capital shared services model

4.4.5.1 Question to respondents:

Do you think the implementation of the model had the following disadvantages?

4.4.5.2 Responses received from respondents:

Table 4.6 below provides descriptive statistics in terms of the disadvantages in implementing a human capital shared services model.

Table 4.6: Disadvantages of implementing a human capital shared services model

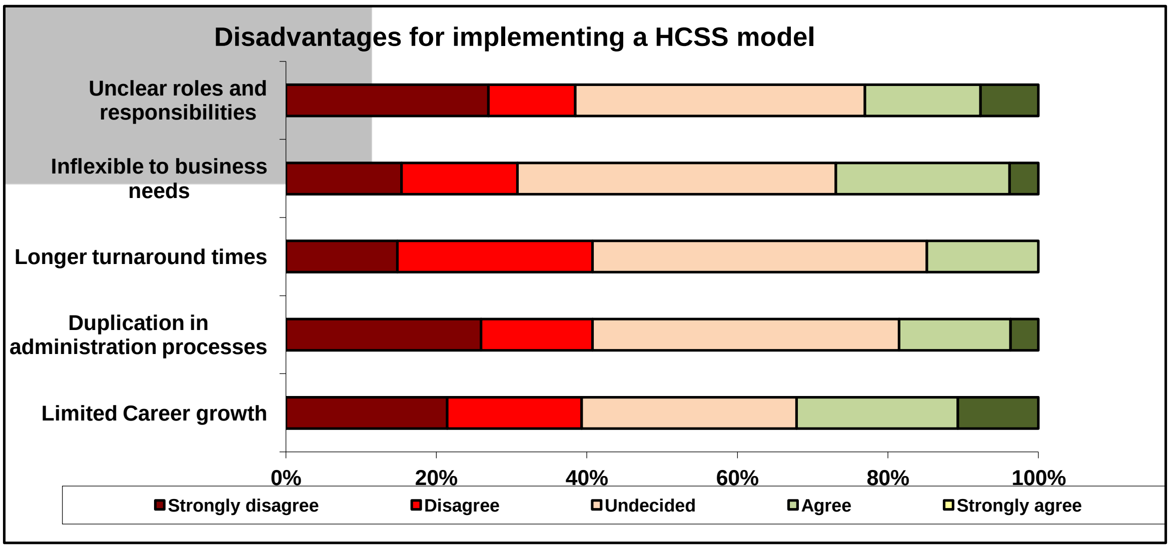
Variables: Disadvantages of implementing an HCSS model	Categories / Ratings	Frequency	Percentage out of total
Section three (3)			
Limited career growth.	Strongly disagree	6	18.80%
	Disagree	5	15.60%
	Undecided	8	25.00%
	Agree	6	18.80%
	Strongly agree	3	9.40%
	Unknown	4	12.50%
Duplication in administrative processes.	Strongly disagree	7	21.90%
	Disagree	4	12.50%
	Undecided	11	34.40%
	Agree	4	12.50%
	Strongly agree	1	3.10%
	Unknown	5	15.60%

Variables: Disadvantages of implementing an HCSS model	Categories / Ratings	Frequency	Percentage out of total
Section three (3)			
Longer turnaround times.	Strongly disagree	4	12.50%
	Disagree	7	21.90%
	Undecided	12	37.50%
	Agree	4	12.50%
	Strongly agree	0	0.00%
	Unknown	5	15.60%
Inflexible to business needs.	Strongly disagree	4	12.50%
	Disagree	4	12.50%
	Undecided	11	34.40%
	Agree	6	18.80%
	Strongly agree	1	3.10%
	Unknown	6	18.80%
Unclear roles and responsibilities.	Strongly disagree	7	21.90%
	Disagree	3	9.40%
	Undecided	10	31.20%
	Agree	4	12.50%
	Strongly agree	2	6.20%
	Unknown	6	18.80%

4.4.5.3 Graphical presentation in terms of the advantages considered in view of the implementing human capital shared services model

The graph below provides a graphic representation of the factors considered by respondents as disadvantages associated with the implementation of a human capital shared services model.

Figure 4.6: Disadvantages for implementing a human capital shared services model



4.4.5.4 Summary of responses

It was a concern that 32.5% of respondents were undecided about the disadvantages with respect to implementing a human capital shared services model. This could however be attributed to the fact that the success of the model had not been measured in all aspects and the respondents therefore had limited or no knowledge of any disadvantages at the time of the questionnaire. The success of the implementation of a shared services model can only be evaluated over a long term period. The disadvantage that was ranked most frequently is “limited career growth”, with 28.1% of the total responses received ranging from agree to disagree.

4.4.6 Suitable Key Word: Factors addressed in implementing a human capital shared services model

In terms of the measuring instrument for section four, the scoring was achieved by multiplying the rank with the number of respondents who selected that rank. The sum of these scores reflects a ranking of 1 which means most considered and a ranking of 5 which means least considered.

4.4.6.1 Question to respondents:

In order of importance, rank the degree to which the factors below were addressed in the implementation of a human capital shared services model within your bank.

4.4.6.2 Responses received from respondents:

Table 4.7 below provides an overview, in ranking order, of the factors that were addressed in the implementation of the human capital shared services model.

Table 4.7: Factors addressed in the implementation of a human capital shared services model

Variables: Factors addressed in the implementation of the HCSS model	**Categories / Ratings**	**Frequency**	**Percentage out of total**
Section four (4)			
Importance of Communication	1-Most considered	6	18.80%
	2-	2	6.20%
	3-	8	25.00%
	4-	2	6.20%
	5-Least considered	10	31.20%
	Unknown	4	12.50%
Importance of Change Management.	1-Most considered	4	12.50%
	2-	7	21.90%
	3-	8	25.00%
	4-	3	9.40%
	5-Least considered	4	12.50%
	Unknown	6	18.80%
Importance of Buy in from top management.	1-Most considered	10	31.20%
	2-	2	6.20%
	3-	6	18.80%
	4-	4	12.50%
	5-Least considered	4	12.50%
	Unknown	6	18.80%

Variables: Factors addressed in the implementation of the HCSS model	Categories / Ratings	Frequency	Percentage out of total
Section four (4)			
Importance of collaboration with business.	1-Most considered	4	12.50%
	2-	9	28.10%
	3-	6	18.80%
	4-	5	15.60%
	5-Least considered	2	6.20%
	Unknown	6	18.80%
Importance of appropriate technology.	1-Most considered	8	25.00%
	2-	1	3.10%
	3-	11	34.40%
	4-	3	9.40%
	5-Least considered	4	12.50%
	Unknown	5	15.60%

Figure 4.7: Importance of factors addressed in implementing a human capital shared services model

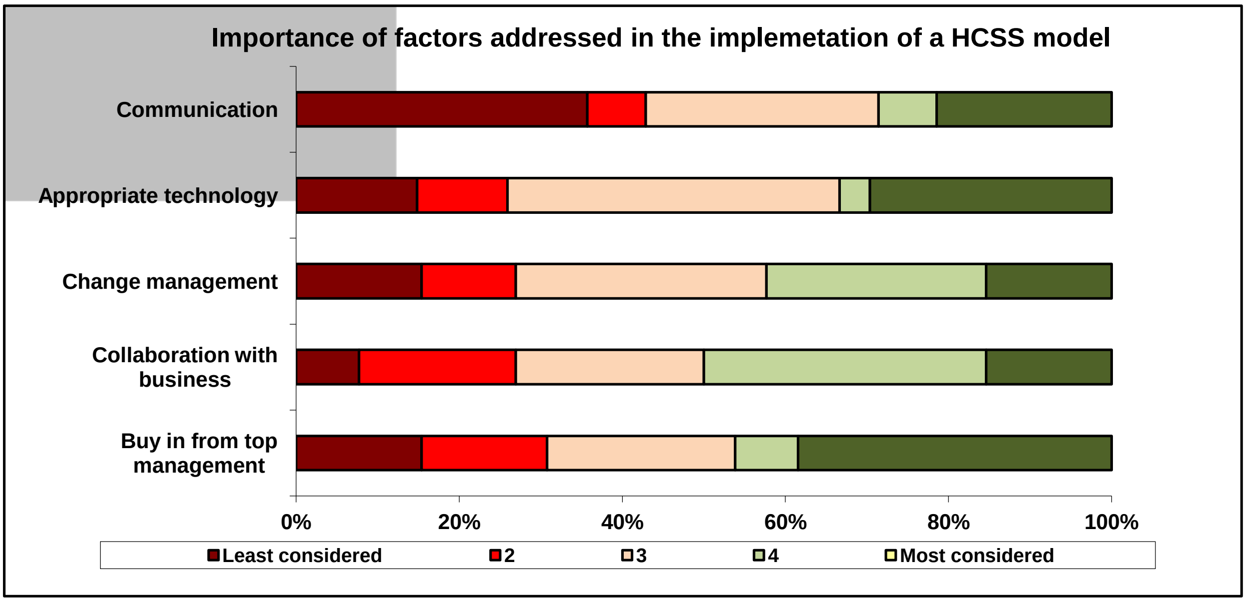


Figure 4.7 above provides an illustrative analysis of the importance of factors addressed in the implementation of a human capital shared services model.

4.4.6.3 Summary of responses

The factor that was mostly addressed by the respondents was “buy in from top management”, of which 37.5% of the respondents ranked this statement as being the most considered. The factor that was the least considered was “Communication”. This was indicated by 37.5% of the respondents.

Implementing a shared services model according to Bergeron (2003) requires that senior management have an understanding of the organizations needs, characteristics of the business models available, technologies involved as well as legal and contractual implications. Buy in from top management when considering the implementation of the model is therefore critical.

4.4.7 Suitable Key Word: Factors considered in implementing a human capital shared services model

4.4.7.1 Question to respondents:

In order of importance, please rank the order in which the factors below were considered by your bank when implementing a human capital shared services model.

4.4.7.2 Responses received from participants:

Table 4.8 below provides an overview of the factors that were considered by each bank when implementing the human capital shared services model.

Table 4.8: Factors considered by each bank in the implementation of a human capital shared services model

Variables: Factors considered by each bank in the implementation of the HCSS model	Categories / Ratings	Frequency	Percentage out of total
Section five (5)			
Importance of people.	1-Most considered	9	28.10%
	2-	4	12.50%
	3-	8	25.00%
	4-	2	6.20%
	5-Least considered	4	12.50%
	Unknown	5	15.60%
Importance of processes and policies.	1-Most considered	6	18.80%
	2-	6	18.80%
	3-	6	18.80%
	4-	4	12.50%
	5-Least considered	4	12.50%
	Unknown	6	18.80%
Importance of systems and technology.	1-Most considered	9	28.10%
	2-	5	15.60%
	3-	6	18.80%
	4-	4	12.50%
	5-Least considered	2	6.20%
	Unknown	6	18.80%
Importance of staff morale.	1-Most considered	4	12.50%
	2-	3	9.40%
	3-	7	21.90%
	4-	6	18.80%
	5-Least considered	7	21.90%
	Unknown	5	15.60%
Importance of career growth.	1-Most considered	6	18.80%
	2-	4	12.50%
	3-	5	15.60%
	4-	3	9.40%
	5-Least considered	10	31.20%
	Unknown	4	12.50%

Figure 4.8: Importance of factors considered in implementation of a human capital shared services model

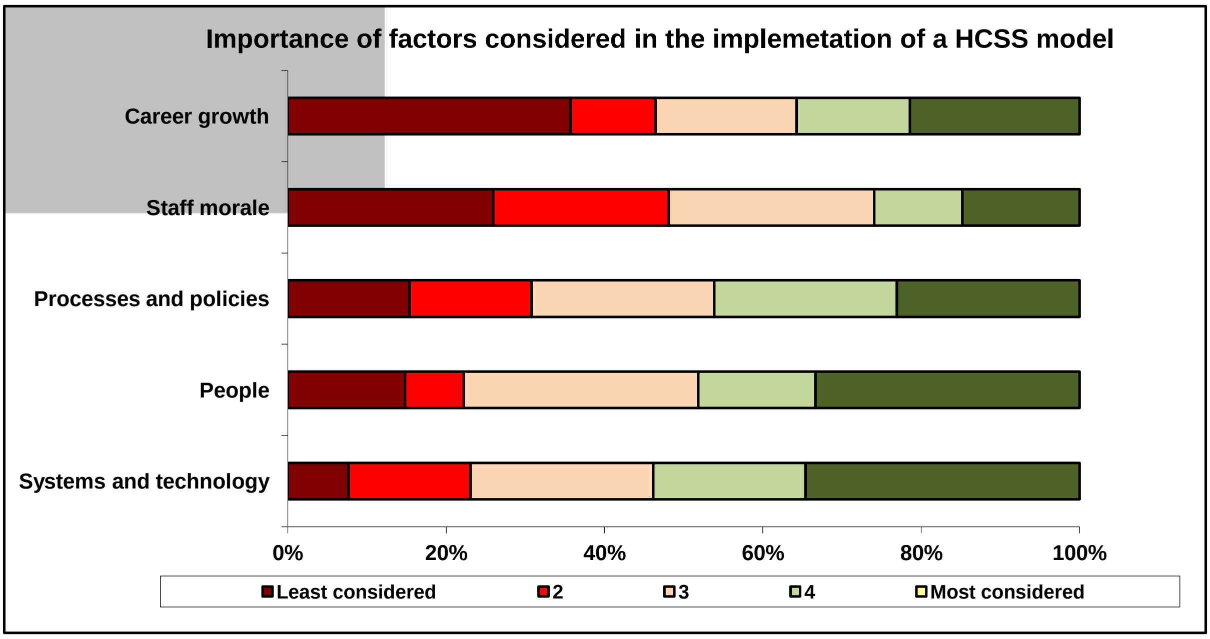


Figure 4.8 above provides an illustrative analysis of the factors considered by each bank in the implementation of a human capital shared services model.

4.4.7.3 Summary of responses

In terms of the importance of factors considered in the implementation of the model, the factor that was mostly considered as indicated in figure 4.8 above was “systems and technology”. 43.8% of the respondents indicated that this was the most considered factor. The factor that was the least considered was “Career growth” representing 40.6% of the responses received by respondents. The importance of factors considered in selecting a human capital shared services model over other models was also measured and will be discussed below.

4.4.8 Suitable Key Word: Importance of factors in selecting a human capital shared services model over other models.

4.4.8.1 Question to respondents:

In order of importance, please rank to what extent the following factors were considered when selecting a human capital shared services model over other models.

4.4.8.2 Responses received from respondents:

Table 4.9 below provides an overview of the extent to which certain factors were considered when selecting a human capital shared services model over other models. Respondents were required to indicate based on a rating scale from 1-5, which factors were considered the most and those factors considered the least important.

Table 4.9: Importance of factors in selecting a human capital shared services model over other models

Variables: Importance of factors in selecting a HCSS model over other models	**Categories / Ratings**	**Frequency**	**Percentage out of total**
Section six (6)			
Importance of adequacy of resources.	1-Most considered	6	18.80%
	2-	3	9.40%
	3-	7	21.90%
	4-	2	6.20%
	5-Least considered	8	25.00%
	Unknown	6	18.80%

Variables: Importance of factors in selecting a HCSS model over other models	**Categories / Ratings**	**Frequency**	**Percentage out of total**
Section six (6)			
Importance of capacity constraints.	1-Most considered	2	6.20%
	2-	3	9.40%
	3-	9	28.10%
	4-	10	31.20%
	5-Least considered	3	9.40%
	Unknown	5	15.60%
Importance of employee skill set.	1-Most considered	3	9.40%
	2-	5	15.60%
	3-	10	31.20%
	4-	1	3.10%
	5-Least considered	8	25.00%
	Unknown	5	15.60%
Importance of size of organization.	1-Most considered	7	21.90%
	2-	8	25.00%
	3-	5	15.60%
	4-	6	18.80%
	5-Least considered	1	3.10%
	Unknown	5	15.60%
Importance of desire to integrate transactional processes into operations.	1-Most considered	8	25.00%
	2-	2	6.20%
	3-	9	28.10%
	4-	3	9.40%
	5-Least considered	5	15.60%
	Unknown	5	15.60%

Figure 4.9: Importance of factors in selecting a human capital shared services model over other models

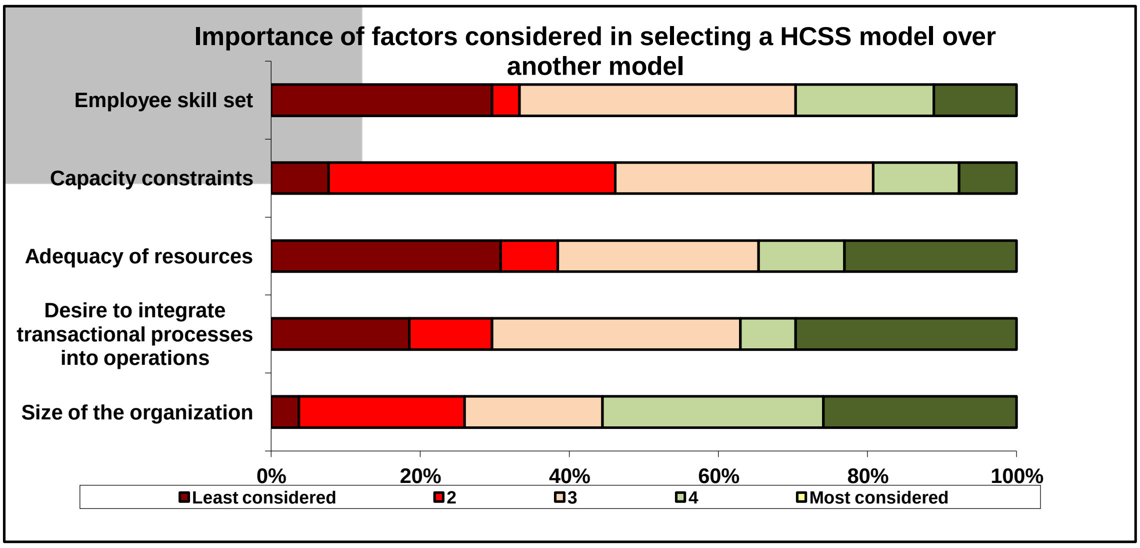


Figure 4.9 above provides an illustrative analysis of the importance of factors considered by respondents in selecting a human capital shared services model over other models

4.4.8.3 Summary of responses

Figure 4.9 indicates the importance of factors considered in selecting the human capital shared services model over other models. The factor that was mostly considered was "the size of the organization". 46.9% of the respondents considered this statement as the most important factor to consider when implementing a shared services model. This supports the findings of Beaman (2007), which indicates that when executives decide to pursue a shared service model, they need to consider a design which entails a number of factors, such as the size of the organization. The factor that was the least considered was "employee skill set", with 25.0% of the respondents ranking the statement as being least considered.

4.5 Summary of questionnaire results

From a total number of 34 respondents that completed the questionnaire the following analogies can be drawn from the responses received.

4.5.1 Factors considered by respondents in implementing human capital shared services model

In terms of the responses received, the factors that were considered in the range of mostly considered to least considered for implementing a human capital shared services model, by human capital staff were:

- Improved customer services (71.9% respondents considered to mostly considered this factor);
- Cost savings (75.0% respondents considered to mostly considered this factor);
- Change in business strategy (71.9% respondents considered to mostly considered this factor);
- Standardization of processes (65.6% respondents considered to mostly considered this factor); and
- Economies of scale (62.5% respondents considered to mostly considered this factor).

In terms of the findings presented by Ulbrich (2006) the consideration of implementing a human capital shared services model was aimed at three common goals, namely, cost reduction, an accumulation of intellectual and capital assets and a centre of excellence providing services with a customer and process focus as well as a place to deploy new technology. Responses received from human capital staff, also indicated cost savings and improved customer services as key factors to consider when implementing a human capital shared services model. As stated in chapter two of the study, Reilly and Williams (2003) indicated that financial services organizations found that before they introduced shared services, their human resource procedures contributed to a number of approaches that led to inconsistencies.

However, Reilly and Williams (2003) suggested that the introduction of a shared services approach led to a more consistent and rigorous approach in the application of processes. Standardization of processes was also one for the factors considered by the three major banks in the implementation of the shared services model. This was further supported by Mohonathan (2009) who defined shared services as the standardization and consolidation of administrative functions into a single entity providing common services. It is notable that although economies of scale had been identified in the literature as a factor that is considered, when implementing a shared services model, economies of scale received the lowest score from human capital shared services staff when completing the questionnaire. This could also be attributed to the fact that more than a fifth of the respondents were undecided.

4.5.2 Advantages identified with the implementation of a human capital shared services model

Further to the above, human capital staff within the three major banks identified the advantages associated with the implementation of a human capital shared services model as:

- Increased efficiency and productivity (65.7% respondents agree to strongly agree)
- Cost savings (65.6% respondents agree to strongly agree)
- Enhancing corporate value (62.5% respondents agree to strongly agree)
- Ensuring corporate governance and professional services (59.4% respondents agree to strongly agree)
- Creating working capital improvements (50% respondents agree to strongly agree)

As indicated in the literature review, the implementation of a human capital shared services model was said to bring about consistency and efficiency in processes. One of the most important advantages identified by respondents when completing the questionnaires was increased efficiency and productivity.

Cost saving was probably one of the key factors identified in the literature review when implementing a human capital shared services, and was identified as the second significant advantage for implementing a shared services model by the respondents. Although creating working capital improvements, ensuring corporate governance and professional services and enhancing corporate value were also identified as advantages for a human capital shared services unit in the literature review, these were factors that were identified by the respondents as advantages, but not seen as important when compared to cost savings and improved efficiency and productivity.

This could be attributed to the fact that some of the respondents perform operational functions and their focus were supposedly more on improved efficiency and effectiveness compared to managerial staff that would also consider factors such as enhancing corporate value, creating working capital improvements and corporate governance as important factors. As indicated in the literature review the implementation of a shared services model was normally associated with high start up cost as well possible duplication in managerial and administrative effort.

In the ranking of disadvantages 32.5% of the respondents were undecided on the disadvantages with respect to implementing a human capital shared services model. The disadvantage that was selected most frequently (28.1% of respondents) was "limited career growth". Although this response was supported by a survey conducted by a consultancy firm called Marshall James, it is important to note that during the interviews with shared services managers within the three major banks, this was not identified as a significant disadvantage.

However, Bank 1 had limited turnover of staff in their human capital shared services unit, while both Bank 2 and Bank 3 had key programs in place that focused on continuous development of staff within the shared services environment. At Bank 3, staff was rotated to various roles and functions within the unit, to broaden their skills set and to develop staff in all aspects of the functional responsibilities of a shared services unit. This is in contrast to the findings reported by Cook (2008) that suggested that shared services take skills away from the human resource workforce.

4.5.3 Disadvantages identified with the implementation of a human capital shared services model

In general, results suggest that disadvantages were mostly ranked on a comparable level. The following two key issues were identified by respondents as disadvantages during the implementation a human capital shared services model:

- Limited career growth;
- Duplication in administrative processes;
- Longer turnaround time;
- Inflexible business needs;
- Unclear roles and responsibilities.

One of the disadvantages identified in the literature is the continuous struggle to clarify roles between front line human capital specialist and the back office. This could have a major impact on improved customer services, and can also hamper relationships and collaboration with business, in delivering an effective and efficient service.

4.5.4 Importance of factors considered in the implementation of a human capital shared services model

According to the IOMA (2007) survey, the size of the organization was very important to consider when implementing a shared services unit. A larger organization is more likely to use a shared services model. It is however evident to note that all three of the major banks employed in excess of 25 000 employees. In all three banks human capital shared services provide support to employees, on transactional processes. In terms of responses received from human capital staff within the three major banks, the size of the organization is the main consideration when selecting a human capital shared services model over another model.

However, apart from the above, the following factors were most important to consider when implementing a human capital shared services model:

- Systems and technology;
- People;
- Processes and policies.

Appropriate technology played a major role in the successful implementation of a human capital shared services model. Two out of the three banks used SAP human resource software within their human capital shared services environment. SAP is a global company supplying software solutions to major organizations in South Africa. It is however important to note that Bank 2 made use of in-house developed software to run their business from a shared services perspective. The second consideration was people. This consideration was linked to both a reduction in headcount, resulting in cost savings as well as the career paths of people employed in the shared services unit.

It was important to note that the respondents to the questionnaires also indicated the people aspect as an important consideration during the implementation of a human capital shared services model. As indicated in chapter two of the study, shared services could be identified as the standardization and consolidation of administrative or support functions into a single entity providing a common service (Mohonathan, 2009). In order to effectively achieve standardization, the review of policies and procedures was critical during the implementation process. Policies and procedures should not only be standardized but also required alignment with appropriate systems to be implemented.

4.6 Conclusion

The conclusion summarizes the key outcomes of the results. The majority of the participants agreed that the implementation of a human capital shared services model positively contributed to increased efficiency, cost savings and standardization of processes.

The interview information and data collected were mutually supportive and presented some themes that supported the data analysis. Key factors commonly identified as critical for implementing a human capital shared services model are:

- Improved customer services;
- Cost savings;
- Change in business strategy;
- Standardization of processes.

Both the data analysis and interview respondents identified some advantages consisting of the following:

- Increased efficiency and productivity;
- Ensuring corporate governance (improvement in controls and risk);
- Cost Saving.

Most important factors to consider when implementing a human capital shared services model were similarly identified by both data collection and interview processes as:

- Systems and technology and
- People (sourcing the right people for the shared services environment).

Based on the above it is evident that there are many similarities between the analyses of data from the interviews and questionnaires in relation to the literature review. Bergeron (2003) found that an effective implementation plan helps organizations achieve to secure stakeholder buy in, optimize start up cost, minimize time required for implementation and ensure smooth transition and increase employee adoption of shared services. All three of the banks interviewed had project teams that managed the implementation process of the shared services model, which resulted in cost savings and improved efficiencies.

Systems consideration also played an important role with the focus on people as a very significant consideration, with key emphasis on development, skills and knowledge. Both the interviews and analysis of the questionnaires confirmed cost savings, improved customer services and standardization as benefits of a shared services model. However, a very small sample of the respondents agreed to economies of scale as a consideration for implementing a shared services model.

In chapter five of the study, the researcher will highlight practical and theoretical implications based on the primary and secondary data gathered during the literature review, semi-structured interviews and questionnaires.

CHAPTER 5 – CONCLUSION

5.1 Introduction

The study undertaken has examined the relevant literature pertaining to the implementation of a human capital shared services model within the South African banking sector. Primary and secondary data were utilized in a mixed methodology research design to present information, pertaining to the evaluation of different implementation processes followed by each of the three banks when implementing a human capital shared services model. This study clearly demonstrates that there were similar views between ABSA Bank, Standard Bank and Nedbank in relation to the process followed to implement a shared services model as well as the advantages and disadvantages experienced as a result of the implementation of the model and key factors considered.

5.2 Conclusions of the study

The current economic environment requires organizations to continuously strive to reduce costs, improve service delivery and implement business models that align to the organizational strategy. The purpose of the research study was to explore the reasons why three major banks within South Africa made a decision to implement a human capital shared services model over more traditional models. The study further explored the processes followed by the three major South African banks to implement a shared services model, highlighting the advantages, disadvantages and lessons learnt by the three banks during the implementation process of a human capital shared services model.

Information gathered during the research study, through semi-structured interviews and questionnaires was analyzed, to determine commonalities' in relation to the responses received from the three banks, comparing the information with the literature as discussed in chapter two.

It is evident from the responses received that there were many similarities between the analyses of the interviews and questionnaires in relation to the literature review. In all three banks proper planning, buy-in from top management and alignment to the organizational strategy were key factors to consider during the implementation of a shared services model. Change management, appropriate systems and standardization were key attributes to pay attention to, in order to ensure the successful implementation of the model. Successes of the model were measured through service level agreements and surveys and information received during the surveys were used to improve on existing processes.

5.3 Practical Considerations

Considering the results obtained from primary and secondary data, the following practical considerations should be taken into account for the successful implementation of a shared services model within the South African banking sector:

5.3.1 Establish a Implementation Committee

According to Bergeron (2003) a prerequisite for implementation of a shared services model is to establish an implementation committee. Bergeron (2003) further states that this committee at a minimum should include a senior manager and consultant that understand the shared services model. Although the establishment of such a committee was not directly tested in the research, Bank 2 highlighted that they appointed an outside consultant to assist them during the process, especially in terms change management and staff matters. Bergeron (2003) also indicates that it could be beneficial to have a consultant talk to employees and managers, as the consultant could be viewed an independent to the company.

The establishment of an implementation committee, inclusive of an expert in the subject of shared services, will therefore make a positive contribution to the effective implementation of the model.

5.3.2 Planning stage

The planning stage of the project is crucial to ensure effective implementation of the human capital shared services model. Results indicated that it was critical to abide to the plan at all times. During the planning phase, a comprehensive analysis should be done to gather as much information from both internal and external stakeholders, regarding their expectations and needs in relation to human resource related matters within the organization. Focus should also be placed on their expectations in relation to the shared services model. When stakeholders' raises concerns in relation to the implementation of the human capital shared services model, these concerns should be addressed immediately and emphasis should be placed at all time on the rationale for the implementation of the model.

Information gathered during the interviews and responses analyzed from the questionnaires clearly indicated that planning, communication, engaging with stakeholders, management of stakeholder relationships, and change management were the common critical factors that were considered in the implementation of the model by the three banks. The importance of change management, stakeholder engagement and communication is also supported by Beaman (2007) and Bergeron (2007). All these factors should be considered during the planning phase and plans should be put in place to manage each of the factors very carefully.

It is also important that a feasibility study should be conducted to determine whether the implementation of the model will be politically, financially and culturally feasible for the organization. The feasibility study will be discussed below.

5.3.3 Feasibility study

During this phase the implementation committee needs to establish if the implementation of the shared services model is politically, financially and culturally feasible. Bergeron (2003) also confirms that the feasibility of the model needs to be determined.

During this stage the implementation committee needs to consider all the information gathered and make a decision on whether it will be feasible to implement a shared services model or not. Key factors considered by all three the banks during the implementation process were cost containment and efficiency. It will be important to consider both these two critical factors during the feasibility study.

Based on the information gathered from the three major banks, it is recommended that the implementation committee prepare a business case, covering the following key factors in detail, namely size of the organization, cost vs. benefits, resource requirements, impact on people, impact on systems, change management and communication process to be followed, risk to be considered and timelines for implementation.

Once the above stage has been finalized and all of the above aspects are covered in detail, ensuring buy-in from top management and other internal and external stakeholders, the project team could commence with the implementation of the human capital shared services model.

5.3.4 Implementation process

During the implementation process, the implementation committee needs to adhere to the timelines as per the implementation plan. It is also important to determine the sequence of activities, and assign appropriate roles and responsibilities to the implementation committee members to ensure effective implementation of the model.

During the research study a common concern highlighted by the three banks was the ability of staff to fully understand that each person’s role formed part of the value chain of the organization and contributed to the successful implementation of the model. All three banks indentified that better communication regarding roles and responsibilities will improve the implementation process and that engagement with stakeholders and buy in from top management is critical.

Hiring the right people during the implementation process was also critical and it was very important that an inclusive approach was adopted. Although many commonalities between the seven fundamental steps to follow during implementation identified by Bergeron (2003) exist, the three major banks considered the following as key factors during implementation of the model:

- To have a well-defined picture from the outset, as people would raise questions. Base responses on the facts;
- To continuously remind people of the reasons for implementing the model;
- To have a communication strategy in place and focus on road-shows to communicate information in a standard way.
- To manage relationships between stakeholders, and ensure that they understand the impact of the implementation of the model.

A critical factor to consider during implementation is the impact the change has on people and one of the lessons learnt by the three banks was that they would have in retrospect liked to acknowledge more the contribution people made during the implementation process. Therefore the impact the implementation of the model has on staff should not be underestimated. Based on the above, it is important to ensure stakeholder engagement, communication with staff and to acknowledge the contribution of staff during the implementation process.

It is further recommended that the following key factors should be addressed during the implementation process:

- A change management plan should be developed;
- Identification of appropriate systems and migration of information between one system to another;
- Identification of controls to ensure the accuracy of data during the migration of process;
- Current resources and need for additional resources, therefore planning carefully around resource requirements;

- Analyses of current skill sets of employees and identifying possible skills gaps, which will require further training;
- Analyses of current process, alignment to the information technology system and standardization of processes to ensure effectiveness and efficiency;
- Drafting and entering into service level agreements

To ensure buy-in from all stakeholders, a recommendation will be to discuss all processes and to map each of the business processes within the unit to ensure consistency and a common understanding amongst employees and stakeholders. Implementing a human capital shared services model is an evolving process and the successful implementation will only be able to be measured over a period of three years. However continuous monitoring of the success of the model is critical.

5.3.5 Monitoring and evaluation

As previously stated, the implementation of a human capital shared services model is an evolving process. However it is important to continuously monitor and evaluate the implementation of the model through obtaining input from both internal and external stakeholders. This could be successfully measured through surveys and compliance to service level agreements.

In the researcher's opinion the above five steps will contribute to the successful implementation of a shared services model. If the implementation committee carefully addresses each of the above stages in the implementation process, it will maximize the successful implementation of the model. One of the most significant factors organizations should consider when implementing a shared services model is the size of the organization and the number of employees that will require services from a human capital shared services unit. From the analyses of the information, it is the researcher's finding that the implementation of a human capital shared services unit will only outweigh its benefits versus costs when dealing with large volumes.

A human capital shared services unit will therefore be more effective and efficient and meeting customer expectations when an organization employee in excess of 5 000 employees. The implementation of the model will also have a major impact on various business units within the organization, impacting on business processes. It is therefore advisable that implementation should be done in a phased approach.

According to Reilly and Williams (2003) there are a number of aspects to consider during implementation, one of which is to determine to go straight ahead and implement, or to implement in stages. This will however depend on how quickly the organization wants to move into the new operation. Given the impact the model has on systems, processes and people as confirmed in the literature review and by the three major banks, it is recommended to implement the model in stages.

The implementation committee should consider areas where the impact and risk will be low. The researcher's recommendation will be to start with all transactional services, such as leave management and benefit management then apply a staggered approach for processes such as payroll, recruitment and performance management. To ensure the successful implementation of a shared services model, require definite buy in from top management. Alignment and integration of the model in support of the organizational strategy is crucial.

Proper planning and the establishment of an implementation committee to manage the project during the various phases is a non negotiable aspect to ensure effective implementation. The above process could be a recipe for successful implementation of a shared services model.

5.4 Theoretical Implications

In terms of further research, it could be useful to extend the research and repeat the study on smaller organizations.

A study can be conducted on the implementation of a human capital shared services model within large organization employing in excess of 5 000 employees in relation to smaller to medium sized organizations, employing less than 1 500 employees, analyzing the implementation process and well as the effectiveness of the model in relation to costs vs. benefits. The study should focus on the financial viability of the model within smaller organization in comparison to larger organizations and whether it will be feasible to implement a shared services model in smaller organizations.

It could also be of interest to establish if the same implementation process as followed in larger organizations is required for smaller organizations and whether the establishment of an implementation committee will have any impact on the effective implementation of the model. I would also like more users of the system to measure the effectiveness and see studies that can quantify the cost savings and improvements of efficiencies.

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ANNEXURE A:

INTERVIEW GUIDE USED DURING SEMI-STRUCTURED INTERVIEWS

Dear ....

I know that you are extremely busy, so thank you for opening this e-mail. My name is Karen Swart and I am the Divisional Head of Human Capital at DBSA. In order to stay abreast with the latest industry developments and theory I am currently busy with my Master of Business Administration through the University of South Africa. I am in my final year and in order to complete the degree I need to submit a research dissertation. My research topic is, “The implementation of a Human Capital Shared Services model in the South African Banking Sector”. The purpose of this research is to gather information from the three major banks that will highlight the business rationale for implementing a human capital shared services model over other business models. In addition, the study aims to determine the advantages and lessons learnt by the three major banks during their implementation processes of human capital shared services. As a key individual in this process, I would be grateful if you could share your views on the implementation of a human capital shared services model within your environment with me.

If you agree to participate, it will be appreciated if you could please afford me some time to conduct a semi –structured interview with you. The information provided by you will be treated as confidential and be collated and analyzed, and used as basis to make recommendations for the implementation of shared services as a business model. Your honest response will be treated with the strictest confidentiality and used for the purpose of the research study only. In turn, for your insight I would be happy to share the results and final report with you. Should you have any questions, that may require clarification from a higher authority, please contact Professor Mari Jansen van Rensburg, Department of Business Management at (012) 429 8357 or jvrenm@unisa.ac.za

Participation in this study is voluntary. Your reliable information and your time are valued.   Please do not hesitate to contact me on 011 313 3415 or 083 4077 357, for any clarity seeking questions that you may have.

Yours sincerely

Karen Swart
Masters Student: Unisa

Interview guide:

1. What is your current job title?
2. How long have you been in the position?
3. Why did you implement a human capital shared services model within your bank?
4. Include some probing questions to understand the role of specific influential factors.
5. Did you consider any other business models?
6. Why did you decide to implement the shared services model over other models?
7. The implementation process is crucial to ensure the successful implementation of the human capital shared services model. Can you please outline the process followed by human capital to implement the shared services model? What steps did you follow?
8. In your view, do you think the implementation of the shared services model had advantages for the bank and could you share those with me?
9. Are there any disadvantages of the model that you would like to share with me?
10. Having implemented the model, in your view which steps in the implementation process is critical?
11. Do you think the implementation of the model had an impact on staff and can you please share with me the critical issues identified?
12. In implementing the model, is there any lessons learnt you could share with me?
13. What kept you awake at night during the time you implemented the system?
14. How is the success of the service measured and communicated?

ANNEXURE B: QUESTIONNAIRES CIRCULATED TO HUMAN CAPITAL STAFF

Dear Participant,

I know that you are extremely busy, so thank you for reading this e-mail. My name is Karen Swart and I am the Divisional Head of Human Capital at DBSA. In order to stay abreast with the latest industry developments and theory I am currently busy with my Master of Business Administration through the University of South Africa. I am in my final year and in order to complete the degree I need to submit a research dissertation. My research topic is, “The implementation of a Human Capital Shared Services model in the South African Banking Sector”. The purpose of this research is to gather information from the three major banks that will highlight the business rationale for implementing a human capital shared services model over other business models. In addition, the study aims to determine the advantages and lessons learnt by the three major banks during their implementation processes of human capital shared services.

As a key individual in this process, I would be grateful if you could share your views on the implementation of a human capital shared services model within your environment with me, by completing the questionnaire below. Information gathered during the questionnaire will be used to make recommendations for the development and implementation of a human capital shared services model, with a specific application to the implementation within a finance institution.

Please email your completed questionnaire to me at KarenS@dbsa.org

Please tick the appropriate box (If filling out electronically you may write Yes or No) next to corresponding selection if easier):

Gender:

☐ Male ☐ Female

Age

☐ < 20 Years ☐ 40 – 49 Years
☐ 20 – 29 Years ☐ 50 – 59 Years
☐ 30 – 39 Years ☐ 60 and above

Length of Service with the Bank

☐ 0 - 5 Years ☐ 16 – 20 Years
☐ 6 - 10 Years ☐ More than 20 Years
☐ 11 – 15 Years

Job Level / Function

☐ Manager
☐ Specialist / Professional Staff
☐ Support Staff

Section 1:

Please indicate your level of agreement or disagreement in terms of the implementation of a human capital shared services model within your bank. The scale descriptions are provided below. If you tick a 5 it means that you strongly agree with the statement and if you tick 1 it means that you strongly disagree. The numbers in between allow you to record varying levels of agreement. Please indicate your choice by inserting an 'X' in the most relevant option box.

Strongly disagree	Disagree	Undecided	Agree	Strongly agree
1	2	3	4	5

	1	2	3	4	5
1. To cope with the constant changes in the economic environment, organizations continuously strive to implement appropriate business models. Which factors were considered to implement a human capital shared services model within your organization?					
1.1. Cost savings					
1.2. Economies of scale					
1.3. Change in business strategy					
1.4. Standardization of processes					
1.5. Improved customer services					

2. Do you think the implementation of the model had the following advantages?					
2.1. Cost Savings					
2.2. Increased efficiency and productivity					
2.3. Creating working capital improvements					
2.4. Ensuring corporate governance and professional services					
2.5. Enhancing Corporate Value					
	1	2	3	4	5
3. Do you think the implementation of the model had the following disadvantages?					
3.1. Limited career growth					
3.2. Duplication in administrative processes					
3.3. Longer turnaround times					
3.4. Inflexible to business needs					
3.5. Unclear roles and responsibilities					

Section 2:

Using your own experience please rank the following factors. The scale descriptions are provided below. If you choose 1 it means that this factor received the most consideration and if you choose 5 it means it was least considered. Please indicate your choice by inserting a ranking from 1-5 next to each factor. Please rank all factors.

1 – Most considered
5 – Least considered

1. In order of importance, rank the degree to which the factors below were addressed in the implementation of a human capital shared services model within your bank.	
	Ranking 1 - 5
Communication	
Change Management	
Buy in from top management	
Collaboration with business	
Appropriate technology	

2. In order of importance, please rank the order in which the factors below were considered by your bank when implementing a human capital shared services model	
	Ranking 1 - 5
People	
Processes and Policies	
Systems and technology	
Staff Morale	
Career growth	

3. In order of importance, please rank to what extent the following factors were considered when selecting a human capital shared services model over other models	
	Ranking 1 - 5
Adequacy of resources	
Capacity constraints	
Employee skill set	
Size of the organization	
Desire to integrate transactional processes into operations	