

SOURCING WITH SHARED SERVICE CENTRES IN THE DUTCH GOVERNMENT

Abstract Benais Ideas Bazaar: Annual PhD Students Research Symposium

*Knol, A.J., University of Groningen, P.O. Box 800, 9700 AV Groningen, the Netherlands,
arjan.knol@rug.nl*

Many shared service centres (SSCs) are being established in the Netherlands, primarily in order to save costs [11]. A SSC is a specific type of in-house sourcing arrangement potentially capable of reducing costs and improving quality through the delivery of specialised, value-added services across an entire organisation [3, 13, 14]. In the Dutch government several new SSCs are developed as part of a recently established cost saving incentive program called “compact government”.

Even though SSCs have the potential to achieve great contributions, major difficulties with this specific type of sourcing arrangement are also recognised (e.g. [1, 2, 9, 12, 13, 15]). Achieving cost-efficient and / or quality-improving operations with SSCs proves to be a complex task (e.g. [1, 2, 15]). Because of this complexity, deciding to source with SSCs is also challenging for many organisations. “The introduction of a SSC is a critical decision on a strategic level. It implies a long-term decision with significant complexity and risks.” [5].

Interestingly, the availability of literature about decision-making and SSCs is relatively limited. The dominant work in this field seems to be that of Janssen & Joha [5], who present a list of motives of organisations who decide to source with SSCs. And only one example of research about how to design solutions to support SSC decision-making is found with Janssen, Joha & Zuurmond [6], who have designed and validated simulation models for adopting SSCs. Hence, the main question of this research is: *how can complex SSC decision processes be enhanced in order to support a successful establishment of SSCs in organisations?*

A demarcation of which SSC decisions will be specifically enhanced with this research is necessary. In terms of Lee et al. [10] and Joha & Janssen [7] who have categorised SSC decision processes, this research aims to support the make-or-buy and SSC arrangement decision processes.

A decision enhancement studio is postulated to be a suitable mean to achieve the research goal to enhance the complex SSC make-or-buy and arrangement decisions. Keen & Sol [8] define a decision enhancement studio as an environment or decision-preparing platform which consists of a set of services to analyse decision alternatives and improve collaboration in complex decision processes, providing a mean for studio participants to discuss and decide on beforehand.

In summary, this research aims to enhance complex SSC make-or-buy and arrangement decision processes with the design of a *decision enhancement studio in the domain of SSCs* in the Dutch government as a postulated suitable mean. In order to design and evaluate this studio, design science of Hevner & Chatterjee [4] is used as a research approach.

At the Benais ideas bazaar I would like to present how I have created a first studio design which is based on a list of functional requirements derived from literature and an exploratory focus group. Also I would like to explain which future steps will be conducted in my design science research which are dedicated to the evaluation and refinement of the decision enhancement studio for SSCs.

References

1. Cooke, F.L. (2006). Modeling an HR Shared Services Center Experience of an MNC in the United Kingdom. *Human Resource Management*, 45 (2), p. 211-227.
2. Farndale, E., Pauwe, J., and Hoeksema, L. (2009). In-sourcing HR: Shared Service Centres in the Netherlands. *International Journal of Human Resource Management*, 20 (3), p. 544-561.
3. Grant, G., et al. (2007). Designing Governance for Shared Services Organizations in the Public Service. *Government Information Quarterly*, 24 (3), p. 522-538.
4. Hevner, A.R. and Chatterjee, S. (2010). *Design Research in Information Systems: Theory and Practice (Integrated Series in Information Systems vol. 22)*. Springer, New York Dordrecht Heidelberg London, ISBN 9781441956521.
5. Janssen, M. and Joha, A. (2006). Motives for Establishing Shared Service Centers in Public Administrations. *International Journal of Information Management*, 26 (2), p. 102-115.
6. Janssen, M., Joha, A., and Zuurmond, A. (2009). Simulation and Animation for Adopting Shared Services: Evaluating and Comparing Alternative Arrangements. *Government Information Quarterly*, 26 (1), p. 15-24.
7. Joha, A. and Janssen, M. (2010). Content Management Implemented as Shared Service: a Public Sector Case Study. *IFIP International Federation for Information Processing 2010*, p. 138-151.
8. Keen, P.G.W. and Sol, H.G. (2008). *Decision Enhancement Services: Rehearsing the Future for Decisions that Matter*. IOS Press, Delft, ISBN 9781586038373.
9. Knol, A.J. and Sol, H.G. (2011). Sourcing with Shared Service Centres: Challenges in the Dutch Government. *In Proceedings of the European Conference on Information Systems (ECIS)*.
10. Lee, J.N., et al. (2003). IT Outsourcing Evolution: Past, Present and Future. *Communications of the ACM*, 46 (5), p. 84-89.
11. Schulz, V. and Brenner, W. (2010). Characteristics of Shared Service Centers. *Transforming Government: People, Process and Policy*, 4 (3), p. 210-219.
12. Strikwerda, J. (2010). *Shared Service Centers II: van Kostenbesparing naar Waardecreatie*. Van Gorcum, Assen, ISBN 9789023246633.
13. Ulbrich, F. (2006). Improving Shared Service Implementation: Adopting Lessons from the BPR Movement. *Business Process Management Journal*, 12 (2), p. 195-205.
14. Ulrich, D. (1995). Shared Services: From Vogue to Value. *Human Resource Planning*, 18 (3), p. 12-23.
15. Wagenaar, R. (2006). Governance of Shared Service Centers in Public Administration: Dilemma's and Tradeoffs. *In Proceedings of the International Conference on Electronic Commerce (ICEC)*, p. 354-363.