



FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

DISSERTATION

This dissertation was submitted by **MANGORO GAYLORD T, CDP (R112637V)** to the Midlands State University in partial fulfillment of the requirements of the Bachelor of Commerce Accounting Honours Degree.

**RESEARCH TOPIC: APPLICABILITY OF THE SHARED SERVICES
CONCEPT IN ZIMBABWE: A CASE STUDY OF OLD MUTUAL
ZIMBABWE PLC LTD.**

November 2014

APPROVAL FORM

The undersigned certify that they have supervised the student Registration Number R112637V dissertations title, “Applicability of the Shared Services Concept in Zimbabwe: A Case Study Of Old Mutual Zimbabwe Plc Ltd.” This document is submitted in partial fulfilment for the requirements of the Bachelor of Commerce Accounting Honours Degree.

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DEDICATION

I would like to dedicate this research to my family for all their support. Special mention goes to my mother and late father who have always pushed me to be a better person. Lastly I would like to dedicate this to the lord almighty being my pillar of strength.

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ABSTRACT

Due to increased competition, the dynamic business environment and pressure by shareholders to increase their wealth management have been looking at tools of attaining this. One tool that has been adopted by most businesses globally of late is the SSC. This dissertation looks to test the applicability of this concept in relation to the Zimbabwean environment. The research was broken down into five chapters as a means to try and generate the answer to the research objective. Chapter 1 was the introduction to the research and its main emphasis was to explicitly show the research gap by analysing literature of other scholars in relation to the researcher's perceived problem. Even though most scholars agree to the notion that the SSC is a success story they are however some which are in disagreement notably Longwood and Harris (2007). However none of the literature as shown in the conceptual framework tests the applicability of the concept in different environments. After noticing this research gap based the researcher decided to test the SSC applicability in the Zimbabwean environment using OM as a case study. To enable the efficient carrying out of the research the chapter laid out the research objectives; limitations; delimitations and the underlying assumptions. Chapter 2 focused on the comprehensive literature review of the concept focusing mainly on its journey and objectives. This chapter also gave the background of the SSC and its important pillars for instance the governance framework and the SMF according to Accenture (2014). Some of the key literature findings of this chapter are that the SSC is still a new concept (Beaman, 2007 and Deloitte, Hit the road, 2011) and that cost savings is its major benefit (Deloitte, Global shared services survey, 2011 and PwC, 2012). Another key finding was that performance evaluation is a key to the effective and efficient operation of SSCs (Accenture, 2011 and PwC 2012). Chapter 3 looked at the research methodology. Methodology entails the research design and strategy to assist in the attainment of the research objectives laid out in chapter 1. It also reviewed the adopted philosophical framework, that is, the pragmatism philosophy. It is based on this philosophy the research was designed and planned. The philosophy advocates for the use of the mixed method approach which the researcher adopted. The chapter reviewed the survey (questionnaires) and interview (structured) research tools which were the primary data collection tools. The chapter also laid out the target sample and the data analysis and presentation plan. Chapter 4 looked at the actual presentation and analysis of data. Before this it looked at the analysis of the response rate which was rather high and demographics characteristics of the respondents. The key findings made by the researcher based on the research results were that; the overall performance of the SSC was above average as all the research objectives were met partially or in full; all the respondents agreed with most scholars that the major benefit of the SSC was cost savings; according to the respondents the most common complaint from the clients was that of bureaucracy and; there was a discord between management and employees on the carrying out of customer surveys which raises questions about the value the SSC places on its client's thoughts. Chapter 5 chapter looked at the overall analysis of the research. From this recommendations and conclusions to the research were extracted. One of the key recommendations was to communicate customer survey across the whole group. The conclusion generated was that indeed the SSC leads to increased efficiency, cost savings, improved customer service and value generation relative to the Zimbabwean environment.

ABBREVIATION OF TERMS

 AFA	Assistant Financial Accountant
 FA	Financial Accountant
 KPI	Key Performance Indicators
 MA	Management Accountant
 FMFA	Finance Manager Financial Accounting
 FMMA	Finance Manager Management Accounting
 PwC	Price Waterhouse Coopers
 OMSS	Old Mutual Shared Services
 OM	Old Mutual
 SMF	Service Management Framework
 SLA	Service Level Agreement
 SSC	Shared Services Concept/ Shared Services Centre
 SSCs	Shared Services Centres
 ZIMRA	Zimbabwe Revenue Authority

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CHAPTER 1: INTRODUCTION TO THE RESEARCH

1.0 INTRODUCTION

This chapter looks at the background of the study, statement of the problem, objectives for conducting the research, main research objective and sub-research objectives to assist in information gathering, significance of the study, the research delimitations, and limitations encountered in the course of the study. It also gives an account of the research design and definition of terms.

1.1 BACKROUNG OF STUDY

According to Deloitte shared services handbook (2011, p.2), *“organisations have been implementing the shared service concept since the mid-1980s, but there is still much interest in the topic”*. The shared service is relatively a new concept, originating in the late 1980s (Beaman, 2007) and roughly 15% of most shared services centres have been in operation for more than 10 years (Deloitte, Global Shared Services Survey, 2011). As managers are looking at improving business performance, the shared services concept (SSC) has been pillar to achieving this (Wagenaar, 2006). Some Zimbabwean blue chip companies have taken this concept on board notably AIG Insurance and Delta Corporation (Cacciaguidi-Fahy, 2002), as well as Old Mutual as a way of harnessing the benefits available. This is also supported by the statistic from HFS research that 59% of most organisations after a recession will opt to have an in-house SSC (Fersht et al, 2011), which can somehow explain the incorporation of Old Mutual Shared Services Pvt Ltd in 2010. The main drivers of this concept according to Bergeron (2003) are; increased efficiency, cost savings, value generation and improved service delivery for internal clients. Quinn et al (2000) defines shared services as the practice of business units, operating companies and organisations deciding to share a common set of services rather than having a series of duplicated services. Deloitte (Global Shared Services

Survey, 2011), states that most organisations have been enjoying year on year incremental value by adopting the SSC even though there has been differences in approach. This has led to the SSC being taken on board by most corporations due to its undeniable economic benefits. Deloitte (Shared services handbook, 2011) estimates that about 80% of the fortune 500 companies are using some form of shared services in their operations.

However adoption of the shared services concept does not guarantee success. Longwood and Harris (2007) suggest that the SSC success is not certain and that many organisations will fail to attain their objectives. This contradicts what the shared services concept stands for as it presents cost increases and operational inefficiencies. Deloitte (Shared services handbook, 2011) attributes this to poor planning and adoption of the shared services concept. Since most SSCs are not profit generating units but rather aim to break-even, attention by top management tend to be little as they tend to focus more on profit generating units (Mergy and Records, 2001). This lack of interest by top management is likely to lead to quality problems due to little supervision and may lead to shared services managers formulating their own set of objectives that are not in line of those of the business as a whole (Ramphal, 2013). Ramphal goes further to give poor customer service quality, technology overreliance and lack of costing systems amongst other things as disadvantages of the SSC. According to Deloitte (Global Shared Services Survey, 2011) organizations continue to downplay the critical elements to the successful adoption of SSC and some of them are rigid to learn and avoid past mistakes of others. This ultimately leads to failure of the SSC.

Deloitte (Global Shared Services Survey, 2011) suggest that the United States have the most mature shared services market of which 44% are over 10 years old. It goes on to say that the major location factor of SSCs organizations consider is labour, that is, availability, quality and language. In this research paper the researcher will try to analyse the applicability of the

SSC in the Zimbabwean environment using Old Mutual as a case study. The ethos of the research will be to check if really Old Mutual is enjoying the benefits of adopting the SSC concept or it is a fallacy in relation to the Zimbabwean business environment.

1.2 STATEMENT OF THE PROBLEM

As been highlighted before businesses adopt the shared services concept to bring about benefits of increased efficiency, cost savings, value generation and improved service delivery for internal clients (Bergeron, 2003). However Longwood and Harris (2007) argue that the SSC success is not certain and that many organisations will fail to attain their objectives. In this light the researcher will test if the SSC is really applicable in the Zimbabwean environment specifically targeting Old Mutual and if yes, to what extent.

1.3 STATEMENT OF HYPOTHESIS

One hypothesis will guide this research:

H: It is hypothesised that surely the effective adoption of the shared services concept **leads to**; increased efficiency, cost savings, value generation and improved service delivery for internal clients in organisations (Bergeron, 2003).

1.4 RESEARCH OBJECTIVES

Main objective:

- To check if the shared services concept is applicable in the Zimbabwean business environment.

Sub objectives:

- To see if really costs savings arise due to the adoption of the SSC;
- To see if really adopting the SSC creates value generation;

- To see if really improved customer service comes about by adopting the SSC and
- If the adoption of the SSC leads to increased efficiency.

1.5 DELIMITATION/SCOPE OF STUDY

- Main focus will be on the purported benefits of the SSC
- The student will only focus on Old Mutual Shared Services Pvt. Ltd. Finance department
- The focal point of the research will be at the Harare head office of Old Mutual Zimbabwe, specifically Old Mutual Shared Services (OMSS) finance department
- OMSS finance will continue offering financial services for all group companies except for the specialised divisions
- The main focus of the student will be on the post dollarization era mainly the period from 2010 to 2013

1.6 LIMITATIONS

- Access to information relevant to the research prior to dollarization will be hard since most companies discarded of it to start afresh during the post dollarization era.
- There is little literature which focuses on application of the SSC in the Zimbabwean environment
- The timeline of the research is rather short to generate comprehensive conclusions
- Some of the target research subjects might not be able to meet due to their busy work schedules

1.7 RESEARCH ASSUMPTIONS

For the period under review the following is assumed:

- Old Mutual will remain with a single SSC

- All sample subjects will be trustworthy, co-operative and of utmost integrity
- Old Mutual will remain listed on the Zimbabwe Stock Exchange
- The current multi-currency regimes will remain in use
- OMSS finance remains the sole provider of all financial services to other group companies except the specialised divisions

1.8 DEFINATION OF KEY TERMS

1. Shared services concept

Quinn et al (2000) defines shared services as the practice of business units, operating companies and organisations deciding to share a common set of services rather than having a series of duplicated services.

1.9 SIGNIFICANCE OF STUDY

To the organisation;

- This research will help Old Mutual Zimbabwe to see if they are really yielding any benefits from the adoption of the SSC, if not, decide whether they should carry on with the system or see where they can make improvements.

To other Zimbabwean organisations;

- This research will act as a guide or decision frame to other entities in Zimbabwe who intend on adopting, to see if it is a plausible route or a fallacy.

To the university;

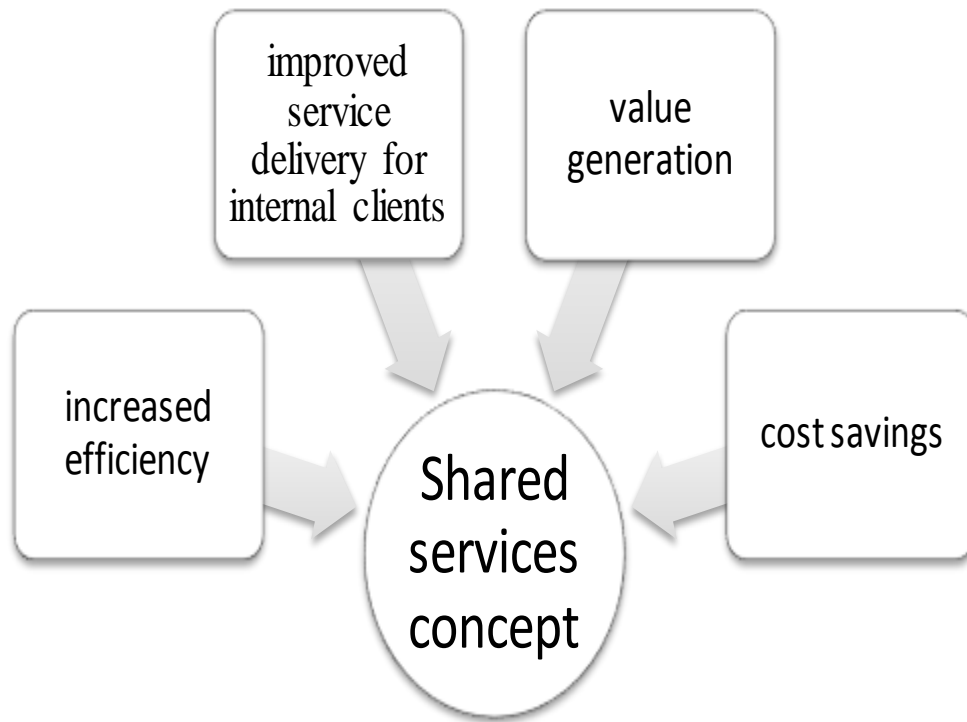
- This would go a long way to improving the universities image as an institution that not only produce theoretical scholars but those who are practical (hands on), innovative and current.

1.1.0 CONCEPTUAL FRAMEWORK

To date a considerable number of scholars have done research on the SSC. Borman (2006) has done research on SSCs looking specifically at its design and success in relation to IT. He found out that they still are mixed reactions of what to share or not, that is, the SSC approach is entity specific. Miskon (2013) also did her research on IT but looking at the higher education system of Malaysia. Ulbrich (2006) took another dimension of the SSC; his topic was looking at the implantation of the SSC relative to BPR. He concluded that even though since BPR and SSC are interrelated, as much as organisations might try to learn from past experiences it is quite hard since problems vary across entities. A recent research was done by Friebe (2013), she looked at effects of the organisational structure on SSCs. She was particularly looking at the standardisation, formalisation and control aspects of SSCs. Her results were that all these aspects were evident in entities but some customisation was needed to tailor suite the entities. Last but not least, Ramphal (2013) did a thesis on the literature review of SSCs. He found that the concept is not yet exhausted and still open to research.

All the above mentioned authors have done research on SSCs but none of them on its applicability in certain business environments. Due to differences in market conditions SSC may not be applicable to certain markets. So in this research the researcher will look at different dimensions of the SSC, that is, its applicability in Zimbabwe using a case study of Old Mutual Zimbabwe Pvt. Ltd. Bergeron (2003) stipulates the benefits of the SSC as; increased efficiency, cost savings, value generation and improved service delivery for internal clients. Bearing this in mind our conceptual framework will be based on the assumption that the implementation of the SSC leads to increased efficiency, cost savings, value generation and improved service delivery for internal clients. Fig.1 below illustrates the conceptual framework.

Figure 1:



Benefits of the shared services concept (source, own).

1.1.1 CHAPTER SUMMARY

This chapter was the introduction to the research and its main emphasis was to explicitly show the research gap by analysing literature of other scholars in relation to the researcher's perceived problem. Even though most scholars agree to the notion that the SSC is a success story they are however some which are in disagreement notably Longwood and Harris (2007). However none of the literature as shown in the conceptual framework tests the applicability of the concept in different environments. After noticing this research gap based the researcher decided to test the SSC applicability in the Zimbabwean environment using OM as a case study. To enable the efficient carrying out of the research the chapter laid out the research objectives; limitations; delimitations and the underlying assumptions. The next chapter looks at the critical literature review of this concept.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter looks at the critical literature review of SSC and its related benefits. Sections included in this chapter are; understanding what really the SSC is; benefits of the SSC and how businesses achieve them; processes that the SSC can be applied upon; disadvantages of SSCs; governance framework and the chapter summary.

2.2 UNDERSTANDING THE SSC

The shared service is relatively a new concept, originating in the late 1980s (Beaman, 2007) and Deloitte (Hit the road, 2011) states that US companies like General Electric and Baxter Healthcare were the pioneers of this concept. According to Deloitte (Global shared services survey, 2011), only about 15% of the existing SSCs have been in operation for the last 10 years. Beaman (2007) alludes to the fact that most organisations have embraced the SSC due to the massive economies of scale possible. Shared service departments have become the panacea of all sorts of organisations due to increased efficiency, professionalism and productivity of support services (Ramphal, 2013). This is supported by Cacciguidi-Fahy et al (2002) who states that one way of reducing costs and increasing efficiency is by way of moving particular functions to one central point, that is, a SSC. *“Still being a new concept, definitions in management literature differ slightly, but there is a common understanding that shared services focus on optimizing corporate resources and processes in a new organisational entity”* (Ulrich, 2006, p.196). Deloitte (Hit the road, 2011, p.5) list the following as possible characteristics of a business that would benefit by adopting it:

- *“Multiple or dispersed locations;*
- *Unnecessary local administrative presence;*

- *Non-standard processes;*
- *Duplication of work across sites;*
- *Incompatible information systems between locations;*
- *Rising support costs; Limited access to enabling technology;*
- *Sites that do not share best practices;*
- *Development of local or temporary solutions at each site and;*
- *Sites that struggle with service levels.”*

The SSC have become a topical issue amongst scholars and this is shown by the vast amount of papers that are emerging. This being the case there is no generally accepted definition (Paagman, 2012) and for the purposes of this research efforts will be made to analyse almost every possible definition available. Longwood and Harris (2007) have tried to come up with the simplest definition available, that is, “*shared services involve the aggregated provision of a business process*” (p.6). This simply means that SSC involves the consolidation of all business processes. Miskon (2013, p.277) goes on to give a detailed definition which explicitly lays out the SSC as a separate organisational unit and internal customer oriented (Paagman, 2012), she defines it as; “*the internal provisioning of services by a semi-autonomous organisational unit to multiple organisational units involving the consolidation of business functions by a sharing arrangement.*” This is also supported by Bergeron (2003, p.3), who define SSC as, “*.....a collaborative strategy in which subset of existing business functions are concentrated into a new semi-autonomous business unit that has a management structure designed to promote efficiency, value generation, cost savings and improved service for internal customers of the parent corporation.*” In a nutshell this refers to an organisational model that has one semi-autonomous entity offering services to other entities within the organisation (Miskon, 2013).

Some scholars tend to lean towards the definition of Schulz et al as the most comprehensive notably Paagman (2012) and Miskon (2013). According to Schulz et al (2010, p.9), “an SSC consolidates processes within a concern in order to reduce redundancies; it delivers support processes; it is a separate organisational unit within the group; it is aligned with external competitors; cost cutting is a major drive for implementation; it is focussed on internal customers and it is operated like a business.” They arrived at this definition after consolidating elements described in about 50% of their literature sample (Paagman, 2012 and; Proceedings of the 21st European Conference on Information Systems, p.3).

Ulbrich (2006) argues that the SSC is derived from business process re-engineering (BPR) projects and states that lessons learnt from BPR may lead to better understanding and implementation of the SSC. However Deloitte (Hit the road, 2011) identifies BPR as a subset (implementation phase) of the SSC, they mention the fact that process re-engineering is highly achievable once systems and processes are consolidated into a single location. They explain this by stating the fact that once processes are consolidated in a single location the process workflow is easily identifiable thus it is easier to pick where problems are emanating or likely to do so. According to them cost savings and increased service levels are not highly dependent on BPR but rather on consolidation of systems and services. Fig.2 below illustrates where savings are generated within the implementation of the SSC:

Figure 2:

SAVINGS	IMPLEMENTATION PHASE	EXECUTION
25%	STANDARDISE	<ol style="list-style-type: none"> 1. STANDARDISE PROCESS AND POLICIES 2. IMPLEMENT BEST PRACTICES 3. MINIMISE NUMBER OF SYSTEMS
50%	CONSOLIDATE	<ol style="list-style-type: none"> 1. CONSOLIDATE ORGANSIATION STREAMLINE 2. REDUCE PHYSICAL LOCATIONS AND HEADCOUNT
25%	REENGINEER	<ol style="list-style-type: none"> 1. ORGANISE END-TO-END PROCESSES 2. INNOVATE USES OF TECHNOLOGY 3. OUTSOURCING AND INSOURCING

Typical savings from the implementation of the SSC (excluding labour arbitrage), Source: Deloitte (Hit the road, 2011, p.79)

As you can see the consolidation implementation phase is where most savings are enjoyed, that is, 50% which is influenced by reducing staff and physical locations. Deloitte (Global Shared Services Survey, 2011) according to their survey state that cost reduction is the top motivator for businesses adopting the SSC. Besides cost reduction other drivers for the adoption of the SSC by organisations are; value generation, increased customer service and increased efficiency (Bergeron, 2003). To achieve all these perceived benefits of the SSC, Accenture (2014) stipulates that a correctly designed, implemented and managed Service Management Framework (SMF) must be adopted as early as possible. The SMF must explicitly describe the approach, responsibilities and tools used to carry out the following activities;

- *“Setting service delivery expectations for all parties, based on a clear definition of services;*
- *Defining the roles and responsibilities of both the shared services organisation and its customers;*
- *Fostering a strong working relation between the shared service organisation and the operating units;*
- *Ensuring that service targets are met or exceeded on a consistent basis;*
- *Facilitating continuous improvement in the operations of the shared services organisation”* (Accenture, 2014, p.3).

For the SMF to be strategically progressive, Whitfield (2007) states the following elements must be embraced since they are of paramount importance;

- A vision which is based on overall organisation cohesion, top management involvement, collaboration and consolidation;

- The development of the SSC on the basis of realistic benefits of collective provision and absolute resource allocation;
- Integration of services across the organisation with the ethos of sharing best practices and joint service delivery;
- Democratic accountability and transparency;
- Provision of the best working environment and retention or employment of highly skilled staff and;
- Transferral of all savings generated to frontline services and investments.

Only upon strict adherence to the above requirements will organisations enjoy the maximum fruits of the SSC (Accenture, 2014 and; Whitfield, 2007). Deloitte (Global Shared Service Survey, 2011) claim that besides costs savings organisations are now realising that they are more benefits of SSCs that outweigh it for instance better control environment, data visibility and creation of a healthier platform conducive for growth. Many authors have tried to come up benefits of the SSC but the ones given by Bergeron (2003) are the most common and summarise all those provided by others. These are; increased efficiency, cost savings, value generation and improved service delivery for internal clients. The following sections will be dedicated to explaining how these purported benefits are met.

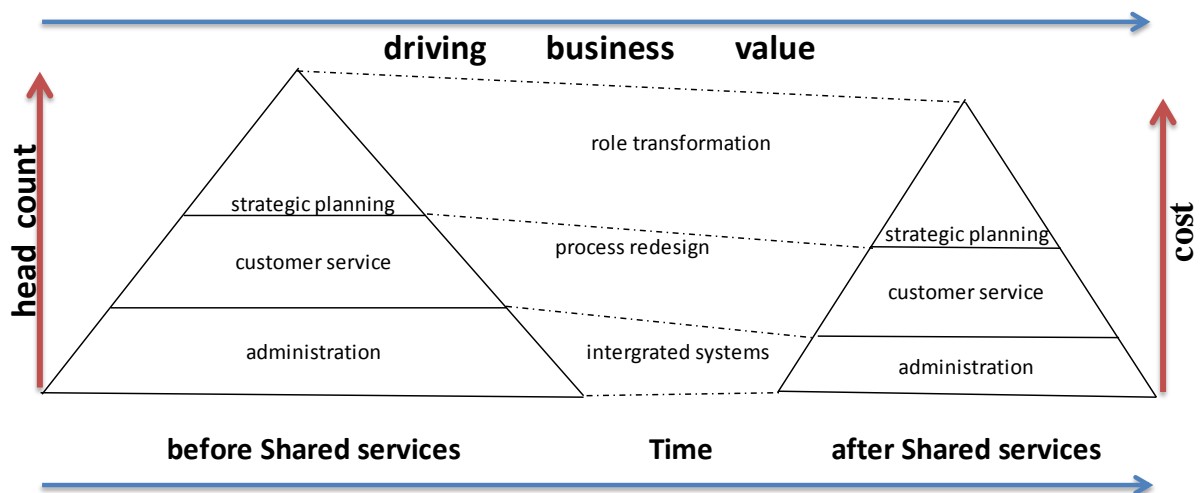
2.3 KEY MOTIVATORS OR BENEFITS OF THE SSC

2.3.1 COST SAVINGS;

Cost reduction is the top motivator for businesses adopting the SSC (Deloitte, Global Shared Services Survey, 2011; and PwC, 2012). NASPO (2007, p.5) defines cost savings as either, *“reducing the amount of a good or service used”* (via economies of scale or staff retrenchments); or *“improvements in the accuracy or completeness of a business process that generates a higher rate of recovery of funds from external organizations”* (associated with

BPR). According to Corey Kos, Enterprise Architect of the State of Alaska, they enjoyed huge costs savings through the implementation of the SSC via economies of scale and; savings in hardware and data centre space (Centre for Digital Government, 2013, p.4). Another case is provided by CIPS (2013) who cite the Chief Information Officer of the UK stating that they enjoyed huge costs savings both in the public and private sector, that is, 20% and a range between 10%-50% respectively. Evidence of savings via reduction in the amount of service required is provided Cecil (2000) who claims that Ford reduced its employees from 14,000 to 3,000 via the introduction of shared services. PwC (2012) supports this in their findings on the SSC survey of the Czech Republic and Slovakia, they report that only 12% of the existing SSCs employ over the 1,000 mark and 80% employ fewer than 500. This has led to most scholars stating reduction in staffing requirements as a key contributor to cost savings for example Van Der Linde et al (2006) who states staff reduction as the most approachable way to save costs. Fig.3 below will illustrate how this is achieved.

Figure 3:



Shared Services head count. Source: Van Der Linde et al (2006, p.180)

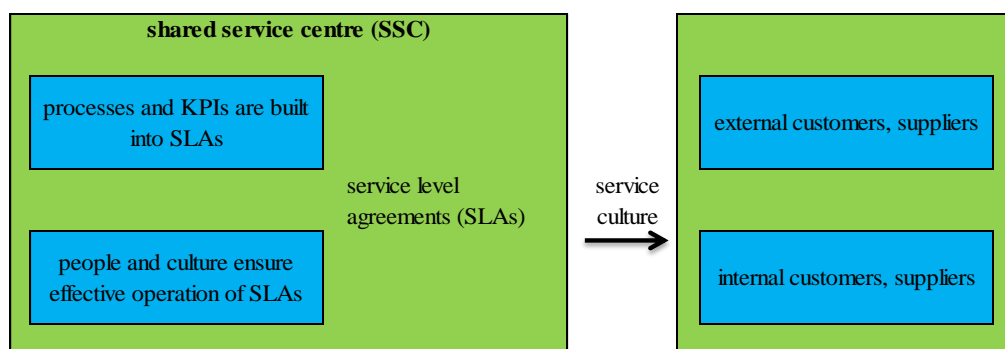
Fig.3 above shows a reduction in staff numbers and costs while driving business value via the implementation of the SSC (Van Der Linde et al, 2006). In addition costs savings are also

achieved via sharing of resources or personnel, via removal of duplicate services or functions or roles. The shared services department will employ for example a Tax specialist to service all the other units unlike having each unit hiring a separate specialist (Ulbrich, 2006).

2.3.2 INCREASED EFFICIENCY;

Increased efficiency is directly proportionate to productivity of the organisation (Accenture, 2011). This is achieved mainly via the use of key performance indicators (KPIs) as benchmarks in SSCs service delivery. For the SSCs to increase efficiency, service excellence must be of paramount importance (Accenture, 2011). They go on to say that the organisation must have an intrinsic culture of always wanting to better the service they offer to their clients. For SSCs to achieve service excellence (efficiency) they must not underestimate the role of service level agreements (SLAs) thus strict adherence to them must be upheld. Deloitte (Hit the road, 2011) defines an SLA as a document that explains the service relationship between SSCs and their clients. An SLA describes the roles and responsibilities on both sides of the transaction (Accenture, 2014, p.6). Fig.4 below briefly illustrates the role of SLAs, parties involved and the main principle guiding it, that is, service culture of the SSC.

Figure 4:



Role of SLAs. Source: Deloitte (Hit the road, 2011, p.45)

Fig.4 above is briefly explaining the relationship between the SSC and its clients. This relationship is connected via the service culture which is engrained in the SLA and the SSC. KPIs are derived from SLAs between the SSCs and its clients. Deloitte (hit the road, 2011) alludes to the fact that SLAs contain KPIs which will be used as a basis for performance or efficiency measurement. These KPIs will be in relation to these elements of service delivery; cost, time and quality. PwC (2012) go on to refine these KPI elements as follows:

1. Time.
 - It entails of meeting customer delivery and project or implementation deadlines
2. Quality.
 - This means adhering to SLA set standards or keeping clients satisfied. It also means being accurate and having no audit logs. It also includes continuous improvement initiatives.
3. Cost/efficiency.
 - That is working within the prescribed budget, meeting deadlines and having time tables etc.

So briefly for SSCs to increase efficiency they must adhere to their SLAs and aim to continuously improve their service via use of KPIs. To sum this up Deloitte (Hit the road, 2011, p.6) gives the following as elements of increased efficiency;

- *“Best practice processes;*
- *Economies of scale;*
- *Greater span of control;*
- *Lower labour costs;*
- *Get more from investments in technology;*

- *Standardisation;*
- *Re-engineering*
- *Integrated procurement and;*
- *Acquisition synergies.”*

2.3.3 INCREASED CUSTOMER SERVICE;

Customers are the life blood of the SSCs and customer satisfaction is of paramount importance to them. The level of the customer satisfaction has a direct relation to the performance and quality of service of the SSC (PwC, 2012). According to their research on the Czech Republic and Slovakia they state that most SSC, that is 50%, cater exclusively for internal clients whilst a meagre 8% on external customers (PwC, 2012). This is also evidenced in OMSS which only caters for internal clients (other group subsidiaries). Since customers are of paramount importance to SSCs, they regularly conduct customer satisfaction survey. Basing on their research PwC (2012) state that 69% of their respondents conducted a customer satisfaction survey at least once per annum. All this effort to try and gather information regarding either if or not are being serviced satisfactorily enhances SSCs to increase the level of client satisfaction. To achieve this goal of customer satisfaction SSCs besides surveys, employ customer interactive tools to keep track of how clients perceive their service delivery. PwC (2012) highlight use of helpdesks as the most common after surveys. The researcher has also had personal appreciation of the use of helpdesks. This was a common way the OMSS IT department used to keep track of and satisfy customer needs or queries.

2.3.4 VALUE GENERATION;

Fuller (2001) regards value addition as getting more from what you have invested. In accounting terms it is when revenue exceeds costs. Value generation is the critical measure

on which companies are appraised against (Hindle, 2009). This a by-product of the above 3 elements, that is, for instance costs savings have a positive impact of the organisations performance; increased efficiency aids value creation via effective use of resources either goods or services; and customer service creates value via creating brand loyalty, maintaining current customers and gaining more through increased goodwill. PwC (2012) according to their research on the Czech Republic and Slovakia, claim that most organisations perceive value generation as costs savings or any form of working capital improvement.

2.4 PROCESSES OR ACTIVITIES THAT CAN BE SHARED

Finance and Human Resources (HR) are the most shared services with 93% and 60% of the respondents alluding to this according to Deloitte (Global Shared Services Survey, 2011). Other processes that are commonly shared in organisations are ICT, Procurement, Marketing, Facilities and Legal (Accenture, 2009; CIPS, 2013; Deloitte, Hit the road, 2011; and Deloitte, Global Shared Services Survey, 2011 etc.).

2.5 PROBLEMS ASSOCIATED WITH THE SSC

Surveys have provided evidence that some corporations have failed to realise the benefits of the SSC (Deloitte, Hit the road, 2011). This is also supported by Longwood and Harris (2007) who claim that some organisations will fail to realise the benefits of implementing SSCs and Deloitte (Global Shared Services Survey, 2011) attributes this to rigidity and lack of discipline by entities to learn from and avoid mistakes of others. They go on to say that also a poor organisational culture, mainly in relation to change management, may lead to the collapse of SSCs. PwC (2012) support this fact by stating that according to their survey there is a direct correlation between change management to the successful implementation of the SSCs. Ramphal (2013) summarises the following as problems associated with SSCs;

- Most SSCs do not operate as profit generating entities rather aim to break-even thus top management pay little attention to them;
- Since most SSCs service internal clients there is lack of focus improvement rather they settle on provision of satisfactory services;
- SSCs depend much on the use of technology which is rather expensive to invest in;
- Lack of recognition of SSCs as a strategic arm of the business and;
- Resistance of change by employees etc.

Another disadvantage according to Ruggini (2006) cited in Borman (2006) is that of lack of autonomy to other business units as the SSC assumes control over key business functions and processes. PwC (2012) states the following as disadvantages of SSCs, bureaucracy; unfavourable labour legislation with regards to employee contract termination; limited availability of skilled workforce; deficient government support; and limited offer of location incentives.

2.6 GOVERNANCE FRAMEWORK

This entails of tools used to manage relations between SSCs and their stakeholders (Deloitte, Hit the road, 2011). Centre for Digital Government (2013, p.7) states that a strong governance framework must encompass user-departments and SLAs. Ernst and Young (2013) take this further by stating that a clear segregation of roles and responsibilities between the SSC and its clients is a requirement for a good governance framework. In summary an effective governance framework includes the following;

- Clear accountability for each party;
- Outlines various ways of communication between the parties;
- Ensures alignment of the strategies and goals of both parties;

- Integrates with the SMF and;
- Is backed by a fully fleshed control system and tools (Deloitte, Hit the road, 2011).

Accenture (2014) provides the following as the objectives of a good governance framework;

- Allowance of a productive partnership between the SSC and its clients;
- Benchmarking and customer feedback purposes;
- To establish a sense of confidence fostered in accountability and service oriented focus and;
- Ensuring organisational cohesion and common goal approach etc.

In summary a good governance structure must be balance between the SSC and its clients and above all be able to foster a long term mutually beneficial relationship between the parties.

2.7 CHAPTER SUMMARY

After generating the research gap, the statement of the problem and coming up with the research objectives in chapter 1. This chapter focused on the comprehensive literature review of the concept focusing mainly on its journey and objectives. This chapter also gave the background of the SSC and its important pillars for instance the governance framework and the SMF according to Accenture (2014). Some of the key literature findings of this chapter are that the SSC is still a new concept (Beaman, 2007 and Deloitte, Hit the road, 2011) and that cost savings is its major benefit (Deloitte, Global shared services survey, 2011 and PwC, 2012). Another key finding was that performance evaluation is a key to the effective and efficient operation of SSCs (Accenture, 2011 and PwC 2012). The next chapter will be on the research methodology.

CHAPTER 3: METHODOLOGY

3.1 INTRODUCTION

The thrust of this chapter is to describe the methodology in detail. The following definitions of methodology are given;

“.....refers to the principles and ideas on which researchers base their procedures and strategies (methods)” (Holloway and Wheeler, 2002) and;

“.....is an account of social reality or some components of it that extends than what has been empirically investigated” (Hesse-Biber and Leavy, 2006).

In short methodology entails of the research design and strategy. The main emphasis of this chapter will be on how to answer the research problem as stated in chapter one, that is, is the SSC really applicable in the Zimbabwean environment using Old Mutual as a case study? To achieve this goal the following section will be included in this chapter; research design; the study sample and research methods; and the data analysis plan.

3.2 RESEARCH DESIGN AND JUSTIFICATION

3.2.1 Introduction to design and the adopted framework;

Research design is defined as a *“plan or proposal to conduct research”* (Creswell, 2003). This plan is refined into detailed methods of data collection and analysis. This research design will be based on the Pragmatist philosophical framework. The Concise Oxford dictionary (10th ed.) defines pragmatism as an approach that evaluates theories or beliefs in terms of the success of their practical application. Pragmatism as a paradigm is derived from current actions, consequences and situations (Creswell, 2003). He goes on to say that it is not based on *what was* but rather *what is*. This framework is problem oriented thus every

research method that is adopted must be able to assist in the understanding and answering of the research problem. In this light pragmatism is therefore not confined to a particular research method thus most scholars who use this framework adopt the mixed method research design. Creswell defines mixed methods research approach as a design that consolidates both qualitative and quantitative research forms. This therefore provides synergy and the output of the research is stronger in comparison of using a singular method. Creswell states the following as characteristics of pragmatism;

- It is liberal, that is, it does not limit one to one philosophy or research method;
- It gives the researchers an increased array of choice might it be on either methods, techniques or procedures that best suits their research;
- Research is based on what is not what was;
- The research design is research problem oriented and;
- Use of mixed methods opens doors of endless possibilities for the researcher etc.

3.2.2 Justification of design;

As already alluded to, the main objective of this research is to test the applicability of the SSC in Zimbabwe using Old Mutual as a case study. Most scholars agree that SSCs there is a conventional way of measuring the SSCs applicability, that is, via checking the attainment of the purported benefits by use of KPIs (engrained in the SLA). Even though this is the case the researcher has decided not to adopt the other philosophical frameworks of particular mention the Positivist paradigm. The positivist paradigm is rather narrow in scope (uses only the quantitative research methods) and is based on theory alone (Creswell, 2003). Since the researcher's goal is to test the applicability of a concept this paradigm he feels will not led to comprehensive results due to its characteristics.

Bearing this in mind the researcher feels that adoption of the pragmatist paradigm will best suit his research since it has a broader scope (uses the mixed method approach), is problem oriented and real-world practice centred (Creswell, 2003). The researcher feels this will help in attaining the objectives of the research and provide comprehensive results.

3.2.3 Research approach (procedures);

As already stated the mixed method research approach will be used for the purposes of this research. As a research strategy, the researcher will adopt the Concurrent mixed method procedure. This entails of simultaneously using both qualitative and quantitative methods to gather data then consolidate it to generate results (Creswell, 2003). The research will be conducted in a two phase approach, that is, phase one includes conducting of a general survey via use of questionnaires and; phase two will include both open- and closed-ended interviews with key personnel.

3.2.3.1 Survey;

Schueren (2004, p.9) describes surveying as a method of data collection from a sample of individuals. Another definition is given by Leuw et al (2008) who describe it as a research strategy in which quantitative information is systematically gathered from a reasonably large sample drawn from a target population. The quality of the survey is dependent on sample size (Schueren, 2004). Leuw et al (2008) defines quality as fitness for use, this therefore means that the survey strategy must be designed in a way to get the best possible results out of the target population.

The research instrument that will be used to carry out surveying for the purposes of this research is a questionnaire. According to Check and Schutt (2012) a questionnaire is a tool containing the questions in a self-conducted survey. Rowley (2004) defines a questionnaire as document containing a series of closed and open ended questions targeted at a certain

population sample (respondents) to get answers of their opinion to a particular issue or topic. The main advantage of the questionnaire is its scope, that is, it enables one to reach a big population (Rowley, 2004). There are various ways to deduce a sample from a target population. For the purposes of this research the researcher will adopt the Purposive sampling type. Rowley defines it as “handpicking” or choosing a specific population sample as a way of gathering accurate valuable information. This in the researchers mind will go a long way in ensuring the validity of the results. Mora (2011) lists the following as elements of validity;

- Content validity, that is, is the questionnaire representative of the research objectives (questions) and not out of context;
- Internal validity, that is, if really the questionnaire answers really explain the purported outcome and;
- External validity, that is, if the results obtained via the questionnaires can be generalized towards other areas.

Mora goes on to define reliability as the consistent of measurement, that is, if the questions asked in the questionnaire are able to provoke similar responses. The researcher will use the questionnaire with consistent mostly closed end questions to ensure reliability of results. Refer to Appendix 1 to see the questionnaire was used for this research.

3.2.3.2 Interviews;

They are the most common tool for qualitative data collection (Dumay, 2011 and; Creswell, 2003). The following are the considerations one has to make when designing an interview;

- Who to interview?
- How many interviewees will be required?
- What type of interview to conduct?

- How the interview data will be analysed? (Doyle, 2004).

The researcher will adopt the Neopositivist theoretical perspective of interviewing. Dumay (2011) refers to the neopositivist view as the study of facts with objectivity and without bias. The structured type of interviewing will be adopted as a research tool. Structured interviewing entails of asking a series of predetermined questions, allowing a precise and concise number of response categories. Refer to appendix 2 for to see the interview questions were asked for this research.

3.3 TARGET POPULATION AND RESPONDENTS

The researcher will target the OMSS finance department, the largest OMSS department, as his research population or sample. OMSS finance department has roughly 32 employees, of these 8 hold managerial posts and the rest are non-managerial. Below is a description of how the sample size will be for the chosen research methods.

3.3.1 Surveying;

As already alluded by the researcher questionnaires will be used as a primary research tool for carrying out the survey. For sampling purposes the Purposive sampling strategy will be adopted. The sample size for this research method will be all non-managerial staff which will leave us at 24.

3.3.2 Interviews;

This is the second tool the research will use in this research. The researcher will adopt the structured interviewing strategy. The sample size of this method will be only managerial staff, that is, 8.

The total sample for the research will therefore be 32 in total.

3.4 DATA PRESENTATION AND ANALYSIS PLAN

3.4.1 Data presentation;

The researcher will resolve to the following techniques of data presentation;

i. Diagrammatic presentation.

This has a better visual impact (Alabi, 2012, p.2). For the purposes of this research the researcher will use both bar charts and pie charts. Alabi describes bar charts as rectangular bars drawn such that the height is equal to the results frequency and pie charts as circular presentations divided into segments proportionate to the data (p.4-5).

ii. Tabulation;

This involves summarising data in a tabular format. Alabi (p.1) claims that tabulation enables easy comparison of data amongst classes and is less monotonous than narrative presentations.

3.4.2 Data analysis;

According to Statistics Canada (2009, 5th Ed.) data analysis is the, *“process of transforming raw data into usable information, often presented in the form of a published analytical article, in order to add value to the statistical output.”* Alabi (p.7) states the following as methods of data analysis; the percentage; the arithmetic mean; the mode; the mean and; rank ordering. For the purpose of this research the researcher will use the percentage and rank ordering analytical methods.

The researcher will also use the chi-squared test to test his hypothesis. This chi-squared is used to test if there are any differences between the observed and expected frequencies.

3.5 CHAPTER SUMMARY

This chapter looked at the research methodology. Methodology entails the research design and strategy to assist in the attainment of the research objectives laid out in chapter 1. It also reviewed the adopted philosophical framework, that is, the pragmatism philosophy. It is based on this philosophy the research was designed and planned. The philosophy advocates for the use of the mixed method approach which the researcher adopted. The chapter reviewed the survey (questionnaires) and interview (structured) research tools which were the primary data collection tools. The chapter also laid out the target sample and the data analysis and presentation plan. The next chapter will delve into the actual presentation and analysis of data.

CHAPTER 4: DATA ANALYSIS AND PRESENTATION

4.1 INTRODUCTION

This chapter looks at the analysis and presentation of data as a way to try and answer the research objectives stated in chapter 1. As already alluded to the mixed method research approach was used in this research. This chapter will look at presenting the findings gathered using the aforementioned research design. Sections included in this chapter are; response rate; demographic characteristics of the respondents; findings (results), discussion (overall analysis) and the chapter summary.

4.2 RESPONSE RATE

The researcher used questionnaires and interviews as his research tools. Out of the 24 questionnaires distributed only 17 were responded to. This represents a 71% response rate; this was mainly due to the fact that some of the sample subjects were given study leave to study for their professional qualifications thus the researcher could not reach them. Even though the researcher was targeting a 100% rate he is more than satisfied with the response he got.

The researcher had planned 8 interviews with management. However due to other work commitments he managed to meet with 5 of them. This represents a 63% response rate. Even though the researcher did not meet with all the management he was pleased with the level of courtesy he was extended by the interviewees. He feels the information gathered will go a long way in producing comprehensive results for the research.

4.3 DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

Simon (2006) recommends that any given information pertaining demographics must be summarised in a table (cited in Blum, 2006 and; Milford, 2013). The researcher for this particular research has included gender, age and qualifications as key demographic information. Males represent the majority representing about 60% of the total respondents (sample). The sample is also evident of youthful employees as only 2 out of the 22 respondents are over the age of 35 years. About 73% of the respondents hold post-graduate degrees of which 36% of these are working towards a professional qualification or have already attained one. This is highly evident of a competent skilled workforce. All of the undergraduate employees are students on work related learning. Fig.5 below is a summary of the demographic findings.

Figure 5:

VARIABLE		MALE		FEMALE		TOTAL
		Non-managerial	Managerial	Non-managerial	Managerial	
Gender	respondents	10	3	7	2	22
	percentage	45.45%	13.64%	31.82%	9.09%	100.00%
Age	20-25	2	0	4	0	6
	percentage	33.33%	0.00%	66.67%	0.00%	100.00%
	25-35	6	3	3	2	14
	percentage	42.86%	21.43%	21.43%	14.29%	100.00%
	35-45	2	0	0	0	2
	percentage	100.00%	0.00%	0.00%	0.00%	100.00%
Qualifications	Under graduate	2	0	4	0	6
	Post graduate	8	3	3	2	16
	Professional course-full or part (ACCA or CTA)	2	3	1	2	8
	Percentage of post grad people					72.73%
Percentage of people doing or with a professional course					36%	
Percentage of under grads					27.27%	

Demographics of respondents: source own

4.4 FINDINGS (RESULTS)

4.4.1 Presentation of surveying (questionnaire) results

The results will be presented on a systematic basis using the sequence of the questionnaire questions (refer to appendix 1). As already stated in chapter 3 the data will be presented using bar graphs and pie charts. The researcher will just add a little narration to illuminate the illustrations.



Figure 6: Time employed at OMSS

Out of the 17 respondents 9 had worked for more than 3 years; 6 for a year of less and; 3 between 1 and 2 years. This represents a possible yearly staff turnover of 35%. However most of the turnover is representative of students on work related learning. They also appears to be a balance between staff turnover and keeping staff as 47% of the respondents claim to have worked for 3 or more years.

Q 2. How many entities do you personally administer under OMSS?

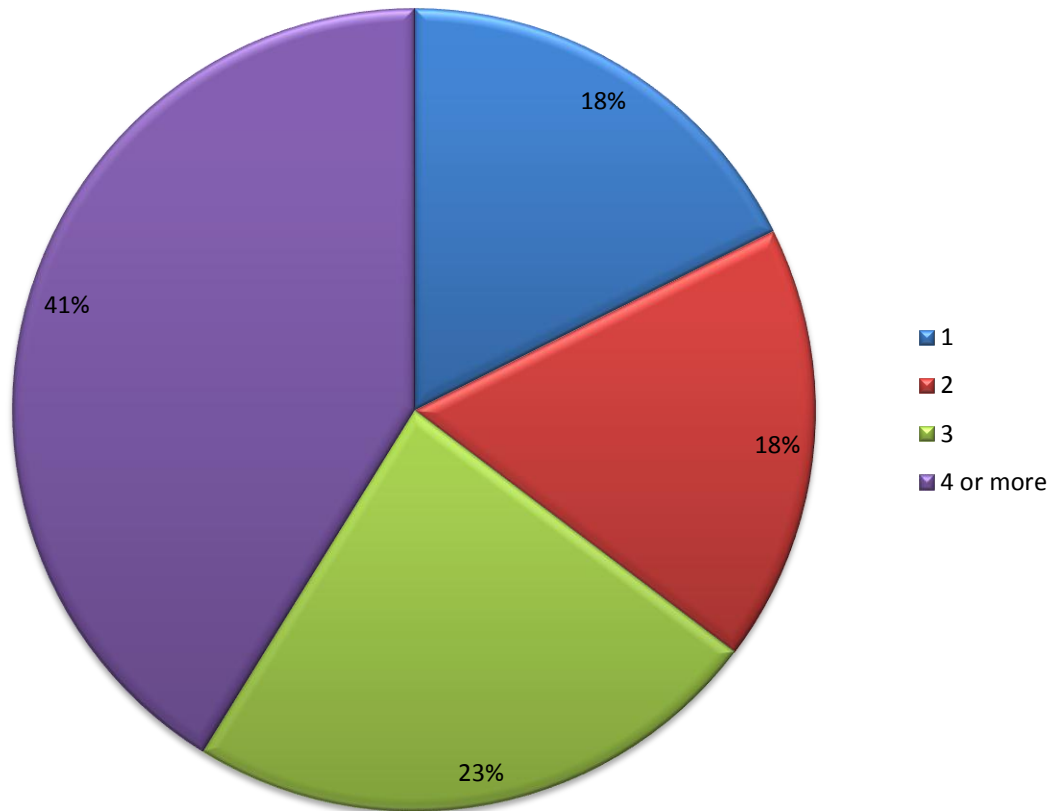


Figure 7: Entities administered by a single employee

As shown by Fig. 6 above 41% of the respondents administer 4 or more companies, whilst another 41% administer 2 to 3 companies and a meagre 18% administer a single company. This according to the respondents is mainly due to centralisation of functions, specialisation of roles and computerisation. Some authors for example Cecil (2000) and PwC (2012) claim staff reductions as one of the key areas that define the SSCs as a paramount cost cutting tool.

Q 3. In your own perspective what is the major benefit of OMMS?

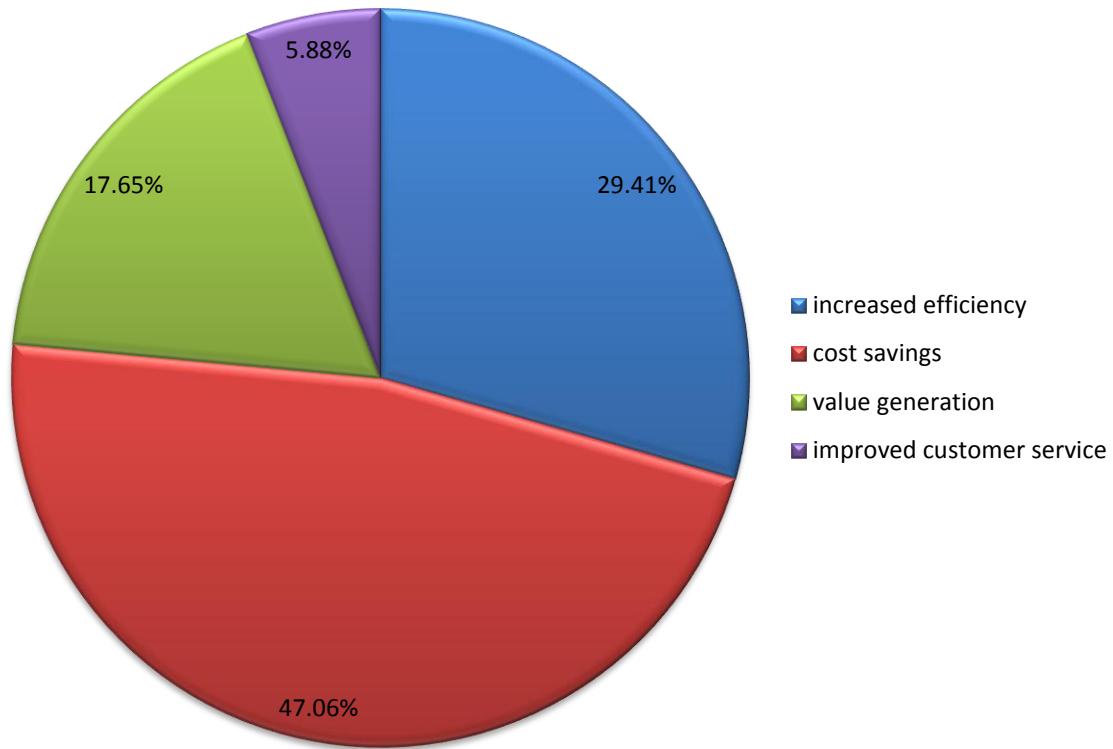


Figure 8: Major benefit of OMSS

47% of the respondents highlighted costs savings as the major benefit of the SSC. Increased efficiency was second in position with 29% followed by value generation and improved customer service with 18% and 6% respectively. This goes on to support the assertion by most authoritative sources that cost savings is the key benefit of the SSC (Deloitte, Global Shared Services Survey, 2011; and PwC, 2012).

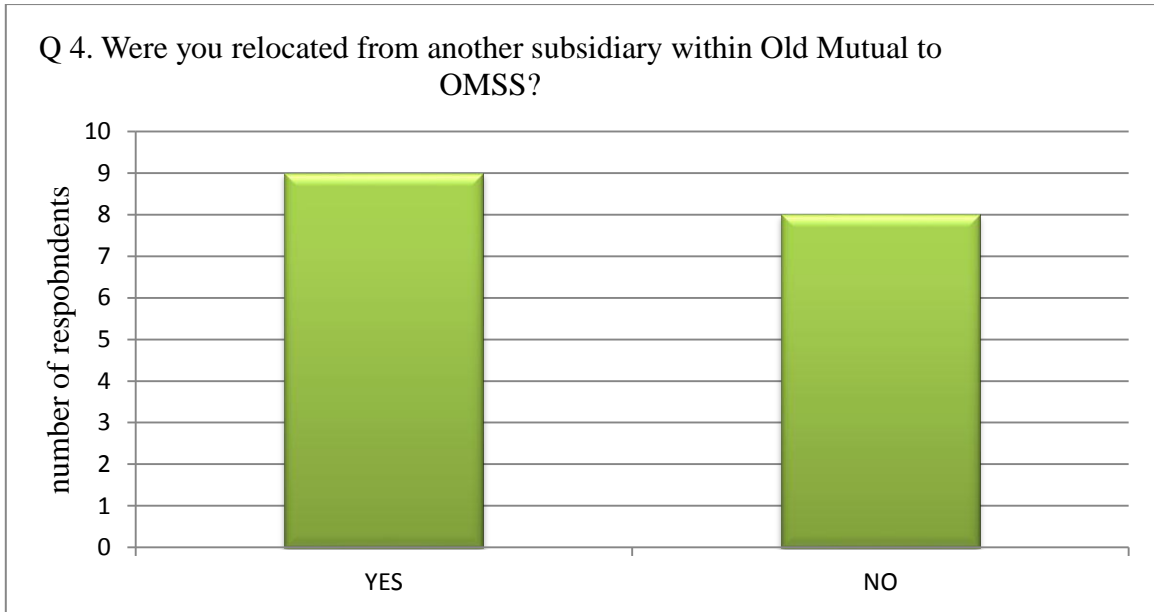


Figure 9: Internal transfers or external recruits

There appears to be a balance on the recruitment policy of the OMSS. Out of the 17 respondents, 9 were relocated from other subsidiaries within OM and 8 were fresh recruits. The reason behind this mostly is to get the best manpower available to fit the related roles.

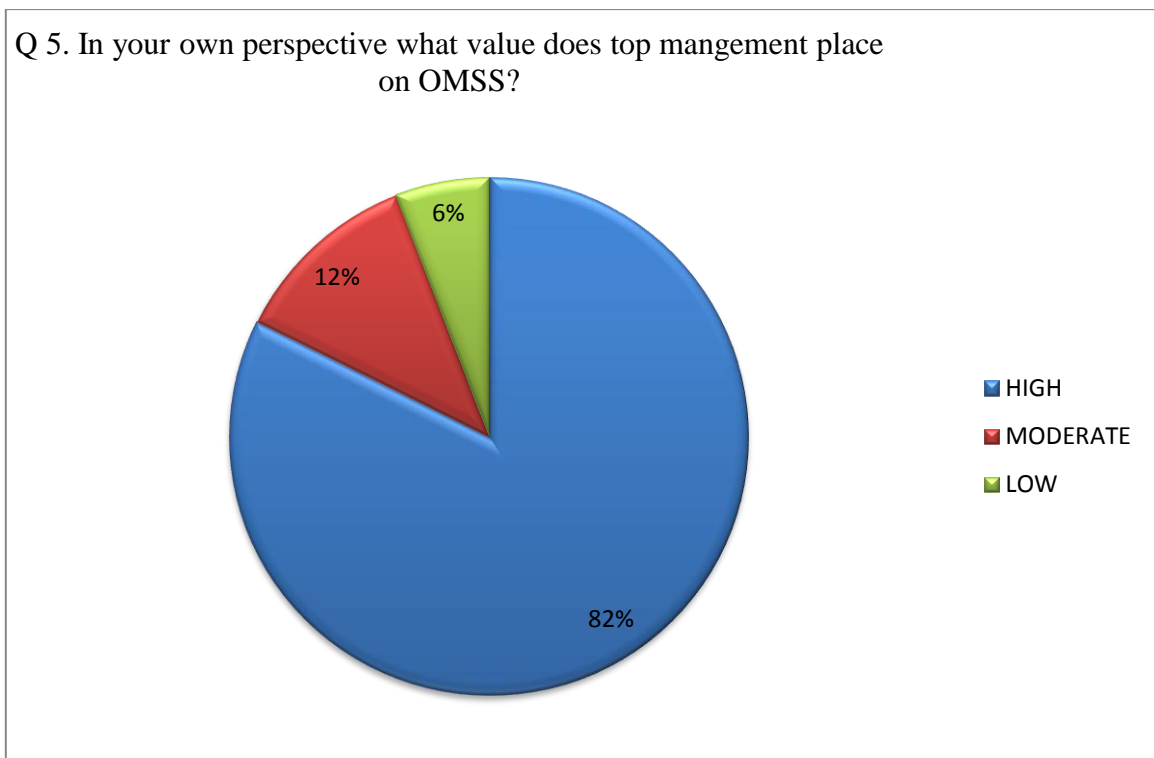


Figure 10: Value placed on OMSS by top management

A huge percentage of the respondents (82%) claimed that top management place value on the SSC (OMSS). This was also evidenced by the researcher's observations; he noted that two

executives (the Finance and Managing directors) had direct control over OMSS. This involvement of board members (directors) in the governing of OMSS shows the level of importance placed on it by the top executives.

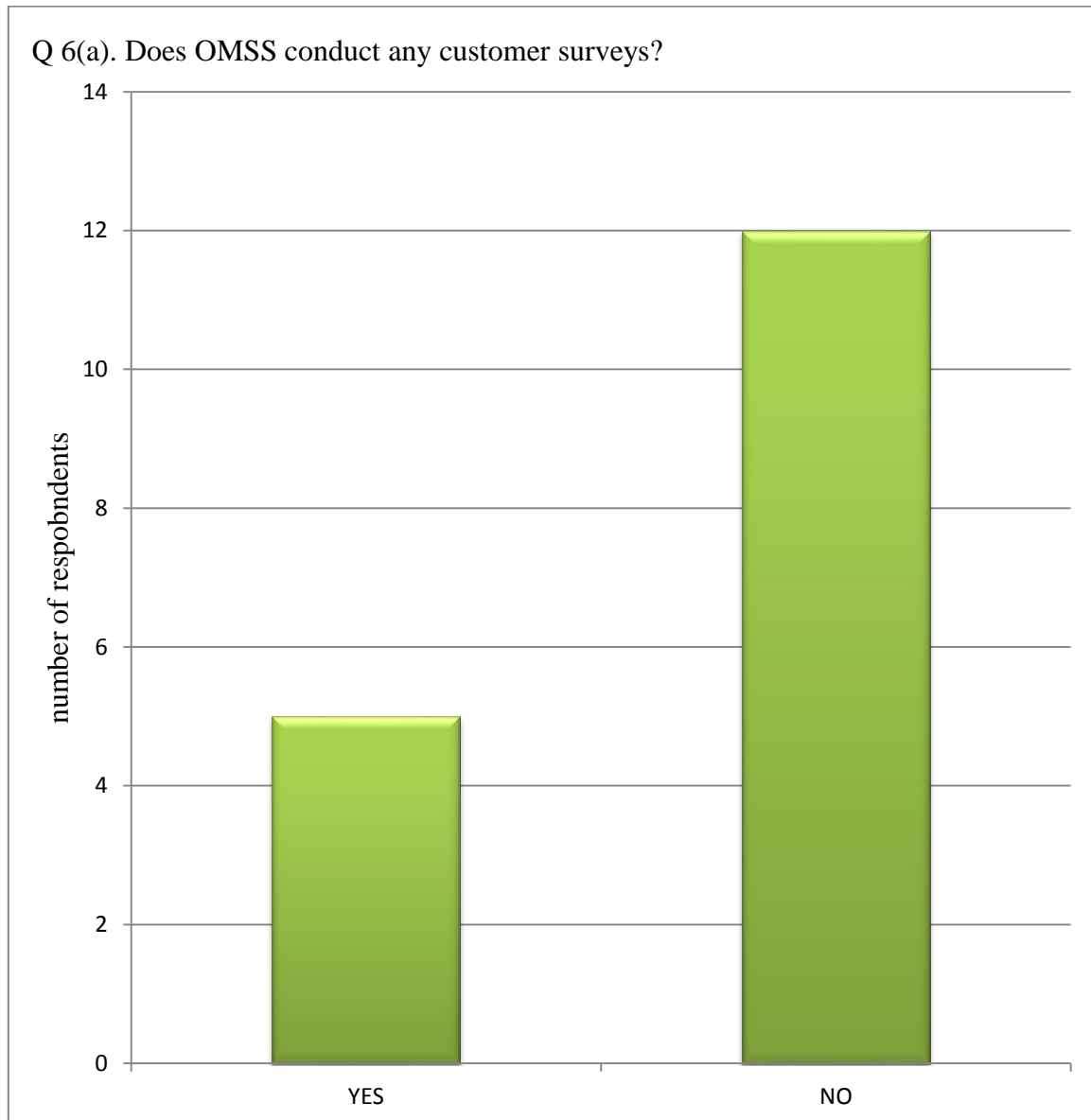


Figure 11: Customer surveys

A huge population of the respondents did not appear to be in the knowhow if OMSS conducted any customer surveys or not. Only 5 of the respondents responded yes whilst the bulk of them responded no, that is, 12. This might be due to lack of communication by management or maybe ignorance of the employees or that the surveys are outsourced.

Q 6(b). If yes what is the general feeling?

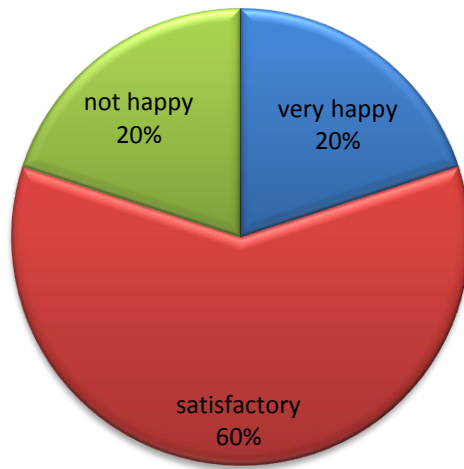


Figure 12: Feelings of customers based on surveys

Of the 5 that responded yes to OMSS conducting customer surveys, 60% stated that most the customers were satisfied by the service offered; 20% stated that the clients were very happy and another 20% stated that the customers were not happy. The researched observed that most of the respondents who said that OMSS carried out customer surveys were senior employees, that is, they had more than 3 years' experience working in OMSS.

Q 9. What is the general group feeling towards OMSS?

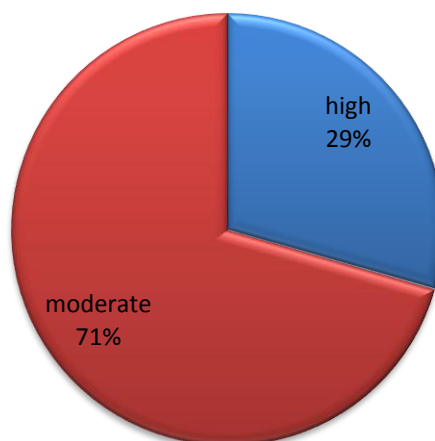


Figure 13: Group feelings towards OMSS

71% of the respondents stated that the general group feeling (clients) towards OMSS was rather contentious (moderate). They claimed that the other clients were content by the services they are being offered. The other 29% claimed that the other group companies were ecstatic about OMSS services.

Q 10. Does management carry out individual performance measurement to ensure objective are met in OMSS?																		
																	Total	
Respondents #	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Choices:	yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	17
	no																	0

Table 14: Individual performance measurement

There was an overwhelming yes response (100%) to the question if management carried individual performance measurement. The tool that they used according to the responses was the balanced scorecard or performance contracts.

4.4.2 Presentation of interview results

Q1. How long have you been with OMSS and what is your positions title? Who do you report to?

Interviewees	Position title	Time at OMSS	Superior/ reporting head
1	Management accountant (MA)	2 years	FMMA or AGM
2	Ass. Financial accountant (AFA)	3 years	Financial accountant
3	Financial accountant (FA)	5 years	FMFA or AGM
4	Finance Manager Financial accounting (FMFA)	5 years	Assistant general manager (AGM)
5	Finance Manager Management accounting (FMMA)	5 years	Assistant general manager (AGM)

Table 15: Time with OMSS, title and reporting structure

From the table (Fig.15) above most of the senior managers in OMSS have been working there since its incorporation in 2010. The superior in OMSS is the AGM who

reports directly to the group finance director and group managing director. The reporting structure of OMSS is rather short and allows for bypasses of certain levels to reach the AGM to minimise bureaucracy.

Q2. How long has OMSS been operating? And how has been the journey?

All the five management respondents agree to the fact that OMSS has been in operation for five years. All the managers agree to the notion that at the beginning OMSS was tough to run. The AFA accountant states that, “.....it was a tough journey at the beginning especially the setting up of structures, skewed resources due to the then economic conditions and the long working hours endured.” He however reiterates that things have gotten better and OMSS is enjoying stability. The MA comments on the journey as both hilarious and stressful. He comments that OMSS was just once a cost centre aimed at minimising the group’s costs but as of late regulators have taken a huge interest in its operations for instance ZIMRA and IPEC. This is mainly due the complexity of OMSSs operations, that is, it offers the groups insurance, custodial and securities subsidiaries services and it is neither of these he explains. Due to this he says regulators feel that these other subsidiaries are using OMSS as a cost haven, thus OMSS has been required to be a profit making entity. According to the FC even though OMSS has had its complexities it is a promising venture and the future is bright. Fig.16 below summarises key management responses on how OMSSs journey has been to date.

Interviewee	Management Title	Response
1	MA	<i>“...journey has been both hilarious and stressful, lots of interactions with regulators.”</i>
2	AFA	<i>“....tough journey at the beginning especially setting up of</i>

		<i>structures, skewed resources and long working hours.”</i>
3	FA	<i>“It has been a journey characterised with both good results and bad ones. However it has been worthwhile and the group’s results have improved due OMSSs presence.”</i>
4	FMFA	<i>“...what OMSS stands for is shown on the financial performance of the group since its incorporation which is rather positive. Some entities across the group however at first did not take losing autonomy to OMSS lightly but after noticing the positive group performance they are lightening up.”</i>
5	FMMA	<i>“...I am happy to say that the primary purpose of setting OMSS was to minimise the overall group’s costs, in that regards I’m happy to note that we have been successful. The only problem area we have is complaints from some entities that our fees are too high, which in my own view is a layman’s point of view which is rather centric not group oriented.”</i>

Table 16: Years OMSS has been operating and the journey

Q3. Does OMSS have both a Governance framework and Service management framework?

All the managers (respondents) agree that OMSS has a set Governance framework which is managed by the groups risk department. Even though Zimbabwe does not have a set corporate governance framework, OMSS adopt the King 3 governance framework which is used by Old Mutual South Africa (OMSA). The MA states that OMSS uses roughly 82 governance frameworks managed by the group risk department. However management states that they do not make use of the service management framework (SMF) rather they use SLAs only.

Q4. Does OMSS sign SLAs with is clients? If yes what are the primary inclusions?

All the management respondents said yes OMSS signs SLAs with its clients. The following summarise the common primary inclusions cited by management:

- What is expected from both ends, that is, for example; exceptional service delivery by OMSS, prompt payment from the client etc. And;
- The declaration that OMSS will be compliant with regulations.

Q5. In your own perspective, where has OMSS made the most impact in the group?

Interviewee	Title	Response
1	MA	Cost reduction e.g. use of one Finance director for all group subsidiaries.
2	AFA	Cost reduction e.g. via harmonisation of roles and functions; economies of scale; reduction of duplicate roles and synergy.
3	FA	Cost reduction via the centralisation of functions and roles.
4	FMFA	Cost reduction
5	FMMA	It created synergies leading to economies of scale and removal of duplicate functions (cost reduction/value generation)

Table 17: Major impact of OMSS on the group

From the table above it can be noted that all the management is in agreement that costs reduction is the major benefit of OMSS. This is supported by both Deloitte (Global Shared Services Survey, 2011) and PwC (2012) in their respective surveys.

Q6. How do you describe the groups change management policy towards OMSS?

All the management agreed to the fact that OM as a group has an adaptive change management policy to both skill and environment. The FA said this about the change management process during OMSSs incorporation, “.....it was ideal, closely monitored, well communicated and retrenchment was optional, that is, the employees chose to either take the package and leave or continue working for OM.” This he explains did not create any bad taste between the employees and the group as everyone feels it was fairly done.

Q7. What is the general feeling of other subsidiaries (clients) towards OMSS? Do you conduct any customer surveys?

All the respondents (managers) said that there was mixed feelings on the operation of OMSS by other subsidiaries. The FMFA had this to say, “.....mixed feelings really, other entities have not embraced our presence due to loss of autonomy and bureaucracy they feel. However most managing directors after noting OMSS positive contributions especially cost wise have embraced us and are now seeing us as a partner not an obstacle or competitor.” This also seconded by the MA who says, “.....it depends on the level of knowledge, some feel that our fees are expensive which in my view represents the thought of a layman. We meet about 80% of our SLA targets and genuinely most of the entities are happy and especially the companies governance structure.” Putting into perspective all the respondents feel other entities are warming up to OMSSs existence after gaining knowledge about how it is positively contributing to both them and the group as a whole.

All the respondents said yes, OMSS conduct customer surveys and listed the following as they do so;

- Customer matrix;

- Feedback platforms e.g. emails, helpdesk etc. and;
- SLA ratings

Q8. Is OMSS a profit generating entity? How do you measure your performance?

The respondents all said that OMSS was not a profit generating entity rather its aim was to break even. The reason for breaking even was offer services to group companies at the lowest transfer price possible according to the respondents (performance leverage). However due to the interest regulators were taking, the FMMA and the MA said that OMSS was going to change into a profit generating entity.

FMFA and FA have supported the notion that OMSS has been making losses since inception not breaking even as it should. Putting this into context the performance measurement of OMSS has been on a continuous improvement basis, that is, the better the deviation from zero is the greater the performance and vice versa. This also meant that the loss has to be reduces yearly for performance to be considered satisfactory. They are also non-financial basis which management said they used to measure the SSCs performance notably SLA rating. This however takes precedence before the financial performance as OMSS performance is “service related” not “performance related.”

Q9. Putting it into perspective has OMSS been a success? And what does the future hold for OMSS?

Based on the respondent’s responses they said yes OMSS is a success. Most of them agree that the success story is based the cost savings achieved since its incorporation.

The MA said that on a scale of 1-10 he would give OMSS a 7. He felt much of its

success has been thwarted by the unpredictable economic environment which has made planning and budgeting in particular hard. The FA said that he felt OMSS has been a success however it was still work in progress as still much benefits are yet to be realised from it.

The notion the future is bright for OMSS was on every respondents tongue and they all hoped that the current economic environment would prevail and even get better.

4.4.3 Hypothesis testing

Based on the observations of the research, it shows that there is a high probability of the SSC being successful. Due to this reason the probability is set at 0.05 or 5% to see if this is really true, it is summarised as follows;

$$P = 0.05$$

NB: Yates correction will be used since the data under consideration is small, that is, the required desideratum is at least 5 observations per cell (McCreery, 2007).

Calculations;

i. Observation frequency;

Variables	Yes	No	Total
In Efficiency	4.00	1.00	5.00
Cost savings	8.00	-	8.00
Value generation	3.00	-	3.00
Improved customer service	1.00	-	1.00
Total	16.00	1.00	17.00

Table 18: observation frequency

ii. Expected frequency;

Variables	Yes	No	Total
In Efficiency	5.31	0.29	5.61
Cost savings	7.53	0.47	8.00
Value generation	2.82	0.18	3.00
Improved customer service	0.94	0.06	1.00
Total	16.61	1.00	17.61

Table 19: expected frequency

iii. Degree of freedom;

Formula = $(nR-1)*(nC-1)$ where;

nC = number of columns and;

nR = number of rows.

Therefore degree of freedom equals;

$$(2-1)*(4-1) = \underline{3}$$

Thus the critical point is 7.815 (refer to the X^2 critical values distribution table: appendix 3).

iv. Calculation of the X^2 ;

Formula = $X^2 = \sum \frac{(O-E)^2}{E}$ where;

O = observed frequency and;

E = expected frequency

Therefore X^2 equals;

O	E	O-E	(O-E) ²	(O-E) ² /E
4.00	5.31	(1.81)	3.29	0.62
1.00	0.29	0.21	0.04	0.14
8.00	7.53	(0.03)	0.00	0.00
-	0.47	(0.97)	0.94	2.00
3.00	2.82	(0.32)	0.10	0.04
-	0.18	(0.68)	0.46	2.59
1.00	0.94	(0.44)	0.19	0.21
-	0.06	(0.56)	0.31	5.31
Total	17.00	17.61	(4.61)	5.34

Table 20: chi-squared calculation

Thus $X^2 = \underline{10.91}$

Therefore we accept the hypothesis since X^2 is greater than the critical point.

Summarised as follows;

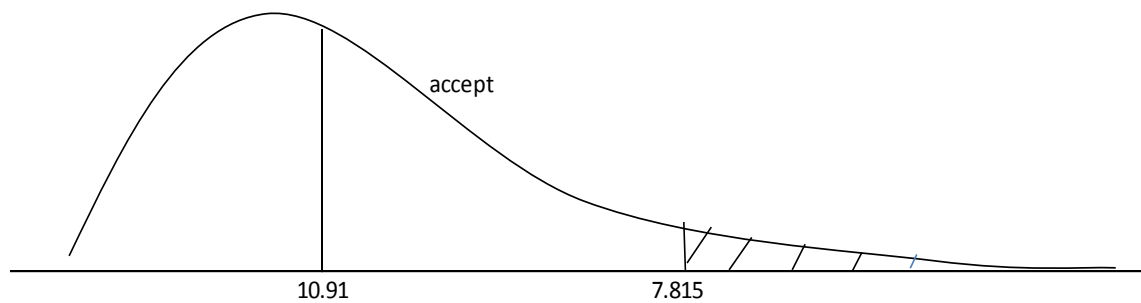


Figure 21: Source, own

$$10.91 > 7.815$$

4.5 DISCUSSION (OVERALL ANALYSIS)

64% of the employees administer 3 or more companies. This reflects increased efficiency and cost savings (research objectives). To increase efficiency most of these employees were specialist and carried out repetitive functions. Staff reductions are given by Cecil (2000) and PwC (2012) as a paramount cost cutting tool in SSCs. All the respondents, that is, both management (100%) and employees (47%) selected cost savings as the major benefit of OMSS. According to the MA cost savings was the sole objective for the formation of OMSS thus the reason why all the respondents elected it as the major benefit. This also supported by surveys carried out by Deloitte (Global Shared Services Survey, 2011) and PwC (2012) from which all the respective respondents elected cost savings as the key benefit of SSCs.

The management (100%) and some employees (60%) sang the same chorus in saying that the general group (clients) feeling towards OMSS is mixed or moderate. However they appeared to be a discord between the two parties as a huge populace of the employees (12 out of 17) responded that OMSS did not conduct any customer surveys. PwC (2012) motivates that SSCs must conduct a customer survey at least once a year to be highly successful in meeting their requirements. This discord leaves a question if the SSC really thinks of its clients highly if they do not give feedback to the employees of any customer surveys done. Customers are

the life blood of any organisation and any grievances they have must be taken care of promptly. This however can only be done if the person performing the job, that is, the general staff is aware of the clients' feelings. However from general observations and based on the results, the researcher feels that the objective of increasing customer service is being met even though more can be done to enhance it.

Management agreed to the notion that OMSS signs SLAs with its clients. The primary inclusions according to them are; expectations of both parties and the declaration that OMSS will be compliant with regulators. According to them SLA rating is the key tool for their performance or to measure their efficiency. The MA claims that OMSS manages to meet about 80% of its SLA requirements; the other 20% that is not met is due to the unpredictable financial environment. Also as a way of the objective of increased efficiency, management carry out individual employee measurement using performance contracts or the balanced scorecard method. This was overwhelmingly supported by the employees themselves who gave a 100% yes response. This confirms that management are concerned about service excellence which according to Accenture (2011) has a direct correlation to increased efficiency.

On the overall performance of the SSC (OMSS) both management (100%) and employees (71%) claim that it is moderate. According to them OMSS has been a success in centralising functions, reducing costs and providing group synergy. However the respondents feel that they is still some negativity towards OMSS due to perceived bureaucracy, exorbitant fees and lack of autonomy by some subsidiaries. In conclusion they all feel the future is bright for OMSS as it is still work in progress and the general group feeling towards it is drastically improving.

4.6 CHAPTER SUMMARY

This chapter looked at the actual presentation and analysis of data. Before this it looked at the analysis of the response rate which was rather high and demographics characteristics of the respondents. The key findings made by the researcher based on the research results were that;

- a. The overall performance of the SSC was above average as all the research objectives were met partially or in full;
- b. All the respondents agreed with most scholars that the major benefit of the SSC was cost savings;
- c. According to the respondents the most common complaint from the clients was that of bureaucracy and;
- d. There was a discord between management and employees on the carrying out of customer surveys which raises questions about the value the SSC places on its client's thoughts.

The next chapter will be on the research conclusions and recommendations.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The previous chapters of this dissertation presented the journey of that this research took. The ethos of this chapter is to take a flashback at the main contributions of these chapters so as to generate the research conclusions and recommendations. Below will be comprehensive summaries of all chapters.

5.1.1 Chapter 1

This chapter was the introduction to the research and its main emphasis was to explicitly show the research gap by analysing literature of other scholars in relation to the researcher's perceived problem. Even though most scholars agree to the notion that the SSC is a success story they are however some which are in disagreement notably Longwood and Harris (2007). However none of the literature as shown in the conceptual framework tests the applicability of the concept in different environments. After noticing this research gap based the researcher decided to test the SSC applicability in the Zimbabwean environment using OM as a case study. To enable the efficient carrying out of the research the chapter laid out the research objectives; limitations; delimitations and the underlying assumptions. The following is the research main and its sub-objectives:

Main objective:

- To check if the shared services concept is applicable in the Zimbabwean business environment.

Sub objectives:

- To see if really costs savings arise due to the adoption of the SSC;
- To see if really adopting the SSC creates value generation;
- To see if really improved customer service comes about by adopting the SSC and
- If the adoption of the SSC leads to increased efficiency.

To conclude this chapter a conceptual framework was developed and it was based on the assumption that the implementation of the SSC leads to increased efficiency, cost savings, value generation and improved service delivery for internal clients (Bergeron, 2003).

5.1.2 Chapter 2

After generating the research gap, the statement of the problem and coming up with the research objectives in chapter 1. Chapter 2 focused on the comprehensive literature review of the concept focusing mainly on the objectives. This chapter also gave the background of the SSC and its important pillars for instance the governance framework and the SMF according to Accenture (2014). Some of the key literature findings of this chapter are that the SSC is still a new concept (Beaman, 2007 and Deloitte, Hit the road, 2011) and that cost savings is its major benefit (Deloitte, Global shared services survey, 2011 and PwC, 2012). Another key finding was that performance evaluation is a key to the effective and efficient operation of SSCs (Accenture, 2011 and PwC 2012).

5.1.3 Chapter 3

This chapter looked at the research methodology. Methodology entails the research design and strategy to assist in the attainment of the research objectives laid out in chapter 1. It also reviewed the adopted philosophical framework, that is, the pragmatism philosophy and it is based on this philosophy the research was designed and planned. The philosophy advocates for the use of the mixed method approach

which the researcher adopted. The chapter reviewed the survey (questionnaires) and interview (structured) research tools which were the primary data collection tools. The chapter also reviewed the target sample and the data analysis and presentation plan.

5.1.4 Chapter 4

This chapter looked at the actual presentation and analysis of data. Before this it looked at the analysis of the response rate which was rather high and demographics characteristics of the respondents. The key findings made by the researcher based on the research results were that;

- The overall performance of the SSC was above average as all the research objectives were met partially or in full;
- All the respondents agreed with most scholars that the major benefit of the SSC was cost savings;
- According to the respondents the most common complaint from the clients was that of bureaucracy and;
- There was a discord between management and employees on the carrying out of customer surveys which raises questions about the value the SSC places on its client's thoughts.

5.2 CONCLUSIONS

At the beginning of this research objectives were set to test if the SSC was applicable relative to the Zimbabwean environment or it is a fallacy. Before concluding the researcher will look analyse the objectives individually in relation to the literature gathered and the research results.

5.2.1 **Sub-objective 1:** To see if really costs savings arise due to the adoption of the SSC.

Based on the research results all the interviewees (management) and 47% of the survey respondents highlighted cost savings the major benefit of the SSC (OMSS) to date. This is also supported by Deloitte (Global shared services survey, 2011) and PwC (2012) who according to their surveys report cost savings as a major benefit for SSCs. Putting this into perspective it appears that OMSS this objective is being met.

5.2.2 Sub-objective 2: To see if really improved customer service comes about by adopting the SSC.

All the respondents reflected that there was mixed feelings towards OMSS services but noted that it was above average, that is, 100% management and 71% employees. This means that the overall feeling of OMSS clients is moderate and PwC (2012) states that there is a direct correlation between the customers' level of satisfaction and the SCCs performance. However there was discord on the question if OMSS conducted any customer surveys, all the management responded yes but most employees were not aware of this as only 5 out of 17 responded yes. This raises questions if the SSC takes its customers seriously if the person performing the services is not aware of how the client is feeling. Ramphal (2013) states that one common disadvantage of SSCs is that since they provide services for local clients, they settle for providing satisfactory services which naturally will not go well with them. Regardless of this anomaly the researcher feels that this objective is being partially met but work needs to be done to improve on this aspect.

5.2.3 Sub-objective 3: If the adoption of the SSC leads to increased efficiency.

For the SSCs to increase efficiency, service excellence must be of paramount importance (Accenture, 2011). Service excellence can only be achieved via setting performance benchmarks (KPIs). These performance benchmarks (or KPIs) are engrained in the SLA according to Deloitte (Hit the road, 2011) and Accenture (2014)

and also employee contracts. The research results show that OMSS signs SLA with all of its clients and according to the survey results all employees agreed that management does carry performance measurements via the use of performance contracts. Deloitte (hit the road, 2011) lists the following as signs of increase in efficiency; economies of scale; standardisation; low labour costs and synergies amongst other things. The following research results support this:

- 64% of OMSS employees administer 3 or more companies;
- The statement by the MMA that, “...OMSS has created synergies leading to economies of scale and removal of duplicate functions or roles” and;
- The agreement amongst the respondents that cost savings is the major benefit of the SSC which entails of efficient use of resources.

Taking this all into perspective the researcher feels that this objective is being met even though some management stated the unpredictable economic environment as a possible constraint to this.

5.2.4 **Sub-objective 4:** To see if really adopting the SSC creates value generation.

This objective as aforementioned in chapter 2 is a product of the above three objectives. Since all of them are being met, the researcher concludes that this is being met.

5.2.5 **Main objective:** To check if the shared services concept is applicable in the Zimbabwean business environment.

Since as shown by the analysis above that all the sub-objectives are being met, it means that the main objective is being achieved as well. Besides this on a mathematical perspective using hypothesis testing this holds true.

At the beginning of the research it was hypothesised that surely the effective adoption of the shared services concept leads to; increased efficiency, cost savings, value generation and improved service delivery for internal clients in organisations (Bergeron, 2003). Based on the results of the research, the researcher has concluded that the SSC is applicable in the Zimbabwean environment even though the unpredictable environment can be a hindrance according to some OM management respondents.

5.3 RECOMMENDATIONS

To OMSS;

- They have to move from the traditional thinking that the SSC is only a costs cutting tool and place importance on its other aspects notably when it comes to customer service. They must make sure that everyone is well aware of the survey results even the lowest ranking employee to enable self-assessment and pave way for continuous improvement.
- They must develop an SMF rather than use an SLA alone. An SMF according to Whitfield (2007) is more comprehensive, that is, it provides more guidance than the SLA.
- Decentralisation of authority and responsibility to lower management must be done to counter the complaint by most clients of bureaucracy and late service delivery.

To other businesses;

- The major recommendation to other businesses looking to adopt the SSC in Zimbabwe is that being that as it may be that the concept is applicable based on the research's results. It involves proper planning, resource allocation and retrenchment policy. To achieve businesses must adopt an SMF which will act as their guide to implementing the SSC.

5.4 RECOMMENDATIONS FOR FURTHER STUDIES

This research looked at the applicability of the shared services in Zimbabwe in general. The researcher recommends that a future study which is industry specific be taken as it would provide more comprehensive industry specific results which can be more useful to other similar businesses. The researcher also recommends a detailed study on the benefits of the SSC in respect to its purported benefits. This research would go to show the business world how to achieve the acclaimed benefits of the SSC.

5.5 Chapter summary

This chapter looked at the overall analysis of the research. From this recommendations and conclusions to the research were extracted. One of the key recommendations was to communicate customer survey across the whole group. The conclusion generated was that indeed the SSC leads to increased efficiency, cost savings, improved customer service and value generation relative to the Zimbabwean environment.

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APPENDIX 1
QUESTIONNAIRE

My name is G. T Mangoro a fourth year student at Midlands State University doing a Bachelor of Commerce Honours degree in Accounting. I am conducting a research on the, **“Applicability of the shared services concept in Zimbabwe: a case study of Old Mutual Zimbabwe plc. Ltd”** I would greatly appreciate it if you can spare your time to answer the following questions. The information that you will divulge will be used for academic purposes only and treated with confidentiality.

Instructions for completion

1. Kindly tick and complete where appropriate.

1. How long have you been working at OMSS?

1 year or less 1 to 2 years
3 years or more

2. In your own perspective has OMSS achieved its objectives?

YES NO

Please explain?

.....
.....

3. How many entities do you personally administer under OMSS?

1	<input type="checkbox"/>	2	<input type="checkbox"/>
3	<input type="checkbox"/>	4	<input type="checkbox"/>
OTHER	<input type="checkbox"/>		

4. In your own perspective what is the major benefit of OMSS?

Increased efficiency	<input type="checkbox"/>
Cost savings	<input type="checkbox"/>
Value generation	<input type="checkbox"/>
Improved customer service	<input type="checkbox"/>

5. Were you relocated from another subsidiary within Old Mutual to OMSS?

YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
-----	--------------------------	----	--------------------------

If yes how do you feel about OMSSs culture and working environment compared to your previous one?

6. In your own perspective, what value does the top management place on OMSS operations?

HIGH	<input type="checkbox"/>	MODERATE	<input type="checkbox"/>
LOW	<input type="checkbox"/>		

7. Does OMSS conduct any customer service surveys?

YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
-----	--------------------------	----	--------------------------

If yes, what is the overall response?

VERY HAPPY	<input type="checkbox"/>	SATISFACTORY	<input type="checkbox"/>
NOT HAPPY	<input type="checkbox"/>		

8. What is the most common complaint that customers have on OMSS?

.....
.....
.....

9. What is the general organisation (group) feeling towards OMSS?

HIGH MODERATE
LOW

Please justify your answer?

.....
.....
.....

10. Does management carry out individual performance measurement to ensure objectives are met in OMSS?

YES NO

If yes, how do they do it?

.....
.....
.....

APPENDIX 2

INTERVIEW GUIDE FOR THE MANAGEMENT

1. How long have you been with OMSS and what is your positions title? Who do you report to?
2. How long has OMSS been operating? And how has been the journey?
3. Does OMSS have both a Governance framework and Service management framework?
4. Does OMSS sign SLAs with is clients? If yes what are the primary inclusions?
5. In your own perspective, where has OMSS made the most impact in the group?
6. How do you describe the groups change management policy towards OMSS?
7. What is the general feeling of other subsidiaries (clients) towards OMSS? Do you conduct any customer surveys?
8. Is OMSS a profit generating entity? Reason. How do you measure your performance?
9. Putting it into perspective has OMSS been a success? And what does the future hold for OMSS?

APPENDIX 3
CHI-SQUARED CRITICAL VALUES TABLE

The distribution table shows the critical values for chi squared probabilities. The critical values are calculated from the probability α in column and the degrees of freedom in row of the table.

df/α	0.995	0.99	0.975	0.95	0.90	0.10	0.05	0.025	0.01	0.005
1	0.000	0.000	0.001	0.004	0.016	2.706	3.841	5.024	6.635	7.879
2	0.010	0.020	0.051	0.103	0.211	4.605	5.991	7.378	9.210	10.597
3	0.072	0.115	0.216	0.352	0.584	6.251	7.815	9.348	11.345	12.838
4	0.207	0.297	0.484	0.711	1.064	7.779	9.488	11.143	13.277	14.860
5	0.412	0.554	0.831	1.145	1.610	9.236	11.070	12.833	15.086	16.750
6	0.676	0.872	1.237	1.635	2.204	10.645	12.592	14.449	16.812	18.548
7	0.989	1.239	1.690	2.167	2.833	12.017	14.067	16.013	18.475	20.278
8	1.344	1.646	2.180	2.733	3.490	13.362	15.507	17.535	20.090	21.955
9	1.735	2.088	2.700	3.325	4.168	14.684	16.919	19.023	21.666	23.589
10	2.156	2.558	3.247	3.940	4.865	15.987	18.307	20.483	23.209	25.188
11	2.603	3.053	3.816	4.575	5.578	17.275	19.675	21.920	24.725	26.757
12	3.074	3.571	4.404	5.226	6.304	18.549	21.026	23.337	26.217	28.300
13	3.565	4.107	5.009	5.892	7.042	19.812	22.362	24.736	27.688	29.819
14	4.075	4.660	5.629	6.571	7.790	21.064	23.685	26.119	29.141	31.319
15	4.601	5.229	6.262	7.261	8.547	22.307	24.996	27.488	30.578	32.801