An investigation into the benefits and challenges in adopting and using HRSSC in the contexts of Chinese and Western companies

A study submitted in partial fulfilment of the requirements for the degree of Master of Science in Information Management at THE UNIVERSITY OF SHEFFIELD

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Abstract

Background
A growing number of Chinese and Western multinational companies are applying to shared services models in delivering and providing HR services and functions. The different researchers reveal different perspectives of what HRSSC is. There have been a large number of existing literatures which presents the importance of HRSSC. HRSSC is considered very essential to HR strategic transformation.

Aims
This research is an investigation into the benefits and challenges in adopting and using HRSSC in the contexts of Chinese and Western companies. The aim of the research is to investigate into the benefits and challenges the Chinese and Western companies would face in adopting HRSSC. This study would be to identify what enablers facilitate helpful to the establishment of HRSSC. The aim of study also is to compare the benefits, challenges and enablers between Chinese and Western context.

Methods
For this study, a qualitative research method was undertaken and some research questions were identified to answer the research topic eventually. A specific checklist was developed including four questions. Four case companies were selected, and two of the Chinese companies and the other two companies from the Western organizations were analysed and evaluated based on the checklist questions. The main question was answered by case analysis and compare case companies.

Results
The research results revealed that the common benefits in the contexts of Chinese and Western companies adopting HRSSC were efficiency and productivity in providing HR services to internal customers, reduced redundancy, better quality of HR service. The companies implemented HRSSC in order to separate their HR administrative services from strategic HR advice and support as well as enhance their competition advantages. The main challenges were lack of communication between employee and HR staff, lack of career development and high employee turnover rate for HR staff. Meanwhile, the key enablers were usage IT, senior-level support, clear vision and sufficient investment. According to comparison between Chinese and Western companies, the study confirms that the benefits, challenges and enablers in adopting HRSSC are affected by cultural difference and different business contexts.

Conclusions
In conclusion, the benefits, challenges and enablers in adopting HRSSC in Chinese
companies are partly similar to Western companies. Meanwhile, the benefits, challenges and enablers in adopting HRSSC are affected by cultural difference, different HR management style, different leadership and quality of staff. Limitation of the study was the limited number of case companies and information, which may not thoroughly revealed the all of the benefits, challenges and enablers which have been obtained by case company in adopting HRSSC. In addition, the future research should add more case companies to investigate this question so as to obtain a further comparison and comprehensive results. Currently, most literatures and project focus on general benefits, challenges and enablers which organization faced. Therefore, future research needs to investigate the benefits and challenges in adopting HRSSC in a specific company or industry.
**Acknowledgement**

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1. Chapter One - Introduction

1.1 Research Background and Problem Statement

With the continuous development of global economic integration, multinational companies and large enterprises are confronting a number of new challenges from different aspects. An increasing number of multinational companies establish a high-efficient and independent department to consolidate and establish their own competitive advantage and organizational culture, and meet the changeable market environment. This particular department is called shared service centre.

Since the early 1980s, Ford established the first Shared Service Centre (SSC) in Europe, the concept of Shared Services (SSs) and shared services operation mode are gradually become a ground-breaking approach for management (Paphavatana and Mohiuddin, 2011). Quinn et al. (2000) explained that SSs are one where the provision of a back-office service is aggregated within a new central unit, to realize the standardization and simplification of the public processes across an entire organisation. SSC refers that transactional work and professional services work are extracted from the original various business units, such as finance services, human resource management services, IT management services, administrative support. Enterprises set up a SSC in order to achieve marketization of internal service through providing a unified, professional, standardized and efficient service for internal customers (Longwood and Harris, 2007). Thus shared services centre becomes an internal service provider. Meanwhile, as a strategic business infrastructure, core culture of shared services centre is customer service and continuous improvement of services. SSC aims to break the "wall" between business units and achieve end to end value-oriented service. SSC assists the company focus on core competencies in a global scale, and ultimately provide more added values to the business units. From survey by Shared Services Institute (2011), more than 60 percentages of fortune 500 corporations have built some form of shared services centre. From 2000 to 2010, shared service centre apparently have enhanced in popularity worldwide. This
reveals the significance given to SSC by large and multinational enterprises.

Compared to the technology, channels and mass production of these traditional competitive advantages, HR has become a part of indispensable competitiveness of enterprises. Ulrich and Brockbank (2005) mentioned that traditional competitiveness will sooner or later be replaced and copied by other companies. However, enterprises only establish a centralized and sustained development department which enables to maintain leading position for enterprise. HR is an important resource for the organization, but also be seen as the core competitiveness of enterprises. Human resource management (HRM) and effective mode of operation will have a significant impact on the effectiveness and development of the enterprises. During the reform of corporate strategy, a lot of western multinationals enterprises adopt and implement a new mode of Human Resource Shared Service Centre (HRSSC), and gradually applied to the daily management and strategic planning.

According to Cooke (2006) suggested that HRSSC is HR administrative and transactional work of all business units aggregate into a new business unit, HRSSC provide a unified and professional HRM services. Each business unit pays the appropriate service fee. The establishment of HRSSC assists Chinese and Western companies improve operational efficiency of human resource. Moreover, HR department is able to better focus on the implementation of strategic HRM, and achieve strategic transformation successful. Nowadays, HRSSC has become a new management manner for Chinese and Western multinational enterprises. HRSSC is not only reduces operating costs, but also enhance the efficiency of management and productivity, and better support long-term enterprise development. However, during the period of adopting the HRSSC, Chinese and Western enterprises also face the challenges and difficulties.

However, an in-depth research of the literature indicates that there is little or no evidence about comparison different benefit, challenges and enablers of HRSSC.
achieved by the Chinese and Western Company. The major concentration of most literatures in this area has been to summarize and explore the general benefits and challenges in adopting HRSSC and the enablers how it facilitates to implement HRSSC. Currently, the literature and research relate to HRSSC lacks the relevant benefits, challenges and enablers of HRSSC in specific company and business context. Therefore, this study focuses on benefits to the case company from two different contexts and the challenges which the case company would face. The study also discusses the various enablers that facilitate the successful implementation of HRSSC and eventually comparison the benefits, challenges and enablers between Chinese and Western Company. Therefore, some valuable advices and insight about implementation of HRSSC in Chinese and Western companies were provided by this research.

1.2 Research Aims, Research Questions and Research Objectives

Given the significance of HRSSC in the many industries we need research this further. This is an investigation into the benefits, challenges and enablers in adopting HRSSC based on Western and Chinese companies. This research attempts to answer the benefits and challenges faced by Chinese and Western companies in adopting HRSSC. We believe researching the difference and similarity in this topic will give both Chinese and Western companies valuable insight and suggestion about implementation of HRSSC. This study researches some questions which would assist to answer the research topic finally.

- What benefits does HRSSC provide to case company?
- What are the challenges and barriers in adopting HRSSC?
- What enablers contribute to the establishment of HRSSC?
- What are the differences in terms of benefits, challenges and enablers related to HRSSC between Western and Chinese company?
The key research objectives of this study are the steps developed to answer the research questions and achieve the research aim. Therefore, the objectives of this research are identified as follows.

- Carry out a comprehensive literature review on HRSSC
- To develop a checklist to address the research question in different case companies
- To explore the benefits for the case company to adopt HRSSC
- To explore the barriers and challenges case company faced when adopting HRSSC
- To identify the enablers in adopting HRSSC

1.3 Research Methodology

For purpose of answer the research question clearly and efficiently an organized research method was applied in this study. At first, a critical and in-depth literature review about SSs and HRSSC was undertaken in order to clearly understand the research topic and background knowledge. The benefits, challenges and enablers of HRSSC which other researchers have investigated are presented in this literature review. A series of checklist questions was developed in order to address the research questions. This checklist involves in different part of the overall research question. The checklist questions were answered and evaluated using a series of case companies. For this study four case companies were used. Two Chinese companies and the other two companies from the Western business environment were selected on the basis that the case companies answered all of the relevant questions. The research answers to the checklist assisted derive the results for the research questions.

1.4 Structure of Dissertation
Chapter 1
Introduction
This chapter gives a briefing about research background, problem statement. It also indicates the research aim, research question and the objectives. Finally, a brief description of how the research question is going to be solved and answered.

Chapter 2
Literature Review
This chapter presents a critical and in-depth literature review about Shared Services and HRSSC. The perspective and research undertaken on this topic by other researchers or authors is explained and discussed.

Chapter 3
Methodology
This chapter presents the discussion about methodology. It gives a detailed and clearly description about research method and research process for this study, while how the research question was answered.

Chapter 4
Findings and Discussion
This chapter presents the information and data found from each case company. Each case company was analysed and evaluated based on the checklist questions. Finally, it presents a thorough and comprehensive comparison of the findings from each case company. Moreover, further discussion about the analysis of the case companies also is undertaken.

Chapter 5
Conclusion
This chapter presents the conclusion on the research topic and research limitation. Meanwhile, further areas of research which could be undertaken also are mentioned at the end of this chapter.
2. **Chapter Two - Literature Review**

2.1 **Introduction Literature Review**

In this chapter, many authors’ perspectives on what shared services and HRSSC is explained at the beginning of literature review. The following section explains the function of HRSSC and the benefits, challenges and facilitated factors in adopting HRSSC proposed by various authors are explained. Literature review would offer the reader with sufficient information to comprehend the HRSSC and the reasons why this study has been undertaken.

2.2 **What is Shared Services**

2.2.1 **Definition of Shared Services**

Since SSs was introduced and increasingly adopted in the early 2000s, there have been many confusions and ambiguity, and different viewpoint about the definition of Shared Services. It means different definition to different scholars (Ulbrich, 2003; Janssen et al., 2007; Becker et al., 2009b). From Schulman et al. (1999), SSs as the concentration and integration of corporate resources implementing like activities representatively spread over the organisation, toward service all kinds of internal business partners and customers at a higher service levels and lower cost, with the same goal of pleasing external customers and increasing corporate value. This reveals that SSs are driven by market competitiveness and service cost. It also focuses on service and assists internal partners, which transcend even the traditional concept of “client service” or “customer support”.

Aguirre et al. (1998) define SSs is an unique and innovative model for providing corporate support integrating and consolidating service from different business units into an independent, organisational entity. Another definition is that Shared Services is an administrative idea; SSs focus on consolidating and integrating common services within a large organisational context to share these services instead of internally duplicating them (Ulbrich and Schulz 2014). They further explained that
SSs also refer to a service-providing organisational entity. This suggests that the core competitiveness of SSs is to reduce redundancies, cost cutting and service internal business unit.

According to Redman et al. (2007), the definitions of SSs are more elastic and dynamic concept. From Bergeron (2003), SSs is a cooperative strategy through a series of existing business functions are centralized in an independent, semi-autonomous business unit that has a operation and management structure designed to facilitate efficiency and quality of services, cost savings, value generation for internal customers of the company. He further explains that internal customers are staff of the parent corporation. Bergeron’s definition clearly explained that SSs could enhance the competitive advantage of the company, and SSs based on resource integration and centralized different business units’ transactional work. Meanwhile, Oates (1998) states that SSs also a kind of internal outsourcing. Quinn et al. (2000) also notes that Shared Services are used as a transitional period before outsourcing. According to different perspectives of scholars, Shared Services could be seem as a management strategy, a subset of existing and transactional business work from different business departments are integrated in a semi-autonomous business unit. It was designed to achieve maximum competitive advantage, and reduce cost in order to obtain high-quality services.

2.2.2 Why Introduce Shared Services

The “enterprise innovation and efficient management” is becoming the new direction of the development of the large organisation, the SSs is the practice in the management field (Liu, 2009). Schulman et al. (1999) mentions SSs are a “tactical technique and service delivery model” and competitive advantage can be achieved by adopting SSs. And they further explained that the three main drivers are cut costs, quality of service and change. Meanwhile, Goh et al. (2007) also explains that SSs improve the flexibility and horizontal integration of company with effective vertical control. Some positive outcomes were provided to internal customers by SSs, such
as cost reduction, high-quality service and best practices.

In fact, the primary reason for introducing and constructing SSs is obtaining more efficient and reasonable service delivery, which reflected in quality of services and cost advantages (Triplett and Scheumann, 2000). According to Ulbrich’s research, he notes that SSs centralize extensive resource of corporation into an independent service centre to decrease costly duplication in management and accomplish economies of scale. Thus, company can constantly cut costs in order to gain the more competitive advantage (Ulbrich, 2006). Quinn et al. (2000) suggests that around 20 to 30 per cent cost can be saved by eliminating costly duplication of employees functions in decentralized organisations, and elimination of redundancy during operation process. This reveals that cost reduction is a primary motive for adopting SSs.

On the other hand, enhancing the quality of support service is also the one of the main driver for adopting SSs (Walsh et al., 2008; Borman and Janssen, 2013). Based on the concentration of a variety of transactional capability with different business units’ backgrounds into one Shared Services Centre, this shows that company could provide more effective information and knowledge management, and exchange of internal competencies so as to improving the quality of services in adopting Shared Services. In addition, there also have some benefits in adopting Shared Services in large organisation, such as enhance the customer focus; different business departments have more time to focus on their core task. Finally, Shared Services would be able to provide more unified and high-quality management information (Raudla and Tammel, 2015; Wagenaar, 2006).

2.2.3 What is Shared Services Centre

Over past two decades, SSC has increased rapidly in relevance and essential in the public field as well as in the private field (Schulz and Brenner, 2010). Generally, SSC can be defined as an independent, accountable and semi-autonomous unit or
entity in the internal organisation. It is used to provide specialized or pre-defined services to the operational units or various other organisational units on the basis of a service agreement (Service Level Agreement for SLA). These services always are about finance services, HR transactions and support, IT services, manufacturing services, medical services, etc (Strikwerda, 2010; Strikwerda, 2014; Joha and Janssen, 2011;). Strikwerda (2014) mentions that the core business of SSC is providing customer-oriented services that based on requirements of the business units. The core competency of the SSC is reducing redundancies and delivering support services. Moreover, the main accountability of SSC is the quality of services and services’ costs. However, by eliminating or decreasing costly duplication of work and staff functions, SSC make better use of internal knowledge and resources (Schulman et al., 1999; Bergeron, 2003; Miskon et al., 2013). Meanwhile, through concentration and standardization of support services, SSC enable to improve the services effectively (Bergeron, 2003).

2.2.4 Characteristics of Successful Shared Services
SSs as a new management model, a large number of scholars have sought to explore the key characteristics of successful SSs (Bergeron, 2003). Schulz et al. (2009) mentions that three common characteristics of a SSC are:

- A centralization of support processes to reduce cost.
- A management and relationship model is as same as an independent third-party service provider.
- A focus on providing and publishing customer satisfaction and external performance benchmark.

A review of broader literature and Schulz and Brenner (2010) suggests that the characteristics of successful SSC as follow:

- *Exclusively focus on support services as SSC core competency.* Support services are assist core business and processes of the company rather than core business themselves. In the company, the services divided into knowledge-based services.
and transactional services (Goold et al., 2001). Quinn et al. (2000) notes that the successful SSC provide and share a high level of service standardization, low business risk and feature few connect with other technologies and business processes.

- **Consolidates and integrates processes within the group so as to reduce redundancies.** SSC is consolidated and integrated previously distributed support services, which achieve synergies and avoid duplication of work. Each business units only concentrate on their core business and work (Martín-Pérez and Berger, 2004; Wang and Wang, 2007).

- **Cut cost as a primary driver for adoption SSC.** Quinn et al. (2000) mentions that the successful SSC can save 25 to 30 per cent cost of operation and administration, and gain lower costs through making use of economies of scale.

- **Service focus on internal customers exclusively.** Bergeron (2003) suggests that SSC emphasis on the service output and to optimize the internal service and client experience. Thus, different traditional business units or departments will be able to concentrate more energy on improving core technologies used for providing and producing services.

- **Independent business unit within corporation.** Most scholars and definitions clearly highlight the form of SSC is an independent and semi-autonomous organisation, and separate from other business units or departments, but SSC still extremely dependent on the main organisation (Bergeron, 2003).

- **Alignment with external competitors.** According to Cooke (2006) states that SSC aligns with external competitors in order to achieve competitiveness, SSC also assesses their advantages and disadvantages and pricing benchmarks according to comparison with external competitors. Quinn et al. (2000) further explains
that SSC can demonstrate their competitiveness advantages and deviations to internal clients according to these processes.

- **The operation of SSC likes a normal business.** SSC as a service-provider in organisation, it is not only meets the requirements of internal clients, but SSC also provides valuable service at a cost that the clients are glad to pay (Schmidt, 1997).

### 2.3 What is Human Resource Shared Services Centre

#### 2.3.1 Concept of HRSSC

A SSC that primarily provides HR services is referred to as a HR-Shared Services Centre (or “HRSSC”). HRSSC mainly offers HR services to a variety of business units in the internal organisation. (Ulbrich and Schulz, 2014). Liu (2009) mentions HRSSC led to an organisation operation change that is HR transactional work was extracted from the department. This reveals that HRSSC has become an essential part of each enterprise. HRSSC could be defined as a new management model, also is an independent entity, and provide professional HR services based on the operation of the market mechanism and resource integration. HRSSC centralized all human resource management transactional work, which is used to supply strategic transformation and efficiency improvement for HRM.

Other scholars have some different options and definition for HRSSC. Ulrich (1995) stated that HRSSC is a kind of HR internal outsourcing. HRSSC is combining and consolidating HR transactional work and services in a corporation. Quinn et al. (2000) suggests that HRSSC had broken the limits of the single organisational unit, in order to cost saving, expand services and productivity improvement. Some literatures explained that shared services centre is different from the simple centralization manner. SSC could not physical centralization of employees and company resources, HR functions are centralized in single unit, include control and
management facts (Reilly, 2000; Ulrich, 1995). Furthermore, E-HR and HR service centres represent the different delivery methods of HRSS. There are two different services functional characteristics of HRSSC, one is that it offers the level and nature of service that meets customer requirements; the other is that it provides common functions and services (Keep, 2001; Reilly, 2000).

2.3.2 Models of HRSSC

There are a number of opinions in the literature that the types of human resource contributions should be distinguished in structuring HRSSC, such as transformational, transactional and professional advisory. However, HRSSC provides HR administrative work and professional advisory to internal business unit rather than transformational HR work (Reilly and Williams, 2003). From Quinn et al. (2000), most of corporations start with sharing transactional work and processes and then professional advisory services.

Quinn et al. (2000) established a continuum model of SSs. This continuum model of SSs was divided into four different models, such as basic model, marketplace model, advanced marketplace model and independent business model. The detail about four different models as below:

<table>
<thead>
<tr>
<th>Table 1 - Continuum Model of Shared Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic model</strong></td>
</tr>
<tr>
<td>Routine work</td>
</tr>
<tr>
<td>Integration of administration</td>
</tr>
<tr>
<td>Focus on economics of scale</td>
</tr>
<tr>
<td>The service fee can offset the cost</td>
</tr>
<tr>
<td>Aim to reduce cost and a strictly regulated process</td>
</tr>
</tbody>
</table>
According to the table, it reveals that the main difference between the basic model and marketplace model is the professional advisory services and separation of management function for service function. The service providers are not responsible for the policy of the managers. Moreover, SSC is able to offer services to external customers and internal customers also can use external suppliers if they wish in advanced marketplace model. In the independent business model, SSC provides services to a wide range of organisations. From Reilly and Williams (2003), the size of HR shared services functions will gradually increase and combine with IT and finance in large SSC. They further explained that corporation also starts to sell their services to outside of the organisations or partnership.

According to the scope of the services, Thomas Otte (2003) develops a model of HR shared services. This model was divided into three different categories, such as limited HRSS, medium HRSS and large scale of HRSS. The detail about models as below:

**Table 2 - Model of HR Shared Services by Thomas Otte**

<table>
<thead>
<tr>
<th></th>
<th>Limited HRSS</th>
<th>Medium HRSS</th>
<th>Large scale of HRSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Rate of return</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Function</td>
<td>A human resource process, include calculating salaries and welfare.</td>
<td>A complete human resource process, include recruitment, reward system.</td>
<td>Back office, include finance, HR, purchasing etc.</td>
</tr>
<tr>
<td>Economic model</td>
<td>Cost center</td>
<td>Profit center</td>
<td>Independent organisation</td>
</tr>
<tr>
<td>System model</td>
<td>Multiple systems</td>
<td>National system</td>
<td>A single core of the global system</td>
</tr>
<tr>
<td>Service object</td>
<td>Human resource department</td>
<td>Internal customers or employees</td>
<td>Employees, managers and suppliers</td>
</tr>
</tbody>
</table>

Source from Thomas otte (2003)

### 2.3.3 Reasons for Adopting HRSSC

The first shared services centre was established in the 1980s by Ford Company. Each
enterprise has various strategic reasons in adopting HRSSC. In general, enterprise’s HRSSC is just a method which prevents the division of power from subsidiaries and increases level of internal management in order to enhance the company’s entire operational efficiency thoroughly. Reilly (2000) states some reasons which contribute to using HRSS:

- Provide the theory of "professional" and functional HR services in a wide and changing business environment;
- Build a flexible organisation structure in maximum extent to meet the change of business;
- To achieve the repositioning of HR and HR strategic transformation, to reduce administrative work and minuitia in order to improve operational efficiency;
- To achieve inter departments learning from each other across enterprise limits;
- Avoidance of redundancy and duplication of work.

According to Reilly (2000) explaines that HRSSC concentrates on high-level and high-quality strategy, policy and management. Corporation will be able to monitor support services, keep best practices, more effective and flexible to client requirements and strategically reposition human resource. Moreover, HRSS also concentrate on administrative tasks, such as training support, recruitment support. Cooke (2006) states the primary task of a HRSSC is to provide information and suggestion on HR practice, management and policy to managers and staff. The standardized and high-capability work can be done efficiently in HRSSC. He further explained that HRSSC is an internal outsourcing provider. It offers well-defined services for internal clients and more than one business unit. In the other hand, HRSSC provides a unified HR services across organisation, so as to maximally reduce inconsistency between different departments. It also raises the services efficiency and quality in back-office department as well as cost savings and improves competitive advantage (Reilly, 2000; Cooke, 2006).
2.3.4 How to Establish HRSSC in Company

2.3.4.1 Establishment Process of HRSSC

From Yang (2008), the establishment process of HRSSC can be divided into five stages, which include HR services planning, HR services designing, construction of HRSSC, HR operations management and perfection stage. In the planning stage, corporation aims to complete a feasibility report for establishing HRSSC. The design of services and scope of service should be determined and recognition for corporation in the design stage. Moreover, corporate management and business units need ongoing support HRSSC’s services (Yang, 2008; Liu, 2009). Overall, the company also needs to concentrate on strategic goal, business process, IT system and organization and staff. This process highlights the operation and management improvement in the future. It also emphasizes the efficiency of services that HRSSC provide to the internal customers.

According to Willcocks et al. (2013) research, they develop a comprehensive process of establishing HRSSC. The detail of several stages as below:

- Establish benchmark and goal of HRSSC;
- To determine the human resource management baseline;
- To conduct a feasibility analysis of HR Shared Services Center;
- To design a new model of human resource and services (include staffing, organizational structure, technology applications and service processes);
- Proactive management reform and innovation;
- To implement new HR service and management model.

This process highlights the HRSSC objectives setting and planning stage. It also emphasizes the scientific human resources reform and innovation.

2.3.4.2 Key Factors to Help Company Build HRSSC

In existing literature there is broad agreement with the opinion that Shared Service
can bring significant cost savings and quality of service improved (Quinn et al., 2000; Ulbrich and Schulz, 2014; Triplett and Scheumann, 2000; Schulz and Brenner, 2010; Reilly, 2000; Cooke, 2006; Bergeron, 2003). However, not all of HRSSC are able to achieve the expected objectives. Thus, some of the key factors should be considered by corporation during the establishment of HRSSC.

According to Van Balen and Bondarouk (2009) mention that SSC must focus on strategy, business process, organization and staff, and IT system during the establishment of SSC.

- **Strategy**
  Shared Services is a key strategy for the company. According to the analysis of existing enterprise resources, the enterprise adopts targeted human resource strategies, so as to establish SSC successfully (Van Balen and Bondarouk, 2009).

- **Business process**
  Shared service means that business process reform in the enterprise, which including the standardized and unified process, continually optimize evaluation standards and processes. Process change activity needs each business units and Shared Service Centers mutually support and work together to complete process change (Van Balen and Bondarouk, 2009).

- **Organization and staff**
  Shared services mean that organizational change and staff reorganization. During the period of establishment of SSC and entire change process, the enterprise needs to deal with staff training and job placement, whilst establishing frequent communication mechanisms. Van Balen and Bondarouk (2009) further explain that enterprise also should to establish a new service-oriented corporate culture in order to help the company to build SSC successful.
• IT system

Van Balen and Bondarouk (2009) note that IT system involved in the adjustment and expansion of company’s information technology in the entire change process. In generally, ERP and call center are the most useful applications. The call center can provide services to internal and external clients. It will assist the HR to complete administrative work, such as management of staff welfare.

In the other hand, Suo (2008) developed a key factors model for the establishment of HRSSC (model as below). She further explained enterprise need to take appropriate strategy and vision, whilst they also need to focus on customer services needs. The management team and leader as the core of HRSSC, and unified human resource information platform is a basis for HRSSC. In addition, process reengineering and service level agreements are a pillar in HRSSC.

![Figure 1 - Key Factors Model for The Establishment of HRSSC](image)

Source from Suo (2008)

2.3.4.3 Key Issues Faced by Company during Establishment of HRSSC

According to Quinn et al. (2000) explains that enterprise faces a variety of issues during the establishment of HRSSC, such as HR information systems integration, distribution of employees etc. Moreover, Meijerink and Bondarouk (2013) mention that HRSSC involves some risk issues during establishment of HRSSC, such as management risks (innovation management risk etc), strategic risks (risk of service...
scope and location), technical risks (system integration, security of e-commerce) and environmental risks (culture and economic environment). Meanwhile, Yang (2008) states high investment in the early stage of SSC, resulting in a longer breakeven period and reduced the quality of services in some services. However, Liu (2009) points out reducing the cost of risk and implementation of internal risk management could be used to control the risk of the corporation. Liu (2009) further explains that company should monitor the SSC financial position timely and control the construction speed of SSC in order to control the risks. Moreover, standardization and unification of service processes and unified information system can also strengthen the construction and governance of the SSC. The company offers a future career planning and development for each staff, which can reduce the frequency of staff mobility and improve the stability of SSC (Wang and Wang, 2007).

2.4 **Compare Traditional Human Resource Management and HRSSC**

2.4.1 **Compare Structure between Traditional Human Resource Management and HRSSC**

According to Xie and Chen (2014), traditional HRM established a complete set of HRM system in the different business units (see figure as below). In the period of imperfect information system, this model facilitates management of each business unit’s HR. However, with the expansion of the size of the organization, this HR model gradually increased costs, reduced efficiency, which resulting in management difficulty in each unit (Need, 2006).

**Figure 2 - Traditional HR Department Structure**
According to the figure as below and Xie and Chen (2014) state the organizational mechanisms of HRSSC are not only streamlined and high-efficiency, but it also provides specialized and standardized management and services.

Figure 3 - HRSSC Structure

Source from Xie and Chen (2014)

2.4.2 Compare Operation Mechanism Both of Two

The operation mechanism of traditional HR department divided into several units, such as recruitment, training, performance, compensation and employee relations.
Mangers and HR employees in charge of each unit and processing personnel matters independently (Xie and Chen, 2014). This reveals that each functional unit has clearly division of labor and focus on administrative work. According to Maatman and Bondarouk (2014) state operation of traditional HR department lack of contact between each unit, this results in less contribution to the strategy of the organization. Therefore, traditional HR department could seem as administrative services sectors and it can increase the cost rather than make a profit for organization.

**Figure 4 - The Operation Mechanism of Traditional HR Department**

![Figure 4 - The Operation Mechanism of Traditional HR Department](source from Xie and Chen, 2014)

According to Lawler (2005) explains that HRSSC mainly consists of human resource services center (HRSC), human resource business partner (HRBP) and center of excellence (HRCE).

**Figure 5 - Relationship between HRSC, HRBP and HRCE**
Human resource services center, HRSC

HRSC as a centralized administrative work unit, it plays a significant role in economies of scale, and improves the efficiency as well as the quality of service (Shaikh, 2005). He further explained that due to the jobs of service center that require low skills, employees can accept advance training in order to avoid waste of highly skilled personnel and reduce costs.

Human resource business partner, HRBP

From Xie and Chen (2014) state HR workers from the HR department are assigned to the each business units. As a bond of business units and HR, they assist the HR strategic operation; act as an advisory role and the business units as their customers. They also assist business units to develop HR plan and HR advice, so as to maintain the relationship between business units and HR department.

Center of excellence, HRCE

HRCE as the HRSSC’s think tank, they provide professional skills and knowledge, whilst they also responsible for each HR units. Most importantly, they develop an overall HR plan and policies, in order to facilitate HRM become a strategic HRM
thoroughly (Moore and Birkinshaw, 1998).

Overall, this three-part division of HR is not only efficient completion of the traditional functions of HRM, but also involved in the development of the company's HR strategy. HR involved in each business unit which enhances the status of HR department, whilst reducing costs and creates value for the organization (Shaikh, 2005; Xie and Chen, 2014). HR information system is also the base of efficient operation of HR department. This mode reveals that it ensures better staff collocating and brings greater competitive advantage.

2.4.3 Compare Other Aspects of Traditional HRM and HRSSC

<table>
<thead>
<tr>
<th>Strategic role</th>
<th>Traditional HRM</th>
<th>HRSSC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Administrative work</td>
<td>Strategic work</td>
</tr>
<tr>
<td>The initiative of HR</td>
<td>Be passive, dispersed</td>
<td>Be active, unified</td>
</tr>
<tr>
<td>The importance of the strategic plan</td>
<td>In the edge of the HR strategy activities</td>
<td>The center of strategic activity for HR</td>
</tr>
<tr>
<td>Key management</td>
<td>Relationship between superior and subordinate</td>
<td>Internal and external customer relationships</td>
</tr>
<tr>
<td>Oriented</td>
<td>Task-oriented</td>
<td>Customer-oriented</td>
</tr>
<tr>
<td>Operational mechanism</td>
<td>Administrative level mechanism</td>
<td>Market mechanism</td>
</tr>
<tr>
<td>Concept</td>
<td>Cost reduction</td>
<td>Create profits</td>
</tr>
<tr>
<td>Status</td>
<td>Administrative service department</td>
<td>Support strategic sectors</td>
</tr>
<tr>
<td>Dynamic management functions</td>
<td>Traditional HR</td>
<td>HRSSC</td>
</tr>
<tr>
<td>Change of attitude</td>
<td>Change followers</td>
<td>Change agent</td>
</tr>
<tr>
<td>Management style</td>
<td>Distributed style</td>
<td>Centralization</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>Follow and maintain the existing culture</td>
<td>Actively improve and creating a organizational culture</td>
</tr>
<tr>
<td>Employee relations</td>
<td>Opponent</td>
<td>Good employees’ partner</td>
</tr>
<tr>
<td>HRM skills</td>
<td>Traditional HR</td>
<td>HRSSC</td>
</tr>
<tr>
<td>Staff roles</td>
<td>Policies and procedures of employee</td>
<td>Good communicator</td>
</tr>
<tr>
<td>Interest concerns</td>
<td>Short-term interest</td>
<td>Short-term and long-term interest</td>
</tr>
<tr>
<td>Information technology</td>
<td>Low requirement</td>
<td>Perfect information technology support</td>
</tr>
</tbody>
</table>
According to the above table and Need (2006) explains that HR services were elevated to the strategic level by HRSSC. HRSSC also involves the formulation and implementation of human resource management strategies. Thus it can facilitate achievement of the organization's objectives. He further stated that HRSSC plays a major role in HR organization as a strategic sector from different aspects, such as: organizational culture, internal and external customer service, internal market mechanisms, work process optimization and so on.

2.5 Function of HRSSC

In SSC, business functions that were formerly decentralized in different business departments are centralized to one independent business unit. SSC can easily provide and supplied services to other business units, so as to achieve massive economies of scale and eliminating duplication of work and employee function. Through optimizing internal resources into an independent and semi-autonomous entity, SSC enable to cut costs in large organization. SSC also remain accountable for company performance and revenue creation by provided services to other business units (Howcroft and Richardson, 2012). This illustrates that the functions of SSC have an important effect on the development of corporation and performance of internal business.

From Liu (2009), the functions of HRM could be categorized as administration function, operation function, management function and strategy function. The below diagram shows that the functions of HRM:

| Table 4 - Functions of HRM |
According to Willcocks et al. (2013) and Paphavatana and Mohiuddin (2011), HRSSC has three different functions, which includes HR and administrative service, professional advisory service and HR business partner. These are explained in the following sections.

**HR and administrative service**

The main function of the SSC is to provide centralized services. A professional personnel team and standardized services enable to assist SSC to meet the requirement of internal customers. These services include Recruitment, payroll processing, benefits distribution, social insurance, labor contract management, personnel records management, vocational training, employee communication and so on. Therefore, HRSSC needs to establish the relevant professional units in order to carry out professional activities and shared service, such as recruitment unit, training center, personnel information center and so on (Paphavatana and Mohiuddin...
2011).

**Professional advisory service**

HRSSC provide a professional advisory service to all of the business units. These services include developing staffing structures and job design, strategic HR business planning, job evaluation, reorganization and managing workforce change etc (Need, 2006). The professional advisory service helps business units to improve management and processes, meanwhile to promote human resources management policy.

**HR business partner service**

According to Liu (2009), HRSSC can further understand the requirement of HRM and employees by researching the development of the each business unit. This service helps HR adjust the personnel policy and develop solution immediately.

**2.6 Benefits in Adopting HRSSC**

In recent years, an increasing number of multinational and large enterprises are adopting to HRSSC in providing the human resource function and services (Cooke, 2006). Ackermann (2005) also mentions that a number of enterprises are fully integrated their HR divisions and organized as HR shared service centre, seen as an independent business unit. There can be no doubt that a number of potential benefits can be achieved by adopting HRSSC.

Farndale and Pauuwe (2008) point out the main benefit of HRSSC is cost saving, and besides the quality of service improvement. The cost saving is the consequence of the economies of scale. Reilly (2014) claims that cost reductions could be achieved in adopting HRSSC. He further explained that HR expenditure normally can be reduced by 30%. Booz Allen (2000) suggests that reducing the saving in the 20% to 50% scope. The amount of cost can save is rely on the amount of HR
services that are consolidated and labor cost. Moreover, other scholars noted that around 60% of all enterprises with HRSSs operations have gained cost savings of 20% to 80% (The Hackett Group, 2007). According to PricewaterhouseCoopers (2006), a significant administrative cost savings can be provided by shared services center, and around two-thirds of administrative costs per staff can be reduced by SSC.

According to Reilly (2014) state that the quality of service and work efficiency can be improved through centralized the HR function and services into an independent business unit. HRSSC provide a better consistency and accuracy of HR services, while less repetitive works in the whole organization. Due to the standardized services and processes, HRSSC provides the benefit of efficient allocation of resources and staffs (Paphavatana and Mohiuddin, 2011). As a Horan and Vernon points out (2003) the raised consistency in HR services and articulation in a SLA, which typically lead to quality improvement and better consistency of service, resulting in greater customer and employee satisfaction with HR services.

According to Liu (2009), the benefits of HRSSC could divide into tangible and intangible. Tangible benefits include reduced workload and HR work processes, enhance the accuracy of the data and content, reduced operation cost and number of employees and improve service quality. Meanwhile, intangible benefits involve improve efficiency and stability of service, and support cultural change. Business week (2007) suggests that HRSSC could bring long-term benefits and return on investment being directly achieved about 3 years. HRSSC has become more accessible and customer focused organization in the company (Reilly, 2000). HRSSC centralized the HR function to provide integrated HR solution, which in order to offer unified standards of HR service improve operational efficiency, thus contribute to long-term development. HRSSC will provide more strategic suggestions and involve in company’s decision making due to they are not paying more attention to doing administrative work.
Meanwhile, Cooke (2006) also notes that HRSSC can bring lots of benefits to the organization. However, some literatures suggest that these benefits of HRSSC have not completely materialized and achieved. Some benefits still a perspective from researchers and some benefits have achieved by the time. The detail of potential benefits of adopting HRSSC as below (Reilly, 2000):

- Cost reduction, through the resources reasonable disposition and professional providing.
- Comprehensive HR management information, offered more standardized and uniformly in the organization as a whole.
- Due to HRSSC is not concentrated on doing administrative work, enterprise has more strategic and alternative contribution from human resource department.
- Centralized “total solution” approach to issues by recentralization of the human resource function.
- Improve the quality of HR service.
- Improve HR and organizational productivity.
- By having a common basis of information good practices and cross-group learning can be shared and improved.
- More efficient resource allocation and resourcing through economies of scale in facilities and staffing.
- Professional regulation and high efficiency of HR services by simplifying and streamlining services.
- Improved and provided career development for human resource employees
- Highly transparency of cost of HR services and monitoring of budgets simply.
- High quality of HR services and the result of the internal market system made by performance monitoring.
- Higher satisfaction level of customer.
- Uniform service standards and procedures for HR.
- To strengthen the enterprise competitive advantage.
2.7 **Challenges in Adopting HRSSC**

Reilly (2000) and published evidence state that some benefits of HRSSC have not achieved. Instead, some challenges and difficulties were reflected in adopting HRSSC. There are lots of benefits as well as challenges to the use of HRSSC (Sako, 2010). In implementing shared services centre process, some issues will appear such as employee turnover problem, communication problem, HR outsourcing service problem, knowledge sharing management and improvement efficiency.

A successful HRSSC always involves relocating and reorganizing the HR function of the company. Cooke (2006) mentions that a highly repeated and boring work was provided for HR staff, and this kind of job reduced staff career development and opportunities, which lead to high employee turnover rate and waste of talent. He further explained that HRSSC could leads to reduce visible quality of services and level of satisfaction due to restructuring the HR workforce, workplace and staff responsibilities, and line managers also lack of HR skills and competence.

Moreover, cost is the main driver for company in adopting HRSSC. However, little evidence and feedback shows that cost savings being achieved direct. The cost just saving for company's HR function, but not the company’s expected cost (Redman et al., 2007; Sparrow, Brewster, and Harris, 2004). In addition, there are some other challenges and difficulties in adopting HRSSC, such as communication difficulties, IT problems, waste of resources, dampened staff morale, HR boundary management problems and so on.

The CIPD survey conducted by Reilly et al. (2007) found that some challenges and problems in adopting HRSSC which includes as below:

- Boundary management
- HR service gaps
The expected cost savings not achieved

- Failing to identify different customer requirement and expectations
- Lack of communication and learning
- Expensive IT cost
- Insufficiency IT instruction
- Lack of understanding information management and knowledge management

In addition, Ulrich (1995) clearly identified the risk of role confusion in his research on HR share services. He explained that “centers of excellence and mixing service centers could lead to role confusion due to both have different objectives and need different organizational setting to operate.”

According to Cooke (2006), the division of labor generates fragmentation that affects the integration of HR services and activities which lead to low-quality customer service. Hird et al. (2010) explain that a number of boundaries between HR activities that require to be conducted and role responsibilities to be defined. Reilly (2014) further indicates that HR services gaps can occur when boundaries are not correctly managed and conducted.

Paphavatana and Mohiuddin (2011) explain that costs and reduced performance are the general challenges in adopting HRSSC. A high transition and implementation costs can appear and generate in adopting HRSSC, while an incompatible IT system can be appeared in development of infrastructure. Meanwhile, HRSSC mainly based on information technology, so each company requires to invest more money in order to improvement in structure change and technology. Grill and MacCormick (1999) state that the company may identify the challenges and difficulty to evacuate shared service back to the original HR structure and function when they fail to adopt HRSSC in organization. By contract, the benefits of HRSSC can overtake the high transition cost.
According to Redman et al. (2007), a narrow specialization and less interesting job was offered for HR workers in HRSSC model, which resulting in lack of face-to-face contact and career development opportunities. Some workers who can not adapt to the new HR model can be forced to leave the company, which led to the loss of local information and knowledge and influence the whole organizational performance (Fahy et al., 2002).

Cooke (2006) note a lot of challenges and difficulties about adopting HRSSC and it is divided into three different categories which include employees, line managers and HR staff.

**Impact on employees**
- Lack of employee representation
- Lack of face-to-face communication
- Negative perspective of the ESC
- IT issues
- Employee turnover problem
- Lack of clarity of ownership of HR problems

**Impact on line mangers**
- Lack of HR skills and competence
- Waste of resources
- Restrained employee morale
- Work intensification
- Lack of interest and competence in HR issues

**Impact on HR staff**
- Career development
- Relationships with customers
## 2.8 Enablers in Adopting HRSSC

Srikanth (2013) states a number of enablers and critical success factors help to organizational HRSSC success. The information technology (IT) is the most important factor affecting the establishment and development of HRSSC. According to Adler (2003) states the information technology development has facilitated this new HR structural change and adoption. The technical innovation and cost effectiveness of communication have affected the communication capability across the boundaries of organization and spatial distance (Paphavatana and Mohiuddin, 2011). As an important tool, IT can provide a more efficient and effective decision-making and to ensure that the information can be transferred between different parts of the enterprise. Meanwhile, information and communication technology also provide a new chance for in-sourcing, the HR service moves away to employees and line managers (Lepak et al., 2005). IT is an enabler for time saving, cost reduction and assist to improve quality of service and productivity. The business strategy is integrated with HR by IT and establishes better relationships with customers (IDS, 2000). Strikwerda (2007) notes that IT is the fundamental and enabler of HRSSC; it helps company to integrate services or activities into one place so as to the information is reasonable dispersed to clients and employees (Reilly and Williams, 2003).

Some past studies have revealed several critical success factors and enablers for HRSSC as follows (Rethore, 2009; Burns and Yeaton, 2008).

- Strong project management skills;
- Clear governance in HR department and HRSSC;
- Clear and strong leadership support the adoption of HRSSC;
- Identification of difficulties and barriers in advance;
- Senior-level support;
- Positive and effective communication between different business units and employees, and stakeholder engagement;
• End to end processes management;
• Shared experience and understanding between different business units and employees;
• Strong change management;
• A staged development approach to implementation;
• Reasonable and effective distribution of existing resources.

Srikanth (2013) also provides some enablers that are emphasized and critical to HRSSC success.
• Clear and compelling vision and responsibility for HRSSC;
• Strong leadership to support establishment of HRSSC from the top essential and it is an important factor in choosing the style, approach and the ambition of change.
• Information management;
• Knowledge management – the opportunity to share best practice across the corporation;
• Sufficient investment in adopting HRSSC;
• Management support;
• HR reasonable governance;
• Stakeholders concern;
• Key performance indicators;
• Information technology;
• Identification of clear-cut process;
• Create the baselining and benchmarking in adopting HRSSC.

2.9 Knowledge Gap for This Study
Although a number of benefits to be generated from HRSSC, many companies still have been depressed with the results or have experienced failure (Redman et al., 2007). Meanwhile, much of the study in HRSSC has focused on the benefits and
transformation process (Farndale et al., 2009). Moreover, the benefits, challenges and enablers of adopting HRSSC on Chinese and Western companies have not been sufficiently explored and researched (Cooke, 2006). Currently, the existing research and literature are not tackling the angle that we want to explore. Thus, deductive approach can not be used in this study. That is, all of existing studies of benefit, challenges and enablers in adopting HRSSC are not focus on particular context and no case study was applied in particular context. They just focus on general and no case studies comparison between the Western and Chinese companies. This study aims to fill this knowledge gap.

2.10 Summary

Overall, HRSSC has become an important of independent unit in many companies and industries. There are many authors’ opinions in what HRSSC is and functions of HRSSS. HRSSC can be seen as a new HR model and strategy. The comparison between traditional HRM and HRSSC are discussed. The benefits, challenges and contributing factors in using HRSSC also are explained.
3. Chapter Three - Methodology

3.1 Introduction

The methodology and main research method used for this project which is explained in this chapter. Different research methodologies and approaches were explained and illustrated in the first section. After that, it explains the desktop research method and its process by which this project was undertaken. It also explains the four research key stage used for this project. Finally, it explains the limitation of method for this project.

3.2 Research Approach

According to Saunders et al. (2007), there are a number of reasons show that the importance of research approach. At first, research approach assists researcher make a positive decision on the research design. The research design is not only the methods by which the whole explore process and gathering the relevant answers, but it also the way of data collection and analysis. Next, research design also helps you to develop reasonable research strategies in line with the whole project. The final reason is that the different research approaches based on existing constraints to assist the researcher adapt their research project and find relevant answers (Saunders et al., 2007). Therefore, the choice of research approach is very essential for each research project. Meanwhile, an inductive approach used in this research project.

From Thomas (2006) explains that inductive approach provides intensive readings of original data and information to produce and develop theories. And any model or topic themes grow out of different original data or information from the researcher. An inductive approach is applied to derive and find valid and reliable findings through a series of process for qualitative data analysis. At the same time, further holistic analysis and research are carried out to derive certain conclusions or theories. However, a deductive approach aims to test whether collection and analysis of data in accordance with the theories, hypotheses or earlier assumptions (Elo and Kyngäs,
Inductive approach is explained by Saunders et al. (2003) as an approach where new theory is derived and developed by data collection and using these data. In the dissertation, the research focuses on investigation into what the benefits and challenges in adopting of HRSSC in four different businesses background companies’ case studies. In this study, all of evidences which related HRSSC knowledge, data and information decide the statement of right or wrong. And then evidences through more specific analysis, comparison and evaluating the data to derive and develop conclusions, theories or generalization. Moreover, the trends and patterns of research are recognized before producing and developing a conclusion.

Zelle et al. (1994) states inductive approach also named as bottom-up approach in research approach category. The process of inductive approach is a set of procedures for derive and develop theory in broader and complicated data through the development of pattern and tentative hypothesis from the original data and observation. The observation is the primary measurement manner in inductive reasoning process (William, 2006).

As a purposeful research technique for collecting data, there are a lot of research methods for the researcher to select from (Bryman, 2001). Qualitative, quantitative or mixed methods applied in the different purpose of investigation. The research method used in this investigation is qualitative research.

As a research strategy, qualitative research focuses on generating words and theories rather than gather and analysis of numbers, graphics and data in quantitative research (Quinn and Cochran, 2002). From Mack et al. (2005), qualitative research is mainly scientific and exploratory research, it can be used to find trends in different opinions, thought and information, and it also used to obtain the understanding of potential value, behaviors, reasons and opinions. Moreover, qualitative research aims to recognizing and understanding some aspect of human life (Quinn and Cochran, 2002). The method of discovering and gathering research meaning deeply is
provided by qualitative research method (Burns, 2000). He further explained that quantitative research focuses on statistical analysis and quantify the issue by method of generating data and information. According to Mack et al. (2005), the capacity of qualitative methodology provides descriptive text of experiential human beings in a given research issue. Meanwhile, Mark et al. (2005) also mention that qualitative research recognizes intangible elements effectively during research process. According to Creswell (2003) states most importantly, qualitative research method based on collect data and information to generate and develop new theories. He further explains that through a number of perspectives researcher can investigate target topic or issue deeply, and reader can understand the research topic and content clearly.

Overall, an inductive approach was highlighted as a research strategy by qualitative research where theories are developed. An inductive approach derived theory by gathering and analyzing information through different research methods and then evaluating them (Graziano and Raulin, 2004). Thomas (2006) mentions that inductive approach could research a specific subject deeply. In the dissertation, the benefits and challenges in adopt of HRSSC should explore more deeply to obtain the valid and reliable answer and conclusion between different business background case study.

In addition, this study aimed to compare HRSSC in the contexts of Western and Chinese companies. Ideally, this study will be connecting primary data by either using interviews or questionnaires from both western companies and also Chinese companies. But then because this is a master project, this project has a limited time to collect data and information. It is not feasible for me to connect data in such a short period of time from both Western multinational companies and also Chinese large organizations. If we have four years, that is possible. But we only have three months, so that is just not possible. But then because lots of these companies they announce a lot of information about their HRSSC development through company
papers, News & articles. Even academic journal papers. So this would allow me to use desktop approach and connect this type of secondary data. In this research project, desktop research method was undertaken to collect data (relevant case studies) and answer the each checklist question.

3.3 Research Method

According to Crouch and Housden (2003), desktop research method is one of the secondary research, which involves the collection, integration and summary of existing research information and data rather than primary research, in which data and information are gathered from primary data. This dissertation adopted a desktop research method to investigate, compare and answer the benefits and challenges in adopting and using HRSSC in four different background companies’ case study. Desktop research method was carried out collecting, using and summary existing and published resources without fieldwork, such as research reports, newspapers. In other words, there was only secondary data undertaken for this research method and dissertation (Burns, 1997; Taylor et al., 2015). According to Council (2007), desktop research method aims to search general information, knowledge and facts on a specific purpose and study area. The published material is the main sources in this dissertation. All of information can be collected from online database, industry reports, company data or annual report, academic books, research documents, articles, government statistics and so on. Taylor et al. (2015) explains that secondary data provides a new perspective of thinking. It helps researchers identifies new trends and relationships of research topic.

In the dissertation, desktop research is a depth literature search, review and synthesis of all relevant information and data about the benefits and challenges in adopting and using HRSSC. Many of reliable HRSSC knowledge and real research results of the related research were provided to the dissertation by literature review. Literature review also aims to gather and understand background knowledge of the topic.
clearly (Creswell, 2003). According to Prescott (2008), there are some reasons why to choose desktop research method. At first, published documents and data have already been subject to scrutiny, so it could be more reliable and helpful in dissertation. Secondly, during the internet search, many sources of secondary data are more openly accessed, which provides convenience for researcher. Meanwhile, desktop research offers valuable research information relatively fast, effective and cheap comparing with collecting data by field research (Prescott, 2008). Fourth, Prescott further explains that desktop research can help the researcher to deeply clarify and understand research question. However, there also have some drawbacks in using desktop research method, such as incomplete information, out-of-date research information, not accurately meets the researcher’s needs (Granello and Wheaton, 2004; Prescott, 2008). Therefore, this dissertation requires a combination of case and researcher needs in order to be able to get accurate information and data to address the research questions. The key stages of this research method are illustrated in next section.

In this research project, the four companies were from two different regions of the world, two Chinese case companies and two western case companies were explored and analysed dividedly based on their different benefits and challenges when they adopting and using HRSSC. These four case companies are from different cultural backgrounds, different management systems and leadership models, which allow the reader to clear and deep understanding the benefits and challenges in different environment and situation. And then through comparing the benefits and challenges in different companies, which made some of the considerations and recommendations for development and implementation HRSSC in the future, and how to avoid some of the difficulties and challenges, in order to set the correct guidelines.

3.4 Research Design
Research design has been defined by Maxwell (2012) as a logical and consistent way to integrate the different parts of research, which ensure that the research problem answered and solved efficiently. He further stated that the project for the collection, measurement and analysis of data can be established by research design. According to Creswell (2013) states a specific project research is a research process which has to be undertaken for purpose of gather the data and answers for the research question. Meanwhile, he further explained that research design offers specific direction for the research process. Before data collection and analysis, research design or research structure is required by each specific topic research. The research work plan also produced from the research design (De Vaus and de Vaus, 2001). In addition, the research design aims to ensure that the evidence gathered and enables the researcher to answer the research question clearly (Bryman, 2007). In 1984, Yin mentioned that ‘research design solve and answer the logical problem rather than the logistical problem’.

The research design used in this research is similar to the one used by Arun Prasad Thangarajah and Parul Bhandari, both of them carried out a research in the information systems department at the University of Sheffield. The research framework was devised by Yin (1984) and it is as below.

- A critical and in-depth literature review on HRSSC was carried out to offer the theoretical foundation and background knowledge for the research project.
- A whole set of key questions generated and developed for holistic and critical analysis.
- Some valid and related HRSSC case studies were selected for the research project.
- Each key questions and knowledge from the literature review were applied to analysis each selected case study.
- The research answers and conclusion generated from the holistic and specific case study analysis, and theories also as an answer and conclusion for the
research project were developed.

Figure 6 - Case study research framework

Source from Thangarajah (2010)

The above diagram reveals the case study research framework which was applied in this project. The key stage of the research process will be explained in next section.

3.5 Key Stage of Research

3.5.1 Stage 1 - Literature review

A critical and in-depth literature review is carried out for this research project in order to clearly think and gather theoretical foundation and background knowledge of the research subject. According to Rowley and Slack (2004), literature review is a research activity and summary of a specific research subject undertaken that would support the identification of specific research questions in which further research would be beneficial. They further explained that literature review also conduces to gathering information and knowledge on a specific topic. In addition, literature review involves the knowledge of specific subject and results or conclusion of other
related research for the investigation. Meanwhile, literature review also could seem to be a reference point for contrast current research findings with other related findings (Easterby-Smith et al., 2008; Creswell, 2003). The research conclusion and future research advice are derived by research literature review. Most importantly, the literature review is not only referring different researchers’ opinions and research conclusion, but it also provides a critical and in-depth evaluation of those researchers’ perspectives (Burn, 2000; Creswell, 2003). Moreover, the theories and research conclusion are derived from data collection and analysis through qualitative research, and literature review is to assist researcher further thinking and exploring the specific topic as well as put forward to the new opinion of research topic from different perspectives (Thangarajah, 2010).

In this research project, literature review firstly provides theory and knowledge about the specific topic which is the benefits and challenges of using HRSSC. The literature review also involves different sections, such as what SSC is, what HRSSC is, the general benefits and challenges of adopting HRSSC in all industries. This provides knowledge of what is HRSSC and how it has been applied in the previous companies and what benefits and challenges could be anticipated from using HRSSC.

A range of different types of sources is used to complete the literature review. From Rowley and Slack (2004), literature review requires to extract and evaluate different resources including books, online academic journal articles and internet resources. All kind of academic and professional books were browsed and accessed from Sheffield University library. The literature review carried out in this project has been essential as the “checklist”. The checklist and questions were generated and developed based on the literature review.

3.5.2 Stage 2 - Checklist Developments

After the literature review, a comprehensive and specific checklist was developed in
next stage. A checklist contains a set of questions, and the case analysis based on the checklist to gather the answers and conclusion (Kundu and Bairi, 2016). Kundu and Bairi (2016) also state the reliability and objectivity of the evaluation process are increased by using the checklist. Meanwhile, checklist also guides researchers in planning for the results of the evaluation. The objective of this project is to answer the question of “what are the benefits and challenges of adopting HRSSC based on Western and Chinese different business background”. The benefits and challenges could be in-depth embodied into benefits to the case company, employees, customers and challenges to the line manager. The checklist questions would assist to answer the research question and make the conclusion. The checklist was generated from the literature review carried out. Therefore, the checklist was developed according to the literature review and the following questions. The questions are listed as below:

- What benefits does HRSSC provide to case company in the West / China?
- What are the challenges and barriers in adopting HRSSC in the West / China?
- What enablers contribute to the establishment of HRSSC in the West / China?

**Question 1**

**What benefits does HRSSC provide to case company in the West / China?**

- The benefits to the case company
- The benefits to the employees (e.g. HR staffs)
- The benefits to the customers

There are a lot of benefits identified in the literature review. The benefits gained by case company, employees and customers are examined and answered in this question. Based on different business environment, different leader and management style what different benefits of HRSSC would provide to four different case companies, and compare and analysis their benefits
Question 2
What are the challenges in adopting HRSSC in the West / China?

- Employee challenges
- Line manager challenges
- HR staff challenges
- Case company challenges

In general, the success of the shared services centre is not guaranteed. A lot of enterprises will fail to fulfill their objectives. Therefore, there are lots of elements which cause failures of HRSSC. This question would look at what challenges and barriers did the case company have. There are also a number of challenges identified in the literature review. The challenges are divided into employee challenges, line manager challenges, HR staff challenges, technical challenges and management challenges.

Question 3
What enablers contribute to the establishment of HRSSC in the West / China?

- Tangible facilitated factors
- Intangible facilitated factors

This question would look at what facilitated factors were contributed to the establishment of HRSSC. There are some enablers recognized in the literature review.

Question 4
What are the differences in terms of benefits, challenges and enablers related to HRSSC between Western and Chinese company?

- Compare benefits between Western and Chinese company
- Compare challenges between Western and Chinese company
Compare enablers between Western and Chinese company

A number of benefits, challenges and enablers were identified in the literature review and they also were analysed and evaluated by four case companies based on checklist questions. Based on different culture, business environment, management style and leadership what different benefits, challenges and enablers in two different contexts would provided to readers.

For this research project, four case studies were used. Each case company will answer and discuss these three research questions. The answers of research question help to deduce the findings and conclusion for the research aims and questions.

3.5.3 Stage 3 - Case Studies Selection and Data Collection
According to Flyvberg (2006) and Zainal (2007), case study research is excellent suited for investigating and identifying contemporary real-life problems or phenomenon by specific contextual analysis of their relationships and conditions. For this study, a multiple case study approach was carried out, which aimed to repeat findings across cases and it enables the researcher to explore similarities and differences between cases (Yin, 2013).

For this project, four case studies were analysed separately, two of the Chinese companies and the other two companies from the western business environment. They have different cultural backgrounds and different style of leadership and management which affect the benefits and challenges when they adopting HRSSC.

In the case selection stage, a set of criteria was developed in order to choose appropriate research case companies. The details about selection standard as follow.

- Large multinational company.
- A similar size of enterprises and personnel structure.
- Sufficient experience in the implementation of HRSSC.
According the selection criteria, the study eventually identify selected the following four case companies, Aon Corporation, DHL Corporation, China Netcom Corporation and Haier Group. Aon and DHL are large multinational corporations. In Western business market, they all have over 10 years’ experience in development of HRSSC. Moreover, Aon Hewitt is a subsidiary of the Aon, which providing human resource shared services, business consulting and outsourcing services. This institution not only enhances the overall strength of Aon, but also provides the developmental foundation and service supportability for Aon's HRSSC.

In addition, China Netcom Corporation and Haier Group also the Chinese large multinational corporations. They are the few companies that carried out HRSSC long ago in China. Meanwhile, they have similar enterprises scale and personnel structure with other two Western companies. This makes the comparison results more representative and comparable. Moreover, they also have developed in other areas of shared services, such as Haier’s financial SSC, CNC’s ITSSC. Compared with other Chinese companies, they have a domestic status and comprehensive experience in shared services. Therefore, CNC and Haier were selected as case company.

There are some key words were identified and used to retrieval and connecting informational data and articles related each case study, it including the selected name of company, ‘benefits’, ‘challenges’, ‘enablers’ and ‘HRSSC’. Google and Baidu as the main search engines were used in this study. Meanwhile, some academic databases also were used, such as Emerald, ScienceDirect, Scopus, ACM Digital Library and CNKI. During the research process, information search on Google, Baidu or other academic database use the key words to search the related case study’s materials. The different types of materials were identified and gathered, such as newspapers, company articles, government report and academic papers. Therefore, there would be wide range of articles that research can actually get, and also articles both in English and Chinese.
Moreover, the research checklist clearly provides guidance for data search and data connect in this study. The research process is the same for the four different case companies. But then the case studies are different, but the outcomes will still the different by using the same data connection and data analysis process. Then because data analysis process is the same, particularly research checklist also is the same, so the study has some titles to carry out consistent analysis across different studies, and allows the study to systematic comparison.

3.5.4 Stage 4 - Analysis

The checklist development was done by using the literature review. After that, the case studies was analysed and evaluated by checklist questions, which help to make generalizations and offer the answers for research questions. However, not all of case studies would offer answers to all of the questions in the checklist. The theories generated and conclusion developed by analysis of the case companies with the questions in the checklist. Therefore, the case studies should be evaluated thoroughly and carefully. For this project, the analysis framework is shown in the diagram below.

**Figure 7 - Framework for this research project**
The diagram shows the framework which focuses on data analysis for each case study and checklist questions. At first, four case studies were analysed and evaluated based on the checklist questions, and then the each question is also examined and analysed by the findings of case studies. Moreover, the comparison the answers of checklist questions based on the contexts of Western and Chinese companies. Finally, integration and comparison of findings would help to make global generalizations and conclusions as well as theory development.

3.6 Ethic Issues Statement

This study is fully aware of important of ethic issues. For this research, desktop research method was carried out collecting, analyzing and summary existing and published resources without fieldwork. And desktop research method is the only research method in the dissertation. This research does not involve any of the fieldwork, such as interview, questionnaire. Secondary data is the main information
source in the dissertation. This research project can guarantee the authenticity of the contents of the online research, and ethical use other authors’ and researchers’ ideas. Therefore, there is no ethical issue at all. And this research follows the process and regulation of the information school thoroughly, and my project was considered a no risk project.

3.7 Summary
In this chapter, the whole research methodology for this project was explained. According to the purpose of research, qualitative research method was used for this project. And an inductive research approach was undertaken for this investigation. This chapter also demonstrates the case study approach used and the criteria of selection for case study. Meanwhile, a checklist questions were introduced and explained, which help the researcher answer the main research question and achieve the research objective.
4. **Chapter Four - Findings and Discussion**

4.1 **Introduction**

This chapter offers the findings and data analysis from four case studies. Each case study was analysed and evaluated based on the checklist questions in methodology chapter. An introduction of each case company is revealed and a summary which indicates the key benefits, challenges and enablers is given as following. And then comparison Chinese and Western case companies were explained at the end of chapter.

4.2 **Western Case Company**

4.2.1 **Findings of Case Study 1: Aon Corporation**

4.2.1.1 **Introduction**

Aon Corporation is a large British multinational corporation that provides risk management, insurance brokerage, finance and HR consulting services and outsourcing services. Aon has more than 500 branches worldwide, serving 120 countries with around 72,000 staff (Aon, 2016). Some thorough organizational restructurings for Aon happened in past several years, such as in 2010, Aon completes merger with Hewitt Associates as well as other internal and external mergers, de-mergers, and re-mergers (Aon, 2010). Most importantly, an internal HRSSC was introduced and adopted by Aon in 2001. It provides commonly and specialist services in HR administration area, such as recruitment, training. The purpose of Aon’s HRSSC is providing a more efficient and effective HR service to their around 20,000 staff in more than 50 branch offices in the Europe (Cooke, 2006). In the restructuring of the delivery of the HR function in Aon UK, around 150 HR staff got the sack and a small part of HR employees reallocated and relocated. Meanwhile, a number of HR branch offices were downsized and thoroughly removed (Lin, 2014). According to Aon annual report (2015), all of the HR administration works are put into a HRSSC, and the HR function was at the center of Aon’s business transformation.
4.2.1.2 Question 1 - What benefits does HRSSC provide to case company?

Cost reduction
There are a number of benefits offered by the HRSSC adopted by Aon Corporation. The cost saving of HR service is a benefit to the every company. The cost of offering the HR service through HRSSC is lower than providing the same service through tradition HR structure. A more value-added HR service would be provided by HRSSC and its new model, and improvements in cost reduction and service efficiency (Aon, 2015). This is because Aon has concentrated HR units and services into one place, which reduces the duplication of HR work and enhances the consistency and standardization of Aon's HR services and processes, thus effectively reducing the operational cost. According to company report, the operational cost yearly decrease since the implementation of HRSSC (Aon, 2015; Aon, 2016).

Improve the quality of HR services
Aon’s HRSSC is not only help to reduce operational costs, but it also provides better quality of HR services for internal customers. HRSSC has helped the Aon Corporation to come up with standardized and consistent HR services, which helps to eliminate the repetitive work in HRM and reduce redundant work so as to improve the quality of HR services. There is evidence that the efficiency of HR services have increased. The Aon’s HRSSC provides a self-assist online HR information system (HRIS) that help staff to input and update their personal information (Aon, 2016). This system is not only simplifies the HR work, and effectively improve the efficiency and speed of HR service. Customers’ satisfaction also further improved (Aon, 2016).

Customer satisfaction ratings increased
The customers of Aon’s HRSSC gained the more standard and consistent HR services which was made through implementation of HRSSC and new HR model. The HRSSC of Aon focus on customer-oriented, which means it improved match
between customer expectations and service delivery (Ma, 2010; Lin, 2014).

**Greater transparency of cost for HR services**

According to Lin (2014), there is so little transparency about HR costs before implementation of HRSSC in Aon. Some core HR services like recruitment, employee training and personnel administration are rarely fully costed in HR budgets. However, the Aon’s HRSSC provides a clear HR service pricing and service standard, which help company improve transparency of cost and easier monitoring HR budgets.

4.2.1.3 **Question 2 - What are the challenges and barriers in adopting HRSSC?**

**Lack of face-to-face contact**

A centralized internal HRSSC has provoked some challenges or negative consequences for the employees in Aon. Since HRSSC was adopted, the employees’ on-site HR contact point has been removed (Aon, 2016). Previously, employee can discuss face to face with the HR employee any problems or enquiries, even personal requirement. However, currently the Aon’s employee only inquiries through on the phone with an HR staff whom they have never known before, and employees do not feel confidence and comfortable (Reilly, 2008; Borman, 2010). This may cause potential communication problems and affect the quality of the HR service.

**Lack of career development for HR staff**

In Aon HRSSC, the employees feel de-skilled and boring for the job, because of narrow specialization HRSS produces and repetitive of transactional work. There is lots of transactional and administrative work, which is not connected closely to the professional aspect of HR work (Aon, 2015; Aon, 2016). Therefore, the employees lack the chance to consolidate and develop their general HR knowledge, skills and business intelligence, which hindered the career development of HR staff in the future.
4.2.1.4 Question 3 - What enablers contribute to the establishment of HRSSC?

Senior-level support
Aon’s senior-level managers willing to invest enough money to support the HRSS project, which in order to reorganize the HR structure and process from traditional HR to strategic HR (Aon, 2015). Aon’s senior-level support ensures that both human resources and financial were gained available to support the HRSSC project. Meanwhile, Aon’s senior management sell the concept and plan of HRSSC to sponsor or constituencies, which ensure to gain support and appropriate funding levels for the HRSSC (Zhao et al., 2014; Adler, 2008).

Information technology
Before the implementation of the HRSSC, the Aon Corporation provides a comprehensive information technology platform for the establishment of SSC. The development of IT greatly reduces the cost of HRSS and facilitates HR structural change. IT also significant saves the number of transactional staff and their working hours in Aon Corporation (Singh, 2003). Information technology is not only facilitates the implementation of HR Shared Service Center, while helping the Aon's cost savings (Aon, 2015).

4.2.1.5 Summary
The above case study analysis reveals that there were some benefits for adopting HRSSC in Aon Corporation, such as operational cost reduction, improve the quality of HR services, customer satisfaction ratings increased and Greater transparency of cost for HR services. The challenges Aon faced was lack of career development and employee also lack of face to face contact with HR employee. In addition, IT and top management support facilitate the successful implementation of the HRSSC.

4.2.2 Findings of Case Study 2: DHL Corporation

4.2.2.1 Introduction
The following case study analysis is on a German courier company named DHL.
DHL is a logistic company which has adopted HRSSC successfully. In 2006, DHL built a HRSSC in USA, it provide the HR service for North America. The HRSSC of DHL has five different core businesses, which include recruitment, job rotation, reward management, training and HR information system (DHL, 2015). They believe the HRSSC would offer standardized HR services and processes cross-department that increase efficiency and improve service quality. Meanwhile, HR administrative service and professional advisory service are provided to internal customers by DHL HRSSC (Liang, 2012).

4.2.2.2 Question 1 - What benefits does HRSSC provide to case company?

Cost savings
The benefit to the DHL is cost reduction. HRSSC reduces the repetitive transactional work and increases the standardization of DHL’s HR services and processes. The HR department is committed to a more strategic level management to conform the overall direction of the DHL Company. This leads to cost reduction in DHL Company. According to DHL report (2015) shows that DHL has achieved cost reductions of around 35% recently.

Avoidance of redundancy
The HRSSC of DHL provides better consistency and accuracy of HR process and service standard, and DHL Company also simplified the HR team as well as reduced some repetitive work so as to avoid redundancy (Liang, 2015).

Improve information and knowledge management
From DHL report (2015), the HR transactional services of DHL and personnel information are managed by company's HRSSC, and HRSSC provides a unified way to implement and control HR information. This indicates that the process of DHL information management is simplified and centralized by HRSSC, while improving the efficiency of HR information management and reducing the repetitive work. The application of information technology also increases efficiency and convenience.
degree of information and knowledge management (DHL, 2016).

4.2.2.3 Question 2 - What are the challenges and barriers in adopting HRSSC?

Work intensification for line manager
Due to Aon removes their on-site HR contact point, line manager are doing more HR functions and take over part of HR communication work (DHL, 2013). And a number of administrative tasks should be done by line managers. Since the lack of HR on-site support, this caused work intensification for the line managers. Line manager need to do more and complex tasks and works (Shekshnia, 1998; Borman, 2010).

High employee turnover rate for HR staff
Even though there were some benefits from the HRSSC and new HR model, the DHL’s employee satisfaction was still low. Most of DHL’s employees were focused on career development opportunities, but the job of HRSSC had become more mindless and boring because of narrow specialization, employees’ feel deskill in HRSSC (Liang, 2012). There has been DHL’s employee survey (2015) indicating that “some employees are not wiling to adopt the new method and structure of working and they are not able to see work through to the end.” They can not predict their career development in HRSSC, so some employees left for other jobs. Around 9% of employee left the HRSSC of DHL after 2 years (DHL, 2013).

4.2.2.4 Question 3 - What enablers contribute to the establishment of HRSSC?

Sufficient investment and top management support
During the period of adoption of HRSSC, senior management highly values DHL's HR structure change and the idea of staff change. Senior management strongly supports the concept and transformational process of HRSS. The new ways of operating and the concept of change are conveyed to each business unit managers and employees by senior management. In addition, they have invested sufficiently money to provide the basis and guarantee for the construction of HRSSC (Liang,
Information technology

DHL as a well-known logistical company, the enterprise information construction and development was promoted by existing logistics and network information technology, which laid the foundation for the construction and implementation of HRSSC. IT not only facilitates HR structural change, while improving operational efficiency and reduces the HR service costs (Paphavatana and Mohiuddin, 2011; Liang, 2012).

Clear goal and vision for HRSSC

During the stage of HRSSC feasibly analysis, DHL developed a clear goal and vision for HRSSC. The vision is “To be the number one logistics HRSSC in the world and HR service facing to all of consumers worldwide”. The goal of HRSSC is “cost reduction, simplify HR work and process, improve quality of HR service and productivity”. (Liang, 2012). These visions and goals determine the development direction for HRSSC in order to facilitate the success of the HRSSC.

4.2.2.5 Summary

The above shows that the cost savings and avoidance of redundancy were achieved in adopting HRSSC in DHL. But there are a number of challenges DHL faced. The challenges DHL faced was the high employee turnover rate for HR staff and high workload for line manager. Moreover, senior management, clear vision and IT facilitate the successful implementation of the HRSSC.

4.2.3 Summary for Two Western Companies

<table>
<thead>
<tr>
<th>Western</th>
<th>Benefits</th>
<th>Challenges</th>
<th>Enablers</th>
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Table 5 - Summary for Two Western Companies
<table>
<thead>
<tr>
<th>companies</th>
<th>Benefits</th>
<th>Challenges</th>
<th>Enablers</th>
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</thead>
<tbody>
<tr>
<td>Aon Corporation</td>
<td>• Cost reduction;</td>
<td>• Lack of face-to-face contact;</td>
<td>• Senior-level support;</td>
</tr>
<tr>
<td></td>
<td>• Improve the quality of HR services;</td>
<td>• Lack of career development for HR staff.</td>
<td>• Information technology.</td>
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<td></td>
<td>• Customer satisfaction ratings increased;</td>
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<td></td>
<td>• Greater transparency of cost for HR services.</td>
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<td></td>
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<tr>
<td>DHL Corporation</td>
<td>• Cost saving;</td>
<td>• Work intensification for line manager;</td>
<td>• Sufficient investment and top management support;</td>
</tr>
<tr>
<td></td>
<td>• Avoidance of redundancy;</td>
<td>• High employee turnover rate for HR staff.</td>
<td>• Information technology.</td>
</tr>
<tr>
<td></td>
<td>• Improve information and knowledge management.</td>
<td></td>
<td>• Clear goal and vision for HRSSC</td>
</tr>
</tbody>
</table>

The above table reveals the different benefits, challenges and enablers that have been appeared by two Western case companies in adopting HRSSC. For Aon, they did not achieve avoidance of redundancy in using HRSSC. But DHL also was not fully improving the quality of HR services. Meanwhile, cost saving are benefits for both of companies. For challenges, lack of communication and career development for HR staff were encountered by western companies. And work intensification for line
manager only was encountered by DHL. In addition, the enablers realized by both of two companies are information technology and senior-level support.

4.3 **Chinese Case Company**

4.3.1 **Findings of Case Study 3: China Netcom Corporation**

4.3.1.1 **Introduction**

China Netcom Corporation (CNC) is one of the largest telecommunication service provider in China. The shared services of CNC adhere to the price-oriented and customer satisfaction as the business focus. The HRSSC is positioned as a separate operating entity, in accordance with the commercialization and entrepreneurial mode to establish SSC model, and a set of clear service level agreements (SLA) to deliver the HR services. In 2004, CNC established the first HRSSC in Shanghai and provides HR services for the CNC subsidiaries (Ma, 2010). The organizational structure of CNC is divided into three levels including corporate headquarters, regional branches and SSC. The HRSSC of CNC provides a number of HR services, such as benefits administration, advisory services and payroll processing (Yang, 2013; CNC, 2007).

4.3.1.2 **Question 1 - What benefits does HRSSC provide to case company?**

**Increase productivity and service efficiency**

The HRSSC of CNC stripped transactional HR work from the original decentralized HR department and HRM functions. The HRSSC of CNC provides the standardized and consistent HR services and model for internal customers and staff, thereby improving service efficiency and reducing differences between departments. Meanwhile, The HRSSC of CNC does routine, administrative and standardized work. HRSSC adopt a new way to deliver employee service or work cheaper while meeting service and quality parity (Ma, 2010).

**Better information and knowledge management**
Due to a set of existing HR administrative work and functions are centralized in HRSSC and less duplication of work, the CNC’s HRSSC is much easier to control HR services and functions than a traditional HR department. This not only reduces the company’s operational costs and number of HR staff, but also enhances the efficiency of HR service management (Liu, 2009). During the period of implantation of HRSSC, CNC develops a common administrative online system and an E-HR online platform, which was offered for staff to input and update their personal information. The information technology was applied by HRSSC in order to provide a more convenient and efficient way to deliver HR service. This new system has increased the role of HR at the corporate level, while enhanced information and knowledge management efficiency (Ma, 2010; Yang, 2013).

**Highly transparency of cost for HR services**

The benefit to the CNC is greater transparency of HR service cost. According to Ma (2010), The HRSSC of CNC is not only reduces repetitive HR jobs and tasks, but also provides a standard for HR service specification. HRSSC also offer a unified pricing for HR services so as to enhance the transparency of cost and easier monitoring of budgets (Liang, 2012).

**4.3.1.3 Question 2 - What are the challenges and barriers in adopting HRSSC?**

**High employee turnover rate**

According to the employee of HRSSC in CNC states that the job is programmed, high repeatability and a large number of simple operational or administrative works. This situation leads to part of CNC’S staff dampen the enthusiasm and staff morale to HR services. Some CNC’s employees choose to leave HRSSC to other department or leave company. This situation shows employee feel a sense of weariness and face an uncertain future, which resulting in high employee turnover rate (Ma, 2010; CNC, 2007).

**Lack of clarity of ownership of HR issues**
Since the implementation of HRSSC, CNC’s local HR office has been removed, thus, the lack of clarity of ownership of HR issues appear in CNC’s HRSSC and HR services. According to CNC’s employees interviewed found that current CNC has no clear HR structure to identify the ownership of HR problems. This situation causes confusion about HR structure and division of human resources, thus affecting HR service quality and CNC's employee satisfaction (Liang, 2012).

**Lack of HRSS skills and competence**

In CNC, the originally traditional HR managers were transferred to HRSSC as HR manager. However, these managers have abundant experience in traditional human resource management, they are not familiar with the new management model as well as lack of skills and experience in HRSS. They also are difficult to break through the limitations of traditional thinking, which led to lack of the consciousness of cultural construction and the correct leadership. Meanwhile, if CNC does not promptly adjust manager, who will affects the performance of HRSSC (Yu et al., 2004; Ma, 2010).

**High transition and implementation costs**

There has been a high transition and implementation costs appear in adopting HRSSC at CNC. During the period of HR restructuring, CNC invests a lot of money to complete the establishment of HRSSC. This has slowed down the rate of return on investment (Ma, 2010).

4.3.1.4 **Question 3 - What enablers contribute to the establishment of HRSSC?**

**Clear vision**

The clear vision provided the CNC a planning where the company was able to implement the HRSSC successful (Srikanth, 2013). CNC has set a clear vision in order to complete the strategic transformation of HR, which is not only provides strong support, while strengthening the cohesion of the team (Ma, 2010). The vision of CNC’s HRSSC is “To be a comprehensive HRSSC services to Chinese market even the whole Asia, and to reduce costs and improve quality of HR services”. (CNC,
Strong support from leader and senior manager

In the early stage, the leader and manager of CNC attach great importance to the concept of change in personnel and the implementation of HRSS model. They are not only widely communicate HR vision and planning with employees, but also they clearly convey the concept of Shared Services, operational mode and revolution direction to each business unit's manager and staff. (Ma, 2010) In addition, senior manager also provides support for information technology and internet platform, which provides the basis and guarantee for the realization of HRSSC (Srikanth, 2013; Yang, 2013).

4.3.1.5 Summary

The above analysis reveals that the benefits were better information and knowledge management as well as increase productivity and HR service efficiency for HRSSC. The challenges CNC faced are employee turnover rate, transition and implementation cost, lack of clarity of ownership of HR issues, some leader lack the HRSS skills and experience. HRSS skills and employee satisfaction are very essential in adopting HRSSC, especially with HRSSC where the staff would be closely involved in the HRSSC operations and affect the performance of HRSSC. Moreover, clear vision and strong support also are very crucial enablers for HRSSC.

4.3.2 Findings of Case Study 4: Haier Group

4.3.2.1 Introduction

Haier Group is a well known Chinese multinational consumer electronics company which operates worldwide. Haier is also the world’s No.1 white goods brand, and it had the world’s largest market share in white goods industry. Haier was established in 1984 by a team of Chinese entrepreneurs. Currently, Haier has more than 70,000 employees and several SSC worldwide which serving different continents. Haier’s HRSSC was established in Qingdao and services for the Asian region (Haier, 2016).
The HRSSC of Haier has some goals which includes achieving the transformation of human capital management and upgrades to a standard and consistent HR service (Haier, 2016; Ma, 2010). The following is a discussion about the benefits and the challenges Haier faced, and the facilitation factors it had used. The information present in the case study was collected by the researchers through several interviews with HRSSC staff and senior manager at Haier.

4.3.2.2 Question 1 - What benefits does HRSSC provide to case company?

Improve the service efficiency and limited cost savings
Firstly, the Haier’s HRSSC provides the internal customers a more consistent and standardized deliver HR services and more efficient resourcing, while most of repetitive jobs were reduced based on the new HRSS model. In addition, the amount of accommodation needed was reduced by physically co-locating employee (Ma, 2010). Haier’s statistics (2015) shows that around 4% operational costs were saved through implementation of HRSSC. According to the above the situation, the limited cost reduction has achieved in Haier. Moreover, the Haier’s HRSSC also improve the efficiency of HR service and HRM through adjusting and optimizing the service, structure and processes of HR.

Reduce the employee redundancy
During the implementation of HRSSC, Haier reduces and cancels some HR repetitive job as well as reducing the number of HR employees. Each existing staff focus on each specific working area, such as training, compensation, etc (Haier, 2015). The redundancy was avoided through Haier simplified the HR employees and jobs.

4.3.2.3 Question 2 - What are the challenges and barriers in adopting HRSSC?
Career implications
In Haier’s HRSSC, the HR staff is difficult to make a transition from HR officer to HR project manager, because HR staff lack the opportunity to develop their general
HR skills and business understanding (Reilly, 2000). As one of the Haier’s consultant staff indicated it is much harder to use administrative job as foundation or stepping stones to HR professional work in HRSSC, due to there is lots of transactional work, and it is not connected closely the professional aspect of HR work (Cooke, 2006).

**High implementation fee and transitional costs**

The challenge for the Haier is high implementation fee and HR operational cost at the early stage. The purpose of HRSS is transform the HR functions to make is more strategic (Haier, 2015). Therefore, Haier needs large-scale capital investment to establish IT platform and get the IT infrastructure, which are the basis and enablers for adopting HRSSC (Ma, 2010).

**Lack of communication**

There is a challenge which will affect the staff of HRSSC. Haier’s shared services enter was established in Qingdao. So the Haier’s employees can only communicate with HR staff by telephone or email, which leads to an unfamiliar feeling produced and lack of confidence for employees. It also affects the quality of the HR service for internal clients (Liang, 2012).

**4.3.2.4 Question 3 - What enablers contribute to the establishment of HRSSC?**

**Information technology**

Due to the financial SSC of Haier have already established before the HRSSC, Haier have a complete and stable IT platform and intranet as the basis for the implementation of HRSSC (Haier, 2015). Haier’s information technology helps HRSSC and HR department maximum reduce the amount of transactional employees and working hours, while reduce the cost of shared services (Ma, 2010).

**Senior-level leader support and sufficient investment**

In the implementation stage, the Haier’s senior leader was not only vigorously
promoting shared services feasibility analysis, but also convinces shareholders and sponsors support HRSSC project. Meanwhile, senior leader also provided sufficiency investment as the basis and guarantee for transforming the HR function to make is more strategic (Burns and Yeaton, 2008). There are a variety of ways to support HRSSC from high-level leader, such as employee training, strengthen the concept of HRSSC, increase internal communication and so on (Ma, 2010).

**ERP system**

According to the research Li (2004) conducted for Haier’s HRSSC, before the implementation of HRSSC, Haier has successfully implemented financial shared service center. Therefore, Haier has established a comprehensive information technology platform and comprehensive ERP system, which facilitates the implementation of HRSSC successful (Li, 2004; Ma, 2010).

**4.3.2.5 Summary**

The above shows that the main benefits which were achieved are cost reduction and improve the service efficiency and reduce the employee redundancy. These benefits ensure that HRSSC provides expected and customer-oriented services. The challenges Haier faced was the employees’ career development, implementation and transitional costs and lack of communication. In addition, information technology, sufficient investment and senior-level support facilitate the success of Haier’s HRSSC.

**4.3.3 Summary for Two Chinese Companies**

<table>
<thead>
<tr>
<th>Chinese companies</th>
<th>Benefits</th>
<th>Challenges</th>
<th>Enablers</th>
</tr>
</thead>
</table>

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MSc Information Management
According to above findings, there are some benefits, challenges and enablers that have been occurred by two Chinese case companies. Better information and knowledge management and highly transparency of cost were only appeared in CNC. Meanwhile, service efficiency was achieved by both of them. Moreover, reduce the employee redundancy was identified by Haier. And then the high implementation fee and transitional costs were encountered by both of Chinese companies. CNC also encounter the challenge which is the lack HRSS skills and competence for manager.

| China Netcom Corporation (CNC) | Haier Group | Clear vision;  
| --- | --- | Strong support from leader and senior manager. |
| • Increase productivity and service efficiency;  
• Better information and knowledge management;  
• Highly transparency of cost for HR services. | • Improve the service efficiency and limited cost savings;  
• Reduce the employee redundancy;  
• Career implication;  
• High implementation fee and transitional costs;  
• Lack of communication. | • Information technology;  
• Senior-level leader support and sufficient investment;  
• ERP system. |

| • High employee turnover rate;  
• Lack of HRSS skills and competence;  
• High transition and implementation costs;  
• Lack of clarity if ownership of HR issues. |  |  |
Finally, a strong support from senior level was very essential enablers to facilitate implantation of HRSSC. Information technology and ERP help the Haier to accomplish the transformation from administrate to strategic role. In addition, the clear vision also would be helping the construction of HRSSC in Haier.

4.4 Differences in terms of benefits, challenges and enablers related to HRSSC between Western and Chinese company

4.4.1 Question 4 - What are the differences in terms of benefits, challenges and enablers related to HRSSC between Western and Chinese company?

4.4.1.1 Comparison for the benefits between the Western and Chinese context

<table>
<thead>
<tr>
<th>The benefits case company achieved in adopting HRSSC</th>
<th>Cost reduction</th>
<th>Improve the quality of HR services</th>
<th>Reduce the employee redundancy</th>
<th>Customer satisfaction ratings increased</th>
<th>Increase productivity and service efficiency</th>
<th>Better information and knowledge management</th>
<th>Highly transparency of cost for HR services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western case companies</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Chinese case companies</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>

Differences

From Paphavatana and Mohiuddin (2011) state that HRSSC provides a number of benefits to each corporation, while organization selects to implement HRSSC model based on the purpose of gathering different benefits. In fact, the main and common benefits are typically driven in the aspiration of achieving cost saving, improving the quality of HR services and HR productivity across the organization, and enhancing
consistency and standardization of HR service (Cooke, 2006; Srikanth, 2013). According to the above table shows the different and similar benefits that have been occurred by the two Western companies and two Chinese organizations.

Cost saving has been achieved in adopting HRSSC by two western companies. But two Chinese organizations did not gather this benefit; there are some reasons to explain why this situation will be appeared in Chinese companies. Firstly, compared with western countries, Chinese commercial market has advantages in human capital (Fleisher et al., 2010). Therefore, this situation shows the quality and efficiency of HR services improvement become the main drivers for implementation of HRSSC in china. Secondly, there can be no doubt that the concept and practice of SSC in China still lags behind the western countries and companies (Ma, 2010). In fact, cost reduction also an essential benefit for Chinese companies (Yang, 2008). For this study, although these two Chinese companies have some experience and practice in IT or Financial shared service, but when they focused on implementing HRSSC, they still lack the HRSSC theoretical support and experience in the application of HRSSC. Therefore, this has prompted China's enterprises not only to continue to learn from the experience of Western companies, but also invests lots of funds in construction and development of HRSSC, which helps company gradually establish a HRSSC in line with the long-term interests of Chinese enterprises. However, a large number of money invested in implementation of HRSSC, which makes Chinese enterprises have limited cost savings from HRSSC, and even some companies eventually can not get cost reduction, like Haier and China Netcom Corporation.

Moreover, customer satisfaction ratings increased has been obtained in adopting HRSSC by Western company. There are some reasons to explain why western companies can get this benefit. The concept of shared services was originally come from western market in the late 1980s (Redman et al., 2007). From Srikanith (2013) survey, it was showed that around 93% of western corporations were acquiring
shared services in finance and about 60% in HRSS. He further explained that the shared services have been obtained the recognition, especially in finance and HR, while western companies have already established a complete operational HRSSC system. The importance of client satisfaction and the attempt of establishing customer relationship have been identified in western market (Forst, 2000). Therefore, the western shared services provider gradually fosters a highly customer-oriented standard and mindset. (Forst, 2000; Paphavatana and Mohiuddin, 2011). Therefore, the two Western companies are highly focused on customer-oriented service. However, the HRSSC development of Chinese enterprise still lags behind western organization (Ma, 2010). Chinese's HRSSC currently only provides a unified HR services, and they are unable to provide HR services the internal customers’ desire.

In addition, better information and knowledge management has been gained by Chinese company. Due to the less duplication of work and centralized HR services, the CNC’s HR information and knowledge management was simplified (Liu, 2009). Thus the HRSSC is much easier to control and dominate HR information and services.

**Similarities**

There are some benefits have been achieved in adopting HRSSC by both Chinese and western companies. These benefits can be categorized into operational benefits. According to Chen and Popovich (2003), operational benefits are benefits which achieved through improve in the profitability and operational efficiency. The operational benefits between Chinese and Western companies achieved were the quality of HR services improvement, productivity increased, reduce the employee redundancy and highly transparency of cost for HR services. Through providing a range of uniform and standard HR services, the efficiency and quality of HR services in Chinese and Western companies are increased. This indicates that HRSSC can provide some tangible or solid benefits to the companies which have adopted
HRSSC in any business context.

4.4.1.2 Comparison for the challenges between the Western and Chinese context

Table 8 - Comparison for the Challenges between the Western and Chinese context

<table>
<thead>
<tr>
<th>Q2</th>
<th>Lack of face-to-face contact (no communication)</th>
<th>Work intensification for line manager</th>
<th>Lack of HRSS skills and competence</th>
<th>Lack of clearly of ownership of HR issues</th>
<th>Lack of career development for HR staff</th>
<th>High employee turnover rate for HR staff</th>
<th>High implementation fee and transitional costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western case companies</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Chinese case companies</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>

Differences

From Reilly (2000) suggests that HRSSC is not only provides several benefits to company, but also some barriers and challenges were reflected in using HRSSC. The potential challenges are typically divided into different aspect of challenges in adopting HRSSC, such as line manager challenges, HR staff challenges and management challenges. According to the above diagram shows the different and similar challenges that have been encountered by the two Western organizations and two Chinese companies.

Firstly, high workload has been encountered in adopting HRSSC by Western case
company. According to Cooke (2006), line manager takes over more HR functions because company removes their on-site HR contact point after implementation of HRSSC. He further explains the lack of HR on-site support staff seemed to have prompted work intensification for the line managers. For western companies, they have established comprehensive operational standards and procedures. During the implementation stage, Western company removes their on-site HR staff in order to complete the transformation of HR structure. Therefore, this challenge was occurred in Western case company. However, there are some reasons explain why Chinese case company did not encounter this challenge. Firstly, Chinese enterprises are still in an exploration and research stage for HRSSC (Yang, 2012). According to Ma (2010) research, some Chinese companies are not completely applied the Shared Services personnel structure and operational mode. Currently, Haier still remains some original HR jobs in the branches, while they assists line manger to deal with some HR tasks.

In addition, there also have a challenge for line manger; the challenge is that line manager lacks HRSS skills and competence in HRSSC. This challenge occurs in the Chinese companies. In Chinese business market, most HR consultant and line manager are transferred from other departments, they did not have systematic HR skills and HR work experience (Liu, 2009). Meanwhile, some Haier’s managers have abundant traditional HRM experience, but they are not familiar with the operation and management style for HRSSC (Ma, 2010). Therefore, they may lack the interest in managing HR, which caused low HR service quality. However, Western companies have comprehensive and rigorous criteria for employee selection and personnel deployment in order to prevent the possibility of above situation happened (Dagdeviren, 2010). Therefore, cultural differences also affect the challenges company faced in adopting HRSSC.

Moreover, lack of clearly ownership of HR issues also has been encountered in adopting HRSSC by Chinese company. According to Du (2016), Most Chinese
employees have an introverted character and strong sense of obedience for their job, which leading to lack of internal communication among employees. She further explains that during the HR transitional period, chaotic internal management is appeared in Chinese company; the content of job and the boundary of job function are not clearly defined and categorized by Chinese company. Meanwhile, CNC’s local HR office has been removed, which indicates that there was no clear personnel structure to deal with the ownership of HR issues. However, according to implementation of HRSSC, the HRSSC of Western company has a clear division of work and distribution of responsibilities for employees and managers, while effective communication among employees so that resolve the ownership of HR issues. Therefore, management mode and internal structure also affects the challenges in adopting HRSSC between Chinese and Western companies.

From Ma (2010), the development of HRM and SSC in Chinese enterprises still lags behind Western companies. During the period of HR reorganizing and restructuring, a large number of funds should be invested to establishment of HRSSC and HR infrastructures. According to CNC finance annual report (2007), the HR operating and transitional costs are gradually increase at the early stage of establishment of HRSSC in 2004, and operating expenses reaches 66,739m RMB in 2007, compare with 64,643m RMB in 2006. However, most Western companies have many years of experience in the implementation of SSs, so that they can gradually reduce the implementation fee and transaction costs (Santosh, 2013).

**Similarities**

For this study, the most common challenges between Western and Chinese context are high employee turnover rate for HR staff, lack of career development for HR staff and lack of face-to-face communication. There can be no doubt that lack of career development opportunities that it directly affects the employee turnover rate in the different background of companies. Meanwhile, the repetitive tasks and narrow specialization also lead to high employee turnover rate in HRSSC (Liang,
2012). From Cooke (2006), a negative consequence of the removal of the on-site HR office has been the lack of face-to-face communication that can appear in HR services. According to Cooke (2006) research, most employees interviewed mentioned that they would not feel comfortable and confidence on email or phone with an HR staff who they have never known. This potential communication issues may lead to other challenges and barriers in adopting HRSSC.

4.4.1.3 Comparison for the enablers between the Western and Chinese context

Table 9 - Comparison for the Enablers between the Western and Chinese context

<table>
<thead>
<tr>
<th>The enabler case company encountered in adopting HRSSC</th>
<th>Q3</th>
<th>Information technology;</th>
<th>Clear vision</th>
<th>ERP system</th>
<th>Strong support from leader and senior manager.</th>
<th>sufficient investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western case companies</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Chinese case companies</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>

Differences
The above diagram shows the different enablers that have been adopted to facilitate establishment of HRSSC. For this study, two Chinese case companies use the ERP system to facilitate the success of HRSSC. Through implementation of ERP, it helps company to establish HRSS process, HRSS standard and so on. ERP is an integrated system that supports all applications, while ERP collects and organizes information from different levels of company to offer management with insight into key performance indicators (Rouse, 2014). ERP provides a wide range of features to help HR strategic transformation, and provides some HRM services, including employee
information integrated management, recruiting and training management, performance management, decision support management through ERP system. Thereby, ERP facilitates the development of HRSSC and strategic transformation step by step (Cui, 2014).

Information technology (IT) has been used to facilitate establishment of HRSSC by Chinese and Western companies. From Howcroft and Richardson (2012), IT plays a pivotal role in adopting and using HRSSC. They further explains IT assists company to reduce the number of staff as well as replace the higher skilled with lower cost. IT also integrates HR with company’s business strategy and builds better relationships with customers (IDS, 2000). Chinese and Western companies have realized the importance of IT in adopting HRSSC. They use IT to simplify HR task and leads to avoid redundancy and duplicate work.

According to Deloitte (2011), clear vision is the critical success factor to facilitate the success of the HRSSC. If it is absent, the lack of direction and ownership can be main causes of HRSSC failure. For Chinese and Western companies, they have realized the importance of clear vision and goal; it provides a clear planning to implement HRSSC and development direction.

Senior-level support and sufficient investment also have been gained by Chinese and Western companies. Senior-level support is an essential factor in the successful implementation of SSs. Senior-level support can decrease the impact of many obstacles (Burns and Yeaton, 2008). In Chinese and Western context, senior-level support is not only helping maintain corporate focus, but also ensures finance and resources will be made available to complete the HRSSC project. Moreover, senior-level support also provides sufficient funds to drive the organization and HR strategic transformation toward success.

4.4.1.4 Summary

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Overall, the benefits, challenges and enablers in adopting HRSSC in Western companies are substantially similar to Chinese companies. Currently, Chinese companies lag behind Western organizations in application and development of the concept of Shared Services. But part of Chinese multinational company also learns from the HRSSC implementation experience from Western companies in order to restructure and re-adjust the internal HR operation by adopting and using HRSSC. Thereby obtaining some important benefits in adopting HRSSC, such as improving the quality and efficiency of HR services, optimize the internal HR structure, simplify the HR work contents and functions.
5. Chapter Five - Conclusion

5.1 Introduction

This chapter provides the summary about the whole research. The research checklist questions are used to answer the research topic. Meanwhile, the research limitation and future research are given in this chapter.

5.2 Conclusion

This research has been carried out to investigate the benefits and challenges in adopting HRSSC. At first, a critical and in-depth literature review was carried out for purpose of clearly and deeply understands development of shared services and HRSSC. Currently, some researchers have studied this research related area and many researchers explained and evaluated the general benefits and challenges in adopting HRSSC. Although, a number of benefits in adopting HRSSC were identified and explained, but the challenges also affect the development of HRSSC even the success of HRSSC. For this study, the benefits and challenges in adopting HRSSC based on the contexts of Chinese and Western companies were explored and compared. In order to undertaken this research effectively four checklist questions were created and answered using two of Chinese case companies and the other two organizations from the Western companies which have adopted and implemented HRSSC. According to summary and comparison of research findings, there are certain benefits which have not been achieved by Chinese case company or Western case company while certain Benefits have been gained by all the companies.

According to comparison the benefits, challenges and enablers, Chinese companies are similar to Western companies in adopting HRSSC, but there also have some factors that affect the benefits, challenges and enablers appeared in different contexts. In this research, the most common benefits between Chinese and Western contexts were the redundancy reduction within the company, better quality of HR service, increasing productivity and HR service efficiency. However, due to the different
economic environment and advanced application of HRSSC concept in Western context, these factors affect the benefits obtained between Chinese and Western contexts. According to case studies, some common challenges were identified, such as lack of face to face contact between employee and HR staff, lack of career development for HR staff and high employee turnover rate for HR staff. Based on comparison challenges between Chinese and Western companies, it shows that unclear and confused division of internal structure as well as high recessive corporate culture in Chinese companies, which results in more challenges in adopting HRSSC in Chinese context, such as lack of clear of ownership of HR issues and lack of HRSS skills and competence. Moreover, there were certain enablers which were found in both contexts, such as IT, clear vision, senior-level support and sufficient investment. Overall, the cultural differences, different management models and leadership, staff quality which are thoroughly affect the benefits, challenges and enablers occurred in adopting HRSSC in the contexts of Chinese and Western companies. The Chinese and Western Companies how to deal with these factors will be the key step to the successful development of HRSSC in the future.

5.3 Limitations of research

In this study, four case studies were used to answer the research questions and topic. But there were limited number of case companies and resource on adopting HRSSC in Chinese and Western contexts. That is there is not sufficient research and literature focus on specific company in adopting HRSSC. Meanwhile, most existing case company research can not answer the all the checklist questions. Therefore, the selection of case study needs a comprehensive search from various resources.

In addition, Most of information and data were collected from company reports, News, academic journal articles. But these information may not show the all of the benefits, challenges and enablers which have been achieved by case company in adopting HRSSC. Some benefits, challenges and enablers in these four case
companies could be obtained only by primary research method.

5.4 Future research

The benefits, challenges and enablers in adopting HRSSC have been identified in this research, but there are more benefits, challenges and enablers which the other Chinese and Western Companies may face. The future research should add more case companies to investigate this question so as to obtain a further comparison and comprehensive results.

Furthermore, although a number of literatures explain the benefits, challenges and enablers in adopting HRSSC, but they only focus on general benefits, challenges and enablers which company faced. Therefore, future research needs to investigate the benefits and challenges in adopting HRSSC in a specific company or industry.
6. Chapter Six - Reference


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7. Appendix

7.1 Appendix - 1 Access to Dissertation Form

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Department: Information School
Signed: Kaiyang Chen
Date: 2016.09.01

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Department
Signed
Date

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