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**DEVELOPING PURCHASING PROCEDURES AFTER IMPLEMENTATION OF A
SHARED SERVICE CENTER**

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ABSTRACT

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The purpose of this study is to find out how a global company could develop its purchasing procedures further after implementation of a shared service center. The theoretical part the study focuses on organizational control and coordination, organizational structures within purchasing, outsourcing and offshoring, and shared service centers. The research is a multi-method qualitative case study and the used data collection methods were semi-structured theme interviews and online questionnaire. The case company is operating globally in the field of power and automation technology industry.

Findings identified the main development targets for improving purchasing procedures in a global company when shared services are used. The study proposes that local purchaser's involvement in everything that requires decision making, was diminished. In practice this would mean giving more authorization and responsibility to Global Business Services (GBS) center.

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Tämän tutkimuksen tarkoitus on selvittää kuinka globaali yritys voisi kehittää ostoprosessejaan jaetun palvelukeskuksen käyttöönoton jälkeen. Tutkimuksen teoriaosuus koostuu seuraavista osa-alueista: organisatorinen kontrollointi ja koordinointi, oston organisaatorakenteet, ulkoistaminen ja jaetut palvelukeskukset. Tutkimus on laadullinen tapaustutkimus, jonka aineistonkeruumenetelminä käytettiin puolistrukturoituja teemahaastatteluja ja verkkokyselyä. Tutkimus toteutettiin toimeksiantona globaalille yritykselle, joka toimii sähkö- ja automaatioteknologian alalla.

Tutkimustulosten pohjalta voitiin määritellä pääkehityskohteita, joiden avulla globaali yritys voi kehittää ostoprosessejaan, joihin olennaisena osana liittyy jaetut palvelut. Tutkimus ehdottaa, että paikallisen ostajan osallisuutta lähes kaikkiin päätöksentekoa tai nimellistä päätöksentekoa vaativiin asioihin vähennettäisiin. Käytännössä tämä tarkoittaisi lisävaltuuksien ja -vastuun antamista GBS:lle.

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LIST OF ABBREVIATIONS

ASCC	Advanced Supply Chain Collaboration -portal
FCA	Free Carrier
GBS	Global Business Services
HR	Human Resources
ICT	Information and Communications Technology
IT	Information technology
LB	Local buyer
PO	Purchase order
PR	Purchase requisition
RFQ	Request for quotation
SLA	Service Level Agreement
SOP	Standard Operating Procedure
SSC	Shared Service Center
TCE	Transaction Cost Economics
TMC	Transport Management Center

1 INTRODUCTION

As business becomes more and more competitive, the importance of purchasing as a key business driver is increasing – and this has been recognized by top managers (van Weele 2010, 3). The role of purchasing function has become increasingly important and nowadays purchasing is considered more as a strategic than operative function (Karjalainen 2011; Paulraj, Chen & Flynn 2006). As a result, companies have paid more attention to purchasing operations and started restructuring the purchasing functions (Karjalainen 2011). Implementation of shared service centers (SSC) is nowadays one common means of restructuring purchasing processes.

Shared services can be defined as a collaborative strategy in which some of the existing business functions are concentrated into a semi-autonomous business unit. The management structure of the business unit promotes efficiency, cost savings, value creation and better service for internal customers of the parent company. (Bergeron 2003, 3) Shared services model characteristically includes a subset of shared services that have been determined by customer, performed by an intra-organizational business arrangement, offered to specific end-users, by a semi-autonomous or autonomous business unit, based on agreed conditions (Bondarouk 2014, x).

Shared services model can be described as a hybridization of traditional business models with a few twists (Bergeron 2003, 2). The hybrid organizational structure of shared service centers combines centralized and decentralized structures (Janssen & Joha 2006), thus it enables combining the advantages of both structures. The functions performed by shared service centers are typically non-strategic and outside of the parent company's core competency. However, in theory, shared service centers can perform any business function successfully, if the management is adequate and performance criteria is well defined. (Bergeron 2003, 4) Typical services delivered by SSCs are purchasing, ICT services, HR services, finance and accounting (Strikwerda 2014).

1.1 Research background

This thesis is a case study. The case company is operating globally in the field of power and automation technology industry. Due to the case company's large size, the study concentrates on a purchasing function of a specific business unit. As a consequence of the change project, a part of the company's purchasing operations has been outsourced internally and is nowadays taken care of by a service center (GBS) operating in Eastern Europe. The GBS started operating in October 2016. The aim of the change was to improve efficiency and white-collar productivity, gain cost savings and standardize processes. The implementation of this new operating model has brought several changes and new procedures to employees' daily work in Helsinki factory.

The study is important, because the operating model is relatively new for the company. Also, there is interest in implementing the model more widely in the future. Since the GBS has been operating for over two years now, it is a good time to investigate closer the procedures, division of tasks, clarity of responsibilities, workload, what works well and where is potentially room for improvement etc. Also, now that the new routines have been well adopted, it might be topical to consider, if there are some other additional tasks that could be taken care of by GBS in the future.

The study is conducted due to a need of the case company, so primarily it does not aim to fulfil any general research gaps. However, while working on the theoretical part, it turned out that there are no previous studies about how already existing SSCs could be developed further, or at least they are very scarce, because the author was not able to find any. Instead, there were plenty of studies related to implementation of new SSCs, as well as characteristics of SSCs and motives for implementation. So, even though the study is very case specific, it can probably contribute to fulfilling this research gap that was discovered during the thesis journey.

1.2 Research gap

Purchasing and supply management are concepts that have been broadly discussed and studied from various perspectives (e.g. Bals & Turkulainen 2017; van Weele 2010; Monczka, Trent & Handfield 2005). Purchasing and supply management related topics that have raised researchers' attention include for example purchasing coordination (Matthyssens & Faes 1996), organization design, i.e. centralization vs. decentralization (McCue & Pitzer 2000; Karjalainen 2011; Bals & Turkulainen 2017), outsourcing (Belcourt 2006; Herath & Kishore 2009; Hätönen & Eriksson 2009) and offshoring (Mugurusi & Bals 2017; Larsen, Manning & Pedersen 2013, Musteen 2016). After largely understanding the importance of purchasing to organizations' competitiveness, increased attention has been paid to purchasing activities, which has resulted in search for optimal processes and restructuring of purchasing functions (Karjalainen 2011).

Companies' increasing pressure to reduce costs and improve efficiency drives many organizations to undertake shared services actions (Aksin & Masini 2008). Shared services is a widely examined concept (e.g. Janssen & Joha 2006; Ulbrich 2006; Knol, Janssen & Sol 2014; Bondarouk 2014; Strikwerda 2014). It has been argued that the term shared services was first introduced in 1980s (Davis 2005). Since the 2000s, scholars' interest towards examining shared services has been increasing (Bondarouk 2014, ix). Researchers have studied for example implementation of SSCs (Ulbrich 2006; Zilic & Cosic 2016), optimal governance structure for SSCs (Grant, McKnight, Uruthirapathy & Brown 2007), motives for introducing SSCs (Janssen & Joha 2006) and management challenges (Knol, Janssen & Sol 2014).

As mentioned in the previous subchapter, studies about how to develop already existing SSCs were not found. One explanation for that might be that SSCs are still a relatively new phenomenon, and thus, the studies mainly concentrate on design and implementation phase of SSCs as well as the motives for implementation.

1.3 Research questions, objectives and limitations

The main research question of the study is *“How to develop further purchasing procedures after implementation of a shared service center?”*. Sub-questions are the following:

SQ1. What are the advantages and disadvantages of the operating model?

SQ2. What would be the ideal division of tasks between local purchasing and GBS center?

The aim of the thesis is to analyse the current situation; what are the strengths and weaknesses of the relatively new operating model and most importantly, how it could be developed further. The study will provide improvement suggestions and managerial recommendations that can help the case company to improve procedures.

The case company has six GBS centers, but this study concentrates only on the one located in Eastern Europe, more precisely, on its procurement and logistics hub that is working in collaboration with the local purchasing function of Helsinki factory. The perspective of the study is primarily that of the local purchasing – “the customer”, therefore for example the interviewees represent the local purchasing. However, of course the aim of the study is to provide improvement suggestions that benefit both parties – not just local purchasing. Reason for selecting the perspective of local purchasing is that from all the people working at the local business unit, the introduction of GBS has affected the most the purchasers. Their daily work and routines have changed noticeably due to the new operating model.

1.4 Research methodology and data collection

Qualitative research methods were used in this study in order to gather data that is detailed enough. The selected research strategy is a case study. A case study is a method for gathering detailed and intensive data about one case or several closely related cases (Hirsjärvi, Remes & Sajavaara 2004, 125). Thus, it is a suitable

research strategy for this study. This thesis is a single-case study, so the research is limited to only one case. A single-case study provides a chance to observe and analyse a phenomenon that has not been widely researched before (Saunders et al. 2009, 146).

The thesis is a multi-method qualitative study, because two qualitative data collection methods were used for this research: self-administered online questionnaire and semi-structured theme interviews. The questionnaire covered more topics, whereas the interviews had more limited scope, but intended to be more profound.

1.5 Structure of the thesis

The structure of the thesis is planned precisely in order to make the study coherent and easy to follow for the reader. The study consists of seven chapters. The detailed structure of the study can be seen from the table of contents in pages five and six. After that, there is a list of figures, tables and abbreviations. The study starts with introduction that presents research background, research gap as well as research questions, objectives and limitations. In addition, it provides an overview of the selected research methodology and data collection methods and finally presents the key concepts of the study.

Theoretical part of the study is divided into three chapters. The first one of the theory chapters, chapter two, concentrates on organization theory. At first the basic concepts – organizational control and coordination – are discussed. After that, centralized and decentralized organizational structures and organizational structures within purchasing are presented. Chapter three concentrates on outsourcing and offshoring. It presents the phenomena and the related advantages, drawbacks and the different types. Chapter four is about shared service centers. It defines the concept and discusses background of the phenomenon, typical activities performed, motives and advantages of implementation, challenges and organizational structure. In addition, difference is made between easily mixed up concepts of shared services and outsourcing. After that, concept of global business

services (GBS) is defined and compared to shared services and outsourcing. Finally, there is an overview of shared services in practice.

After the theoretical part, case overview is provided, and research methodology discussed. Thus, chapter five covers description of the case company's current operating model. In addition, research process, selected research method and data collection methods are described, and reliability and validity of the study analyzed. Chapter six is about empirical results and findings. It presents the interview and survey results. Finally, in chapter seven, there are conclusions and discussion. This chapter provides summary of the main findings, theoretical implications, managerial recommendations for the case company, limitations of the study and suggestions for further research.

1.6 Theoretical framework

Theoretical framework of the study is illustrated in figure 1. It summarizes the key concepts of the study. Organizational control and coordination serve as a base for the theoretical part. After that organizational purchasing structures (centralized, decentralized and hybrid) are covered. Also, offshoring and outsourcing as well as shared service center and global business services are part of the framework – the two latter being the most important concepts of the study.

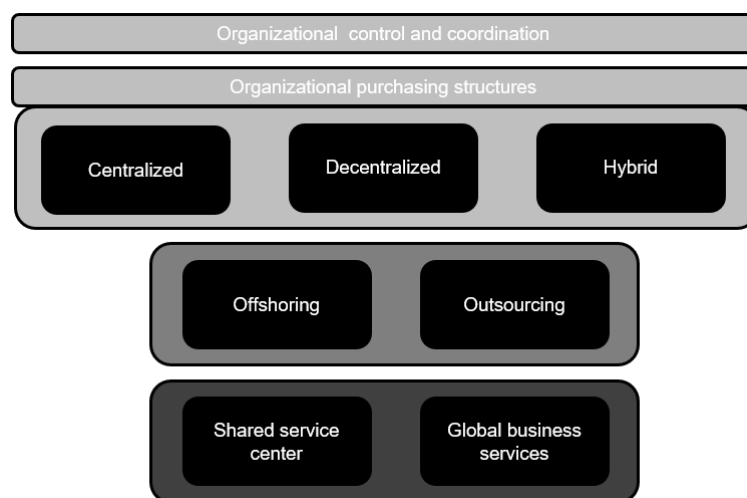


Figure 1. Theoretical framework

1.7 Key concepts

Global business services (GBS) = Complete integration of non-core business operations into an independent and consistent service organization which focuses specifically on end-to-end processes. Global Business Services provide highly standardized processes, procedures and policies and constantly maintain a focus on continuous improvement. (Suska & Weuster 2016)

In this work, GBS can be defined as the case company's relatively new world-wide service organisation that offers efficient and simplified global processes. Services include supply chain management, finance, human resources and information systems. Because of the limitations of the study, in this work, abbreviation GBS is used in referring to the GBS operating in Eastern Europe, more precisely its procurement and logistics hub that is serving case company's Helsinki factory.

Local buyer = In this work, purchasers working at case company's Helsinki factory are referred to as local buyers.

Shared service center (SSC) is a partly autonomous business unit that offers services to internal clients. Usually services cover support activities, like human resources and accounting. SSCs are often referred to as a type of internal outsourcing. (Richter & Brühl 2017) The potential benefits of these in-house sourcing arrangements are cost reductions and improved quality through the delivery of specialized and value-added services (Knol, Sol & van Wamelen 2012).

Purchasing centralization can be defined as "the degree to which authority, responsibility and power are concentrated within an organization or buying unit" (Johnston & Bonoma, 1981).

Offshoring is a practice of moving business activities overseas to conduct activities that previously were done in the home country. The common goals for offshoring

are for example improved efficiency, cost reduction and access to knowledge and skills. (Grappi et al. 2013)

Captive offshoring means that offshored activities are performed in company's own foreign affiliates (Steinberg, Procher & Urbig 2017). In other words, activities are kept in-house, but geographical location where activities are conducted, is changed to an offshore location (Mugurusi & Bals 2017).

Outsourcing can be defined as the transfer of operations that formerly were performed in-house, to a third-party service provider (van Weele 2010, 162).

2 ORGANIZATIONAL CONTROL AND COORDINATION

Miles (2012) defines organizations as “deliberate arrangements and conscious coordinations of people to achieve a common goal or set of goals”. Organizations have a clear aim and a purposeful structure, and they achieve certain goals through people’s work and behavior. An organization does not consist of random people who have come together by coincidence, but it is a consciously created entity. (Miles 2012) Typically, organizations’ tasks are to control and coordinate. This chapter provides an insight into organizational control and coordination as well as organizational structures both in general and in purchasing context.

According to Marsden, Cook and Kalleberg (1994) work organizations face two essential problems: ensuring that employee actions aim at reaching organizational goals (control) and integrating the goal-oriented efforts of several members of organization (coordination). Commonly, organizations aim at achieving coordination and control through structural arrangements.

Organization requires control. Control processes guide behaviors and keep them concordant to the organization’s rational plan. In addition, control creates conformity to organizational requirements and achievement of the fundamental goals of the organization. (Tannenbaum 1968, 3) Tannenbaum (1968, 5) defines control as “any process in which a person or group of persons or organization of persons determines, that is, intentionally affects, the behavior of another person, group, or organization”. According to Mintzberg (1979, 148), the purpose of control is to evaluate whether or not the desired output has been achieved. Eisenhardt (1985) state that based on organizational approaches to control, there are two fundamental control strategies. First, control can be obtained through performance evaluation, including monitoring and rewarding performance. In the second strategy, control is achieved by reducing the divergence of preferences among members of organization. That is, members collaborate in order to achieve organizational goals, because they have internalized them. (Eisenhardt 1985)

Every organization needs coordination. Van De Ven, Delbecq and Koenig (1976) define coordination as “integrating or linking together different parts of an organization to accomplish a collective set of tasks”. The authors refer to the work of March and Simon (1958), according to which organizations can be coordinated “by programming” or “by feedback”. Van De Ven et al. (1976) define coordination “by programming” as an impersonal coordination mode. Integrating mechanisms such as the use of pre-established plans, forecasts, schedules, formal rules, policies and operation modes, and consistent communication and information systems are examples of coordination by programming. The other way, coordination “by feedback”, can be divided into two operational modes for making plans and mutual adjustments: a personal and a group mode. In personal mode, mutual adjustments are made through vertical or horizontal communication channels, and in group mode through scheduled or unscheduled meetings. (Van De Ven et al. 1976)

According to Mintzberg (1979, 3-6), there are five coordinating mechanisms: mutual adjustment, direct supervision, standardization of work processes, standardization of outputs and standardization of employee skills. Mutual adjustment refers to a simple process of informal communication where the doers have the control over the work. In direct supervision, there is one individual who is responsible for the work of others. The person responsible gives instructions to others and monitors their actions. When coordination is done by standardization, there is no mutual adjustment or direct supervision involved. Standardization of work processes is done by specifying or programming the contents of the work. Standardization of outputs in turn happens by specifying the results of the work, such as the attributes of the product. Finally, standardization of skills is the right mechanism when coordination is needed but work processes or outputs cannot be standardized. Trainings are a means of standardizing skills and knowledge. Standardization of skills controls and coordinates the work indirectly, whereas standardization of work processes or outputs does it directly.

2.1 Centralized and decentralized organizational structures

Centralization and decentralization are terms that are closely related to organizations. Mintzberg (1979, 181) states that the terms form probably the most complicated topic in organization theory, since those have been used in numerous different ways.

In centralized organizations, the authorization to make decisions and evaluate operations is concentrated (Fredrickson 1986) and kept at the top level (Daft, Murphy & Willmott 2007, 18). In other words, decisions are made merely at the level of the company as a whole (Siggelkow & Levinthal 2003). The definition by Mintzberg (1979, 181) is more radical. According to him, the structure is centralized when all the decision-making power is located at a single point in the organization, or even in the hands of one individual. Centralization of processes enables control and coordination of activities, which can be considered as the key argument for centralization (Chase 1998). According to Chase (1998), the ability to control and coordinate information flow in centralized environment is tenfold compared to decentralized environment. Could be said that centralization is the strictest way of coordinating decision making in an organization (Mintzberg 1979, 182).

There are several definitions of decentralized organizational structure. Mintzberg (1979, 181) calls the structure decentralized when the decision-making power is dispersed among several individuals. Siggelkow and Levinthal (2003) in turn define organizational structure decentralized when decision making authority has been distributed to numerous divisions or subunits, each being responsible for its own decisions. According to Daft et al. (2007, 18) and Baligh (2006, 18) the main feature of decentralized structure is that decision making is delegated to lower organizational levels. According to Alonso, Dessein & Matouschek (2008) the decisions in decentralized structure are made by the managers who have the best knowledge about certain conditions. Thus, a natural advantage of decentralized organizations is being able to adapt decisions to local circumstances (Alonso et al. 2008; Mintzberg 1979, 183) and better responsiveness to customer needs (Chase 1998). Decentralization is a considerable option in circumstances where it is too

complex to manage the business or department from one central location (Chase 1998). In addition, decentralization can have a positive effect on employee motivation, since by giving employees decision-making power, companies can better retain and attract them (Mintzberg 1979, 183).

However, there is also a disadvantage: the manager responsible for one decision is typically uncertain about the decisions made by others. In addition, division managers can be self-interested and thus may not realize what are the effects of their decisions to other divisions. (Alonso et al. 2008) Also Chase (1998) points this out when discussing about the cons of decentralization. He states that the local management's decisions may be beneficial for the local organization, but not increase the value of the whole organization. In decentralized environment it is important to share information across all the regions. Otherwise there is a risk of wasting time through duplication of work. (Chase 1998)

Mintzberg (1979, 185-186) presents three ways to use the term “decentralization” that occur in the literature. The first one is vertical decentralization. It is related to the dispersion of formal power down the authority chain, meaning that the managing director can choose to delegate the power to lower levels of the vertical hierarchy. The second is horizontal decentralization, which refers to the extent to which nonmanagers such as support specialists and analysts have control over decision processes. Thirdly, the term “decentralization” can be used when referring to the physical dispersion of services.

2.2 Organizational structures within purchasing

The role of purchasing has become increasingly important, especially what comes to organizational competitiveness (Karjalainen 2011). Nowadays purchasing is considered more as a strategic function – not only an operative or tactical one (Karjalainen 2011; Monczka, Trent & Handfield 2005, 146). As a consequence, organizations have paid more attention to purchasing operations and started restructuring the purchasing functions (Karjalainen 2011). The organizational location of purchasing depends strongly on management's view towards the

purchasing function. If the purchasing function is considered as an operational activity, the position of purchasing department is typically relatively low in the hierarchy of the organization. Instead, if management considers purchasing as an important competitive factor that is of strategic importance to the company, the purchasing manager can be reporting to or be part of the board of directors. (van Weele 2010, 281) Three major organizational sourcing structures are centralized, decentralized and hybrid structures (Trautmann, Turkulainen, Hartmann & Bals, 2009). According to Johnston and Bonoma (1981), centralization tells “the degree to which authority, responsibility and power are concentrated within an organization or buying unit”.

In his book, van Weele (2010, 279-280) refers to a study about how purchasing is organized in American and Canadian companies, conducted by Johnson and Leenders (2004). The results of the study were compared with two similar studies, conducted in 1988 and 1995. According to the studies, the hybrid structure was the most popular organizational mode, with 67 percent of respondents having some kind of hybrid structure. However, 66 percent of the companies represented by the respondents leaned towards centralization, ergo, had centralized or centralized hybrid structure and 24 percent leaned towards decentralization with decentralized or decentralized hybrid structure. (van Weele 2010, 279-280)

2.2.1 Centralized structure

In centralized purchasing, purchases are made from headquarters or at regional or divisional level. Purchasing is taken care of by one special department. (Stanley 1993) In centralized structure, functional responsibilities and authorities are clearly defined. A central purchasing department has decision making power and control over the line units whose responsibilities are limited to requesting goods. (McCue & Pitzer 2000) A central purchasing department makes decisions on product specifications and prepares and negotiates contracts with suppliers. The contracts are typically multi-year agreements with pre-selected suppliers defining the purchase conditions. (van Weele 2010, 284) According to Trautmann et al. (2009),

centralized structure is ideal when multiple geographical units purchase similar products. Centralized structure is also ideal in the following situations:

- commodity prices are very sensitive to economic or political climate
- very specific expertise is required for effective purchasing (e.g. high-tech products used in manufacturing of electronics) and prices are affected by the laws of supply and demand
- there is a great commonality of the purchased products
- prices of certain materials are very volume sensitive and thus have savings potential (van Weele 2010, 289)

In centralized structure, it is crucial that there are good lines of communication between headquarters and divisions (Stanley 1993). Figure 2. illustrates the centralized purchasing structure.

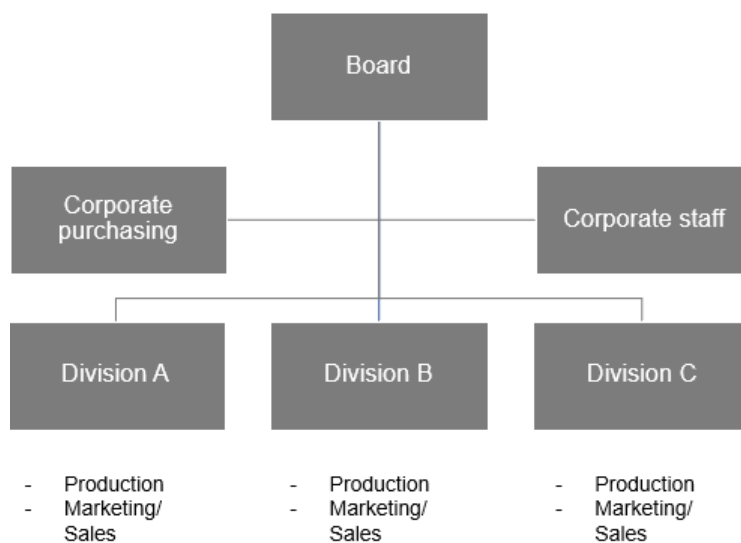


Figure 2. Centralized purchasing structure (van Weele 2010, 285)

According to van Weele (2010, 284-285), the major advantage of centralized structure is that coordination of purchasing enables achieving better conditions from suppliers, for example in terms of prices and expenses, as well as service and quality. Also, Matthyssens and Faes (1996) mention better prices and terms as an advantage of centralization. Those result from the negotiation position that is

stronger than that of suppliers. (Matthyssens & Faes 1996) When purchasing power is concentrated, also economies of scale can be achieved (van Weele 2010, 290; Matthyssens & Faes 1996).

Centralization also makes supplier and product standardization easier (van Weele 2010, 284-285). Also, reduced duplication of effort (Monczka et al. 2005, 146) and consistent purchasing strategies (Mathyssens & Faes 1996) are advantages of centralization. Duplication is inefficient, generates costs and creates very little value. When duplication of purchasing efforts is reduced, consistency between operating units increases. (Monczka et al. 2005, 146) In addition, centralized structure enables strengthening of specific expertise on purchasing and materials (van Weele 2010, 290; Monczka et al. 2005, 147) as well as knowledge of the market (Matthyssens & Faes 1996). Developing expertise increases efficiency and economy and ensures the consistency of purchasing operations (McCue & Pitzer 2000). In centralized structure, there is also less administrative work and as a result, purchasing organization related expenses are lower (Matthyssens & Faes 1996). Furthermore, based on the experience of Monczka et al. (2005, 148), managing companywide change is generally easier for companies with centralized purchasing structure.

Disadvantage of centralized structure is that individual business units are only limitedly responsible for purchasing related decisions. Managers of business units can sometimes think that they can reach better conditions by themselves and they might act individually. As a result, the position of central purchasing department will be undermined. Centralized purchasing is also more bureaucratic than decentralized purchasing, and there is more need for internal coordination. In addition, in centralized purchasing there might not be any direct communication between individual business units and suppliers. (van Weele 2010, 284-290) Thus, the orientation towards internal customers might be weak and responses to their requirements might take more time than in decentralized structure. Furthermore, centralized structure does not truly support the building of strong supplier relationships.

2.2.2 Decentralized structure

In decentralized purchasing, there is no central authority or control agency (McCue & Pitzer 2000), but purchases are made by individual units or separate locations (Stanley 1993). Business unit management is fully responsible for its financial results and purchasing activities (van Weele 2010, 283-284). Trautmann et al. (2009) state that decentralized structure is preferable when each unit manufactures unique or distinctly different products. In addition, if business units are located in different countries and there are significant cultural differences, decentralized structure and a regional approach might be better. Also, if customer demands are very strict and customer practically dictates which products the manufacturer has to purchase (e.g. in aircraft industry), decentralized structure is favourable. (van Weele 2010, 289) Decentralized purchasing structure is illustrated in the figure 3.

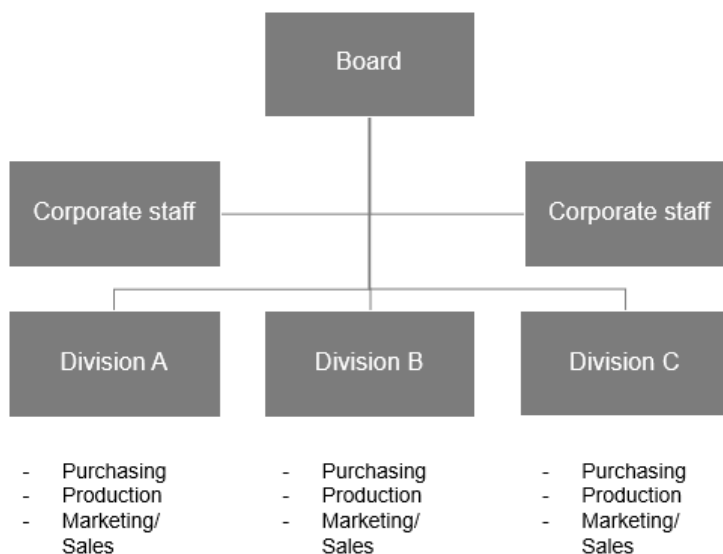


Figure 3. Decentralized purchasing structure (van Weele 2010, 284)

In decentralized structure, purchasing procedures are less bureaucratic and the need for internal coordination is little (van Weele 2010, 290). Due to less bureaucracy, purchasing can be notably quicker and more efficient than in centralized purchasing, where a control-driven purchasing process is gone through (McCue & Pitzer 2000). In addition, decentralized purchasing enables direct communication with suppliers and stronger orientation towards internal customers.

(van Weele 2010, 290) Thus, decentralized structure enables quick responses to user and customer requirements (Monczka et al. 2005, 148). Closer cooperation between local buyers and internal customers ensures good fit with local requirements. Local buyers can also be more motivated than the buyers at central purchasing department. (Matthyssens & Faes 1996) Ownership is an advantage which relates to that. Ownership means that personnel understand and support the goals of the business unit and are committed to their work. Ownership is also about everyone being on the same team, working together toward common objectives and sharing responsibility for problems. (Monczka et al. 2005, 149)

Purchasing personnel in decentralized organization is typically familiar with the products, processes, business practices and customers of the unit. Being familiar with the operational requirements enables a purchaser to anticipate the needs of the units and develop strong relationships with suppliers. Furthermore, decentralized purchasing structure can support product development, since new-product development generally takes place at the business unit level. Purchasers can for example estimate longer-term material requirements and investigate availability of substitute materials. (Monczka et al. 2005, 149)

One of the disadvantages of decentralized structure is that different business units that are part of the same company, can have negotiations with the same suppliers, and still end up with different prices and conditions concerning the same products. Business units may also become competitors if supplier capacity is scarce, and units are competing for the same resources. (van Weele 2010, 283-284) In addition, there is a lack of economies of scale, because of fragmented purchasing power. There can also be a lack of uniform attitude towards suppliers, and commercial purchase conditions might be different for different business units. Finally, if specific expertise on purchasing and materials is wanted to gain, decentralized purchasing is not the best option for organizational structure, since it offers only limited possibilities for that. (van Weele 2010, 290) In addition, there is a risk of duplication of effort.

2.2.3 Hybrid structure

Hybrid structure is a combination of centralized and decentralized structure (van Weele 2010, 285). It is a flexible organizational design that is able to meet changing business conditions (Monczka, Handfield, Giunipero & Patterson 2016, 160). In hybrid organizations, purchasing related tasks are divided between the head office and local units. For example, the head office negotiates long term contracts with suppliers and local units make orders according to these contracts. Hybrid structure can be seen as a means of balancing the forces of local responsiveness and global integration. (Trautmann, Bals & Hartmann 2009)

According to van Weele (2010, 285), hybrid structure aims at combining mutual material requirements among operating units with the goal to enhance the leverage of the company, so that total material costs can be reduced, or services provided by suppliers improved. However, in practice, hybrid structures in different organizations vary a lot (van Weele 2010, 285). Hybrid structure enables combining the centralized strategy of market power and standardization with local flexibility (Matthyssens & Faes 1996).

Matthyssens and Faes (1996) point out that every advantage of centralized structure is a disadvantage of decentralized structure – and vice versa. Thus, many companies aim to combine the best features of both structures by utilizing hybrid structure. (Matthyssens & Faes 1996) For that reason, hybrid structures are commonly used, and majority of companies apply some kind of combination of centralized and decentralized purchasing (Munson & Hu 2010; Matthyssens & Faes 1996; Fearon 1988; Johnson & Leenders 2004). One of the challenges related to hybrid purchasing structure is how to distinguish between categories that should remain under the authority of each purchasing location and those to be integrated across sites (Trautmann et al. 2009; Faes, Matthyssens & Vandenbempt 2000).

3 OUTSOURCING AND OFFSHORING

Outsourcing and offshoring are similar strategies that can provide companies various advantages. In this chapter, these strategies will be introduced. In addition to basic features and background of outsourcing and offshoring, advantages and disadvantages will be covered.

3.1 Outsourcing

Outsourcing is a phenomenon and practice that originated in 1950s but became widely known in 1980s, when organizations started to adopt the strategy. During that time, the strategy has advanced from a very cost focused approach towards more cooperative approach, where cost is only one factor affecting the decision making. (Hätönen & Eriksson 2009) Outsourcing stems from Nobel laureate Oliver Williamson's pioneering work in transaction cost economics (TCE). Williamson's work has been crucial to the development of modern outsourcing. For instance, he has advised that parties of an outsourcing relationship should adopt flexible contracting arrangements, because if the contract is too strict, it will ultimately result in higher transaction costs. In addition, companies should create ways to preserve continuity and to cope with unexpected disturbances as they arise and use such contracting style that enhances building long-term trust. (Vitasek, Ledyard & Manrodt 2013, 86-87)

Since 1996 the popularity of outsourcing has been growing at an extremely fast pace. The reason for the growth is that by outsourcing companies can achieve strategic goals, reduce costs, improve efficiency, and improve customer satisfaction. (van Weele 2010, 160-161) In addition, outsourcing allows employees to focus on higher value work, which improves output (Herath & Kishore 2009). Outsourcing is a way for companies to maintain or develop competitive advantage (van Weele 2010, 160-161). It is a fundamental managerial approach to seek efficiency in various functional fields (Bals & Turkulainen 2017). However, it is challenging to evaluate the success of outsourcing as a business strategy, since the external factors before and after outsourcing may have changed considerably. In addition, determining the success in terms of cost savings is difficult, because due

to hidden costs, it can be impossible to define the costs of the activity before it was outsourced. (van Weele 2010, 166)

Van Weele (2010, 162) defines outsourcing as “the transfer of activities that were previously conducted in-house, to a third party”. According to him, the main characteristics of outsourcing are the following:

1. Activities that formerly were performed internally are transferred to a third-party service provider.
2. Third party has access to buyer’s knowledge and assets.
3. There is an extended, long-lasting relationship between the parties.
4. When the buying company transfers the activity to a third-party, it is exposed to new cost and risk profile.

The types of outsourced activities have evolved over time. At first, various activities were outsourced, whereas nowadays more and more entire business functions are outsourced. (van Weele 2010, 161) Almost every activity can be outsourced. Activities that are typically being outsourced include human resources, IT, real estate management, facilities, logistics and warehousing services, and accounting. Also, customer support and call center functions are often outsourced. Typically, companies aim to outsource processes that are not considered as core to their business. (Vitasek, Ledyard & Manrodt 2013, 19)

Outsourcing can be considered as a form of division of labor. As operations are transferred to service providers who have the best skills to perform them, productivity increases, and economic resources are better used. (Vitasek et al. 2013, 18) The reasons for outsourcing can be divided into tactical and strategic reasons. Tactical reasons are for example reducing operating costs and control costs, receiving cash infusion, releasing internal resources, improving performance and to be able to better manage functions that are not in control. Examples of strategic reasons are sharpening company focus, to get access to external resources or world class capabilities, improving customer satisfaction, increasing flexibility, sharing risk and to get reengineering benefits. Could be said that the

overall objective of outsourcing is typically to improve performance of the outsourcing company, while increasing revenues by ameliorating the value proposition of the company. (van Weele 2010, 164) Whatever the objective for outsourcing is, the outsourcing decision should always support the company's overall strategy (van Weele 2010, 167).

According to Vitasek et al. (2013) and Melendez (2008) the most common advantage – and a reason to outsource, are cost reductions. Van Weele (2010, 166) lists some of the advantages of outsourcing. Those include increased flexibility what comes to fluctuations in the workload, easier and more focused primary processes and ideal usage of equipment, knowledge, and experience of third-party service provider. In addition, outsourcing enables freeing up cash, hence investments can be concentrated on core operations. Lastly, by receiving input and ideas from third party, risk of introvert short-sightedness can be avoided. (van Weele 2010, 166)

Along with several advantages, outsourcing has also its drawbacks. According to van Weele (2010, 165) the risks and drawbacks can be related to loss of control, loss of critical knowledge and skills, loss of intellectual property, loss of security, deteriorated service quality, increased costs and loss of innovativeness. Also Belcourt (2006) mentions the risks of decreasing service quality and the process not being as cost-effective as expected. For instance, system incompatibilities and customer requirements that fall outside the standard vendor package are possible reasons for increased costs. When access to company's knowledge and assets is granted to external partner, there is a risk that the partner takes advantage of the situation by entering the market and becoming a competitor. (Belcourt 2006) For that reason companies should be aware of the risk of leakage of confidential information and risk of losing critical strategic knowledge. Furthermore, outsourcing increases dependence on suppliers, requires constant monitoring of supplier relationship and depending on the power balance between parties, may lead to inability to execute contractual penalties or incentives. (van Weele 2010, 166) In addition, there are risks and disadvantages related to choosing wrong supplier, long supplier lead times or capacity shortages, not to mention "hollowing out" of the corporation (Monczka et al. 2005, 195).

As a result of outsourcing, company's risk profile changes dramatically. With external service provider, ways of working have to be more disciplined and organized than when working with internal functions. Working with internal partners is generally more flexible than working with external service provider, because external partner typically refers to the contractual agreements if the customer makes special requests or wants to make changes to its requirements. (van Weele 2010, 165-166)

As the range of activities being outsourced broadens, so does the scope of the outsourced work (Vitasek et al. 2013, 19). Nowadays there are several variations of outsourcing solutions, including offshore labor, partial outsourcing, business process outsourcing and full outsourcing. As the name suggests, in partial outsourcing, an asset is outsourced, whereas in full outsourcing assets, personnel, business processes and management of certain area are outsourced with the same contract. (Melendez 2008) Outsourcing can be done domestically or internationally. International outsourcing can be called offshore outsourcing. (Hätönen & Eriksson 2009) Offshore outsourcing can be considered as a type of offshoring (Nieto & Rodríguez 2011).

3.2 Offshoring

Outsourcing has different forms, one of which is offshoring (van Weele 2010, 162). Offshoring is a strategy that is similar to outsourcing (van Weele 2010, 177). At the very beginning, in 1990s, offshoring focused mainly on relocating manufacturing operations to low-cost countries. Since then its scope has expanded notably. (Nieto & Rodríguez 2011) Offshoring phenomenon started from the manufacturing sector but spread to the service sector in the late 1990s (Stringfellow, Teagarden & Nie 2008). In addition to information technology (IT) or simple manufacturing processes, companies are nowadays offshoring several other business activities, such as engineering, customer care and book keeping. In some industries, even core and knowledge-intensive functions, for example product development, are routinely

offshored. (Musteen 2016) This trend of offshoring high value business services started by the 2000s (Stringfellow et al. 2008).

According to van Weele (2010, 162), offshoring can be defined as commissioning of activities to a provider usually operating in a low-cost country. Hätönen and Eriksson (2009) in turn define offshoring as a strategy of transferring operations across national borders. Operations can be transferred by using external or internal resources. Outsourcing is an example of the use of external resources, whereas foreign direct investment is a means of using internal resources. (Hagel & Brown, 2005; Hätönen & Eriksson 2009) The types of offshoring are captive offshoring and offshore outsourcing, also known as international outsourcing (Nieto & Rodríguez 2011; Musteen 2016). Alternatively, concepts “foreign insourcing” and “foreign outsourcing” can be utilized (Li 2013).

In captive offshoring offshored activities are performed in company’s own foreign affiliates (Steinberg et al. 2017), so activities are kept in-house, but geographical location where activities are conducted, is changed to an offshore location (Mugurusi & Bals 2017). One of the benefits of captive offshoring is that the risk associated with transferring valuable, company-specific information to suppliers when outsourcing operations is avoided. In addition, companies typically have more control over the affiliates than over external third parties. Thus, captive offshoring can provide companies the advantages of destination country, but with less problems and risks that occur when outsourcing activities abroad. (Nieto & Rodríguez 2011) In offshore outsourcing operations are transferred across geographical borders and conducted by third party suppliers (Mugurusi & de Boer 2013), thus the practice involves the transfer of both location and ownership (Hätönen & Eriksson 2009).

To conclude, in offshoring the operations can be outsourced, while transferring operations abroad, but that is not necessarily the case, because the transfer of operations can be done also within the company boundaries, like in captive offshoring. However, in offshore outsourcing operations are always outsourced, ergo, transferred to a third-party service provider.

The offshoring decision is an important strategic decision that involves both strategic and tactical issues. Before making the decision, company's business model should be carefully assessed, and alternative offshore locations, partners and governance structures evaluated. Also, the impacts on the overall cost structure, product quality and knowledge base should be estimated. (Musteen 2016)

There are several motives why companies offshore their operations. First of all, labour costs can be reduced by offshoring operations to lower wage countries (Kedia & Lahiri 2007; Larsen et al. 2013; Stringfellow et al. 2008). In addition, companies can increase organizational flexibility, reduce system redundancy and conduct business process reengineering (Larsen, Manning and Pedersen 2013). Furthermore, offshoring can help companies innovate and gain access to new ideas (Musteen & Ahsan 2011) as well as knowledge and skills (Stringfellow et al. 2008).

Offshoring has also its drawbacks and risks. Kinkel and Maloca (2009) point out the risks related to possible quality problems, lack of flexibility, lack of qualified personnel and high coordination costs, whereas Larsen et al. (2013) discuss about the unexpected hidden costs of offshoring. Hidden costs are the consequence of failing to properly estimate the costs of offshoring. According to the authors, one cause for hidden costs of offshoring are the increased complexity that involves several operational challenges and resultant costs. Stringfellow et al. (2008) discuss about the invisible costs related to the utilization of foreign service providers. The authors define invisible costs as "hidden communication-related costs associated with the foreign service providers". For example, if a company offshored customer service, customers might reduce their purchases, which results in the invisible costs of acquiring new customers. (Stringfellow et al. 2008)

4 SHARED SERVICE CENTERS

This chapter serves as the final part of the theory, focusing on shared service centers. “Shared service center” is one of the most important concepts of this study, and thus it will be covered quite thoroughly, including the basic features and background, activities typically performed, motives and advantages, challenges, organizational structure, and relation to outsourcing.

4.1 Background and definition

The term “shared services” was presented for the first time in 1980s. However, it was only in 1990s when first researches about the topic were made. Nowadays it is increasingly common for companies to set up shared service centers. (Bondarouk 2014, ix-x) Bergeron (2003, 3) defines shared services as a collaborative strategy in which some of the existing business functions are concentrated into a semi-autonomous business unit. The management structure of the business unit promotes efficiency, cost savings, value creation and better service for internal customers of the parent company. (Bergeron 2003, 3) Another definition, by Bondarouk (2014, x), is that shared services model characteristically includes a subset of shared services that have been determined by customer, performed by an intra-organizational business arrangement, offered to specific end-users, by a semi-autonomous or autonomous business unit, based on agreed conditions. Shortly put, shared service centers are business units that offer services to internal customers, thus with SSCs companies can “insource” corporate activities (Cooke 2006; Bondarouk 2014, x). This streamlining and consolidation of general business functions can also be called insourcing, business services, in-house services or staff services (Aksin & Masini 2008).

Zilic and Cosic (2016) list some of the most commonly mentioned features of SSCs. According to them, SSCs for example:

- are the result of consolidation process within the company
- are separately operated and steered organizations within the group

- are engaged in support services
- reduce costs
- operate like normal business units
- are focused on internal customers
- are controlled by business units
- deliver services that correspond to customer needs
- deliver services with competitive quality
- offer services to multiple units
- utilize “best practices”
- aim to continuous improvement

The idea behind shared services is that customers decide the services that they would like to receive from SSC; not that the business functions decide which services they will deliver (Bondarouk 2014, ix-x). Therefore, customers have ownership over the service delivery (Janssen & Joha 2006). The concept is created to provide high value services at the lowest cost to internal customers (Bondarouk 2014, ix-x). SSCs are funded from the budget of business unit, not from a corporate budget (Strikwerda 2014).

Strikwerda (2014) states that it is crucial to distinguish SSCs from corporate or central staff departments. Table 1. presents the differences between the two.

Table 1. Differences between shared service centers and central staff departments (Strikwerda 2014)

Shared service center	Central staff department
Customer oriented, customer is business unit	Oriented toward the headquarter, to the executive board
Core business: delivering service	Service to business units is subordinate to defining policies and implementation of policies

Provided services are based on business unit's requirements	Services are based on corporate policies
Cost coverage/allocation of budgets is based on demand	Cost coverage/allocation of budgets is based on corporate objectives and headquarter budgets
Operational culture	Staff culture
Costs per unit of service are calculated and managed	Blind cost center: costs per unit of service are not calculated, reported nor managed
Services are based on a service level agreement and performed on a basis of documented processes	Services are based on procedures and functional authorities
Located where conditions, labor market and cyber infrastructure are most optimal for the operation	Located on site of headquarter
Accountability primarily for the quality of services and costs	Accountability primarily for policy formulation and cost budget of the department

Aksin and Masini (2008) identify six variables that are relevant when establishing SSCs: outward orientation, degree of offshoring, degree of outsourcing, SSC concentration, level of parent organization's commitment and service monitoring mechanisms. In outward orientation the question is whether to provide services exclusively to internal customers or also to external customers. The question is strategic, since providing specialized services to external customers generates additional revenue, but over time it can distract the SSC from focusing on internal – its most important customer and provide competitors with access to special capabilities.

Degree of offshoring is about how close to core operations company's SSCs are and in how many countries company has SSCs without having core operations as well. The authors presume that cost-focused companies typically find offshoring a better option than customer-focused companies, which prefer having SSCs closer to

core operations. Degree of outsourcing is about how independently of the parent company the SSC runs; is it fully integrated or run as an independent business unit and/or a separate legal entity. SSC concentration is related to the degree of local adaptation of SSCs. Companies that choose to have large SSCs located in one country, evidently favour a cost-cutting model that aim at resource optimization and standardization, whereas companies that prefer to have a network of small SSCs located in several countries, emphasize local adaptation. Commitment represents the extent to which the company invests enough resources to support its SSCs and is committed to SSCs. Finally, service monitoring mechanisms is about the type of mechanisms that SSC utilizes to guarantee the desired service quality level. (Aksin & Masini 2008)

4.2 Activities performed by shared service centers

Typical services delivered by SSCs are purchasing, ICT services, HR transactions and HR support, finance and accounting and facilities management. In addition, there are SSCs offering logistics services, manufacturing services and medical services. (Strikwerda 2014) Also, legal and insurance services can be performed by SSCs (Zilic & Cosic 2016). By implementing SSCs, the aforementioned routine back-office operations can be consolidated, standardised and provided as support services by a service provider (Tammel 2016). Even though the functions handled by SSCs are typically non-strategic and outside of the parent company's core competency, in theory, SSCs can perform any business function successfully, if the management is adequate and performance criteria is well defined (Bergeron 2003, 4). However, legal counsel, management development, business development and corporate control are examples of operations that consistently are not concentrated into SSCs (Strikwerda 2014). Depending on the type of services performed, SSCs can be called either centers of scale or centers of expertise (Aksin & Masini 2008). Along with the type of shared services, also the extent to which they are shared may vary (full-sharing vs. partial-sharing) (Janssen, Joha & Zuurmond 2009).

Service level agreements (SLA) can be made between SSC and local unit in order to establish and maintain standards for service. SLA is a contract that makes a

service provider accountable for the provided level of service (Bergeron 2003, 157). It defines the practical issues concerning the relationship between SSC and parent company. For example, the type of the service, quality standards, responsibilities, bonuses and penalties, pricing model and billing system can be determined in SLA. (Bergeron 2003, 207) SLA should reflect the overall business goals, be objective, be measurable and be comparable against pre-defined criteria. SLA should be a living document that can be changed if business conditions or customer requirements change. (van Weele 2010, 171) SLAs can be used also in outsourcing relationships.

4.3 Motives and advantages of implementing shared service centers

In today's economic environment, companies are looking for ways to improve and increase competitiveness. Some of the main motives for implementing SSCs are increasing value and efficiency of organisations, and optimising company resources like time, capital and the number of people. (Zilic & Cosic 2016) The goal of the shared services can also be to improve the bottom line of parent company (Bergeron 2003, 5). By standardizing functions through the implementation of SSCs, companies aim to reduce operational expenses and to enhance knowledge and information sharing. (Zilic & Cosic 2016) The implementation of shared service centers can improve efficiency and increase service quality without forcing companies to give up control of the organisational and technical arrangements (Bondarouk 2014, ix). In addition, shared services enable exploiting the existing knowledge of an organization and its culture (Ulbrich 2006). Thus, companies can have remarkably different motives for establishing SSCs. For some organizations the main objective can be service level improvement, whereas others aim primarily to reduce costs. (Aksin & Masini 2008)

Popularity of shared services has been growing in recent years because of their potential to offer remarkable economic benefits and create new competencies. Some multinational companies have gained cost savings ranging from 20% to 50% after implementation of shared services. (Richter & Brühl 2017) Cost savings

originate for example from improved economies of scale and decreased number of required personnel (Bergeron 2003, 6-7). SSCs add value not just by creating cost savings, but also by converting support activities to core activities. This leads to the development of new competencies. (Richter & Brühl 2017)

According to a study by Janssen and Joha (2006), the most often gained benefits resulting from the implementation of SSC are better focus on core functions, better cost control and transparency, standardization, access to new high-quality skills, better security and better performing personnel. Against the expectations, cost reduction and improved service were not among the realized benefits. (Janssen & Joha 2006) Due to SSCs, there might also be fewer distractions from core competency related operations (Bergeron 2003, 6-7).

4.4 Challenges

Implementation of SSC is a critical strategic decision. It is a long-term decision that brings along notable complexity and risks (Janssen & Joha 2006). Also, several challenges might occur when establishing SSCs. According to Zilic and Cosic (2016) the biggest challenge, especially in large organizations, is the organizational change that takes place when operations are transferred from existing business units to new SSC units. The change involves new procedures, employees and contractual agreements. Many new processes have to be developed within an organization and it has to be made clear for employees that which services are provided by SSC and which tasks are taken care of by local business unit. (Zilic & Cosic 2016) In addition, remarkable effort with respect to integration of systems and processes, business process re-engineering and transformation, is required when implementing shared service arrangements (Janssen et al. 2009).

According to Ulbrich (2006), the most frequently occurring challenges are related to business relations, interfaces and location. Business relations challenges concern several challenges that are related to human factors. For example, implementation of SSCs typically leads to employees getting new role descriptions, which can cause challenges. Interface challenges refer to situations where processes are not

documented in enough detail or understood properly, which creates difficulties in service delivery. Finally, location challenges concern the question about where to locate SSCs and also, should there be one or several centers. (Ulbrich 2006) Also cost saving pressures can cause challenges. Reducing costs and continually improving productivity and efficiency is often considered as merely SSC's responsibility. This often results in reduction of personnel, causing work overload on SSCs and higher attrition rate. (BDO Hungary 2014)

Furthermore, Knol, Janssen and Sol (2014) identify 15 challenges that companies can face when developing shared service arrangements. The challenges are related to power struggle, struggle for required resources, neglected resources, standardization, business case, arrangement of SSC, SSC implementation strategy, maintaining service quality, performance indicators, contracting and costing, alienation, shadow staff, alignment and adaption, momentum and reinventing the wheel. (Knol et al. 2014) Next the 15 challenges will be gone through shortly.

First, power struggle challenge concerns the new distribution of power resulting from the reorganization process. Accepting new roles and relations can create challenges within organization. Second, a struggle for required resources is a challenge of SSCs to acquire and maintain required resources. Third, neglected resources challenge imply resistance due to neglecting less critical resources affected by the organizational change. Fourth challenge is related to standardization. The three levels of standardization are process standardization, personnel standardization and IT standardization. Fifth, business case challenge is related to making business cases in order to learn how much transaction and production costs can be minimized and how much efficiency gains can be achieved after implementing SSC. It is common that reality differs from what was calculated before implementation, which makes this a challenging task. (Knol et al. 2014) Sixth, arrangement of SSC is a challenge concerning how to design SSC so that efficiency with respect to organizational and administrative structure as well as responsibilities is obtained (Knol et al. 2014; Grant, McKnight, Uruthirapthy & Brown 2007).

Seventh, SSC implementation strategy challenge is about how to optimally implement SSC after planning and design phase. Eighth challenge is how to maintain service quality after reducing transaction and production costs. Ninth, performance indicators is a challenge of evaluating the performance of SSC, especially when different parties want different indicators. Tenth, contracting and costing challenge is about establishing efficient relationships between SSC and customers with respect to contractual agreements and costing. Eleventh, alienation is a challenge that may occur if the relationship between SSC and customers is distant and there is no face-to-face contact due to formalized procedures. Twelfth, shadow staff challenge indicates a phenomenon where services provided by SSC are not used, but instead the line managers have hired personnel to perform the work. Thirteenth, alignment and adaption challenge is about the need for SSC to be aligned with parent organization's overall strategy. Also, a decision about SSC's primary goal should be made, for example, is it about gaining cost savings or improving quality. Fourteenth, gaining momentum challenge is related to aspect of luck (e.g. is political climate supportive at certain moment in time?). Fifteenth, reinventing the wheel challenge is related to neglecting existing practices that exist within or outside the company. It can be challenging to learn from past experience by sharing best and worst practices concerning SSC development. (Knol et al. 2014)

After the implementation and roll out phase, it is essential to establish a permanent culture of continuous improvement. As SSCs mature, companies should focus on optimization and improvement efforts in order to reduce costs while maintaining or improving service levels. Also, the development of a business partner relationship between local business unit and SSC is very important. When there is a team relationship between the two groups with ongoing strong communication, issues are more easily resolved than in an uncooperative "us and them" environment. (Moller et al. 2011)

4.5 Organisational structure

Shared services can create value for companies by addressing several limitations associated with the use of traditional business models in today's customer-oriented

business environment (Bergeron 2003, 2). In addition, shared services have a potential to maximise the advantages of centralized and decentralized approaches (Maatman, Bondarouk & Looise 2010). Bergeron (2003, 2) describes the shared services model as “a hybridization of traditional business models with a few interesting twists”. Also Janssen and Joha (2006) and Meijerink, ten Kattelaar and Ehrenhard (2014) state that SSCs have a hybrid organizational structure, which combines centralized and decentralized structures. In SSCs, expertise and knowledge are bundled centrally, and services are offered by a single location. However, control is decentralized to local business units through service level agreements and information technologies. (Meijerink et al. 2014; Maatman et al. 2010) Strikwerda (2014) sees that shared service centers are a step towards decentralization of decision making for resource allocation.

Hybrid structure enables combining the advantages of both centralization and decentralization. For example, efficiency and integration are advantages of centralization, while user responsiveness is an advantage of decentralization. (Meijerink et al. 2014) Figure 4. presents the advantages and disadvantages of decentralized, shared services and centralized model. The figure illustrates how shared services model combines the advantages of decentralized and centralized models. However, Janssen and Joha (2006) point out that the advantages of centralization and decentralization are often conflicting, which makes the design of shared services a trade-off, because typically all objectives cannot be realized simultaneously. For example, customer-orientation and efficiency are this kind of competing objectives. However, the possibility of SSC improving both efficiency and service levels is not excluded. (Janssen et al. 2009)

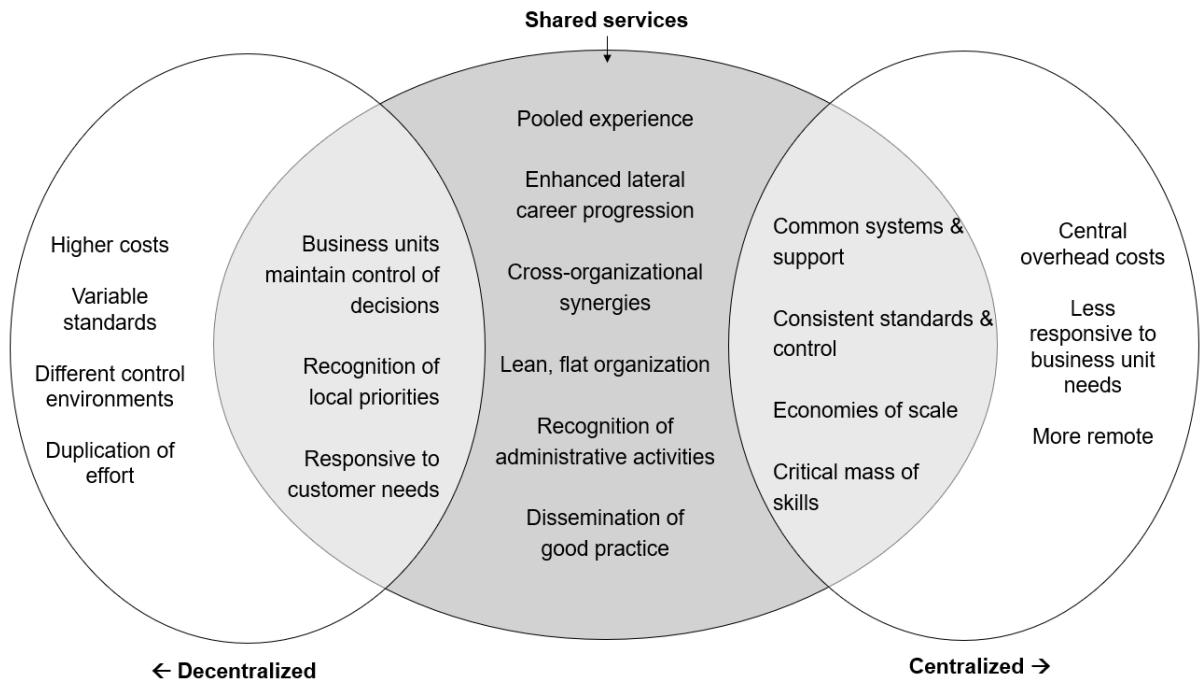


Figure 4. Advantages and disadvantages of different organizational models (Adapted from PWC by Bramson 2005; Reilly 2014)

Aksin and Masini (2008) state that several organizational forms and management approaches can be identified among existing shared service organizations. Managers have to make many decisions when establishing and running SSCs. The decisions concern for example the general objective and the scope of SSC, the business model and the specific strategy. The authors identify three different shared services business models. In a typical model the SSC is a cost center that serves internal customers. Alternatively, SSC can be run as a customer-oriented separate business unit or it can even serve external customers.

The study by Aksin and Masini (2008) investigates the characteristics of different SSCs and their business results. The study aims to find out why and in what circumstances the superior results can be achieved. The authors excoigitate that managers should not try to look for best shared services business models, instead, alternative configurations that respond to specific needs and constraints of the company should be considered.

4.6 Shared services vs. outsourcing

Concepts of shared services and outsourcing are sometimes mixed up. However, there is a significant difference between those two. What comes to shared services, shared service centers are established and governed by the parent organisation, whereas for outsourcing, there is typically a bilateral contract that determines the relationship between the service provider and the outsourcing organisation. (Zilic & Cosic 2016) In outsourcing, the relationship between parties is formal, and the contract defines clearly the responsibilities that are legally transferred to the service provider. In outsourcing, there is a relationship between one customer and one or more external vendors, whereas in shared services there is a relationship between many customers and one internal vendor. Boundaries and capabilities of parent organization restrict SSCs, thus SSCs can only use internal resources. (Janssen & Joha 2006)

At times, the implementation of SSC can be the preliminary phase of outsourcing; operations and resources are combined into a single unit, SSC, to be contingently outsourced to an external service provider in the future (Zilic & Cosic 2016). Reilly (2014) discusses about this phenomenon – outsourcing (and offshoring) of shared services. According to him, several outsourcing contracts have been made to transfer shared services outside the company. Outsourcing action can be taken already before internally creating a shared services operation. Another alternative is outsourcing of an existing SSC. (Reilly 2014) Outsourced shared services are a potential option when organization is lacking the necessary capabilities required in creating and managing internal shared services model. In a study conducted by McIvor, McCracken and McHugh (2011), the case company had weaknesses in internal systems and processes, and it was lacking significant skills in areas like continuous improvement and organizational change. Thus, the company opted for outsourced shared services instead of internal shared services. (McIvor et al. 2011)

Shared services are sometimes competing with outsourcing, because both shared services and outsourcing can be considered as sourcing arrangements. However, the motives for the two arrangements are different. Since SSCs are company's

internal arrangements, the motives for implementation are often related to the internal organization (e.g. standardizing, developing internal practices, reducing backlog). As outsourcing is externally oriented arrangement, the outsourcing motives can be for example access to new resources, technologies and capabilities. In addition, activities that are suitable for SSCs differ from those appropriate for outsourcing. For example, core activities that should be kept in-house, could be transferred to SSC, but should not be outsourced. (Janssen & Joha 2006) To conclude, shared services can be seen either as the step taken before outsourcing or the alternative to corporate outsourcing. Furthermore, shared service center can be a third party owned business unit. (Aksin & Masini 2008)

4.7 From Shared Services to Global Business Services

Evolution of shared services has been steady during the past 25 years. At first there were single, siloed shared services functions such as HR, IT and finance. After that the model progressed to multi-function shared services that take advantage of a general service infrastructure. The following step in the evolution was global business services. (Jeruchimowitz & Axson 2015) As the demand for improved efficiency and better connectivity is changing, companies are transforming their SSCs into Global Business Service (GBS) models. That enables offering a broader range of support services by combining onshore, offshore and outsourced service delivery models, aiming to support the business in a more cohesive way. (Cronin 2013)

GBS models differ from the traditional view of shared services and outsourcing/offshoring, and thus should be regarded as a considerably different way of seeing support services (Wirtz, Tuzovic & Ehret 2015). Table 2. presents the key dimensions of SSCs, service outsourcing and GBS. As can be interpreted from the table below, GBS typically have broader range of services and criticality of business processes is higher compared to SSCs and service outsourcing.

Table 2. Key dimensions of Shared Service Centers, Service outsourcing and Global Business Services (Wirtz et al. 2015)

Dimension	Shared Service Centers	Service outsourcing	Global Business Services
Main objectives	Cost savings, improved efficiency and capabilities	Cost savings, efficiency, compliance, scalability, and agility	Cost savings, efficiency, compliance, scalability, agility, service focus, and innovation
Scope	Typically, 1 to 2 non-core activities, may include critical business processes	Typically, 1 to 2 non-core activities; 1 or more providers; typically does not include critical business processes	Several activities and providers; mix of shared services and outsourcing/offshoring; not just transactional activities; includes critical business processes as well
Agility	Agile; relates to in-scope processes	Limited by the scope of the contract with provider	High; coordinated centrally
Governance	Diversity of approaches ranging from siloed to coordinated	Often managed as separate contracts with each external provider	Centralized and coordinated
Culture	Practice is to establish a service-focused culture	Typically approached as managing a third-party contract	Transformational change; service-focused culture is fundamental; despite of shared services or outsourcing, work as a single team

Could be said that Global Business Services is more than a multi-functional SSC. It stands for the complete integration of non-core business operations into an

independent and consistent service organization which focuses specifically on end-to-end processes. Global Business Services provide highly standardized processes, procedures and policies and constantly maintain a focus on continuous improvement. (Suska & Weuster 2016) Despite the company specific differences, according to Cronin (2013), there are common features of GBS models that drive operational excellence and increase the value created for the business. The features include the following:

- Working in partnership with business teams, freeing their resources to other tasks.
- Business unit has one point of contact and customer-oriented teams.
- Location of the activity is based on value to the business.
- Service infrastructure provides consistent management and rigor across functions.
- Strong functional ownership with good practices shared worldwide.
- Culture of customer service and continuous improvement, which is taken seriously.
- Wide spans of control.
- Simplicity; having the right people, with the right skills and knowledge, working according to global processes in a suitable cost-effective location.

GBS represent a new wave of business models that provide companies access to expertise and innovations across the world (Wei, Thurasamy & Popa 2018). No wonder GBS models have become popular in today's business world.

4.8 Shared services in practise

According to Moller, Golden & Walkinshaw (2011) approximately over 80 percent of Fortune 500 companies are applying some form of shared services in their operations taking place in US. Ford has implemented shared services model already in the early 1980s. In the beginning of 1990s early adopters in Europe, including Whirlpool and Intel, started to apply the concept. Since the mid-1990s, multinational companies started to expand the concept into Asia and South America

as well. For example Pfizer, Procter & Gamble and Shell are companies that have proved that global shared services operations can provide notable operational and financial benefits. (Moller et al. 2011) Also, professional services firms such as PwC, Deloitte and Accenture are increasingly implementing SSCs – especially in Central and Eastern Europe (Consultancy.eu 2018).

What comes to SSCs and purchasing, figure 5. illustrates the activity split of procurement related activities and is based on the Shared Service Center survey conducted by Suska and Weuster (2016). A total of 75 companies participated in the survey. Various industries were represented, however, one-third of the participants came from industrial production.

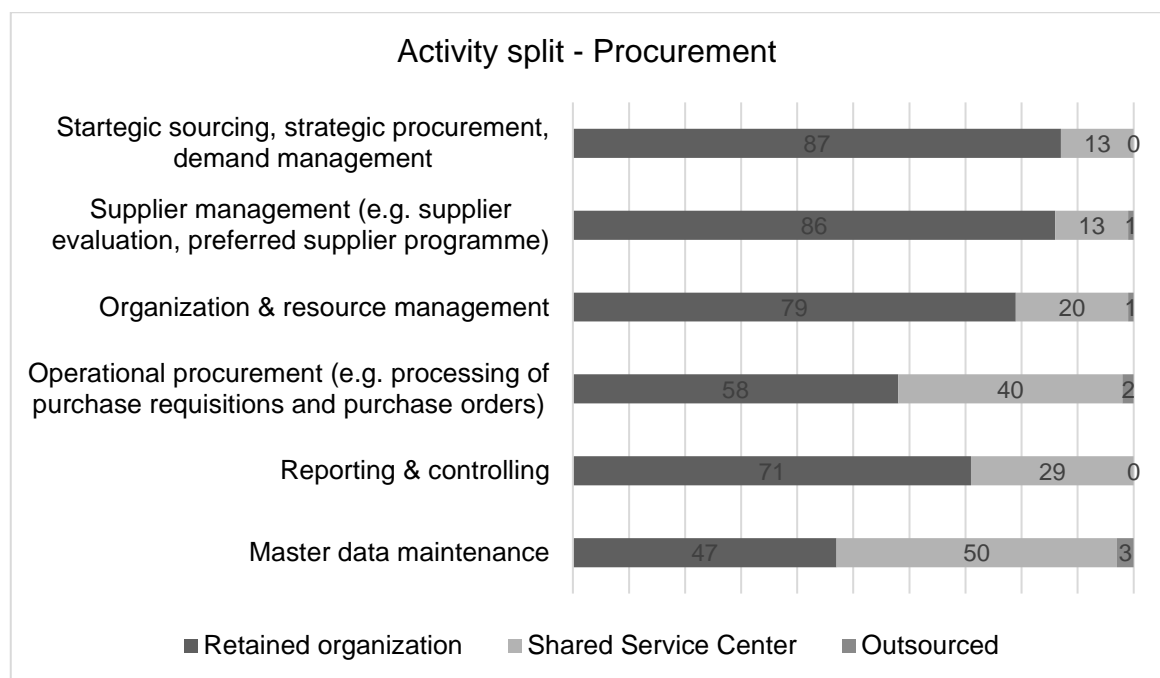


Figure 5. Activity split – Procurement (Suska & Weuster 2016)

As can be seen from the figure, the shared services ratio for procurement related activities is rather low, except for master data maintenance and operational procurement. Thus, the most strategic and sovereign tasks seem to remain in the retained organization. Suska and Weuster (2016) state that the reason might be a need of immediate proximity to core business and decision makers.

5 CASE OVERVIEW AND RESEARCH METHODOLOGY

In this chapter, case overview and description of the operating model are presented. In addition, the selected research method is presented, and the selection of the method is justified. In addition, the applied data collection methods and the data collection process are presented. Finally, reliability and validity of the study are discussed. The chapter combines description of the research process with relevant literature.

5.1 Case overview and description of the operating model

The case company has a hybrid purchasing structure. Category managers of the business unit manage the supplier base and negotiate frame contracts with suppliers, whereas purchasing operations are taken care of by two individual purchasing departments that work in collaboration with SSC. In this study, a term GBS is used in referring to the case company's SSC operating in Eastern Europe; more specifically its procurement and logistics hub that is serving case company's Helsinki factory. GBS is a separate profit center. In GBS, there are two GBS purchasers per local purchasing department.

The division of work between local business unit and GBS is basically that "local buyers" at Helsinki factory handle and prepare the purchase requisitions. That includes asking for quotations, adding prices to purchase requisitions in the system, selecting and attaching vendors to purchase requisitions, checking that bill of materials are correct and available, and checking that the delivery date and address are correct. When purchase requisitions are ready, those are transferred to purchase work queue of GBS. Based on purchase requisitions, GBS purchasers then create purchase orders and make sure that vendors will receive those. Small number of purchase orders are still created locally. In those cases, orders are typically somehow business critical. GBS purchasers are also responsible for PO follow-up, including getting confirmations from suppliers, following statuses of POs, expediting, and informing local contacts about possible changes. In addition, they

take care of delivery control and invoice handling. Figure 6. is a plain illustration of the purchasing process of the case company.

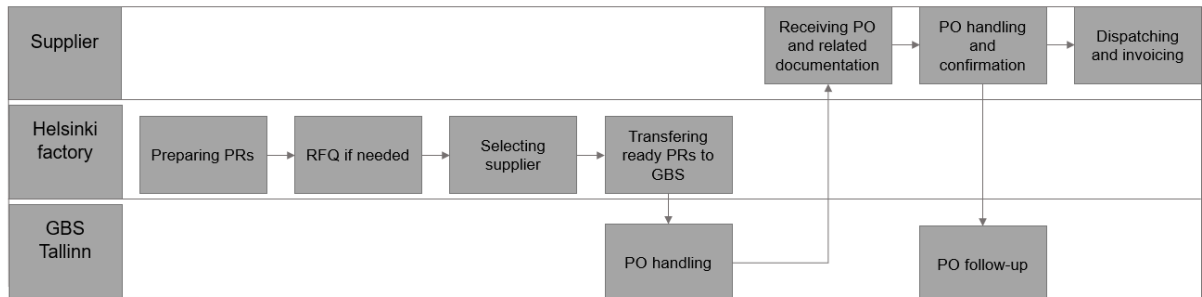


Figure 6. Purchasing process of the case company

In principle, GBS purchasers have similar rights than local buyers, but ultimately, local buyers are responsible for the issues concerning the case company's factory. For example, if a confirmed delivery date is considerably later than the asked date, or there is a clear difference between estimated price of purchase requisition (in situations when quotation was not asked and the item is not a price list item) and confirmed price, GBS purchasers inform local buyer and check if the confirmation can be approved. GBS purchasers are allowed to accept price variations according to predetermined limitations. What comes to delivery dates, they can accept variations when delivery date is maximum three days before the required delivery date. All other variations should be checked with local purchaser. When the confirmed delivery date is too far, GBS purchasers take actions in order to expedite the delivery. If they do not manage to do that, local purchaser is informed and next he or she will try to expedite the order. If needed, also category managers are there to help with the matter.

In case supplier needs some clarification concerning ordered items, he or she will contact the person who has created the purchase order, meaning GBS purchasers in most of the cases. In most cases, GBS purchasers then forward e-mails to local purchasing. Depending on the issue, local purchasing typically clarifies it with mechanical engineering, project management or production. Local purchasers support GBS purchasers also in several other situations, for example when order

confirmations are not received in time or there are communication problems, manufacturing documents are not available, and in invoice handling.

If goods receipt is missing from the system and the item should have arrived according to supplier, GBS contacts supplier and asks for delivery documents. If the item has been shipped and supplier can provide the delivery documents, GBS contacts local purchaser and forwards the documents. Local purchaser then investigates the issue with goods reception. If further investigation is required, local purchaser contacts the transport company and tries to find out for example when and where exactly the item has been delivered and who has signed the item to be received. Thus, at the moment local purchasing is GBS's contact to factory and GBS purchasers do not communicate independently with other functions, like mechanical engineering, production or warehouse. So, in several situations, local purchasing is in a way acting as a middle man between GBS and factory. All the main processes are described in SOPs, which ensures that interface challenges, i.e. situations where processes are not documented in enough detail or understood properly, are avoided (Ulbrich 2006).

5.2 Research method

Qualitative research methods were used in this study in order to gather data that is detailed enough. The selected research method – or actually a strategy, is a case study. According to Yin (2003, 1) a case study is a preferred strategy when “the focus is on a contemporary phenomenon within some real-life context”. In a case study, detailed and intensive data about one case or several closely related cases is gathered (Hirsjärvi, Remes & Sajavaara 2004, 125). This thesis is a single-case study, so the research is limited to only one case. A single-case study is often used when the case is critical, unique or extreme. It provides a chance to observe and analyse a phenomenon that has not been widely researched before. (Saunders et al. 2009, 146) A single-case study is a suitable research strategy for this research, because the above-mentioned demands are fulfilled: case is unique, and the focus of the research is on a contemporary issue within a real-life context. In addition, the aim of the research is to obtain results that would possibly be generalizable within

the case company – not outside of it. That is a justification for the use of single-case study instead of multiple-case study.

5.3 Data collection

This thesis is a multi-method qualitative study, because two qualitative data collection methods were used for this research: self-administered online questionnaire and semi-structured theme interviews. The questionnaire covered more topics, whereas the interviews had more limited scope, but intended to be more profound. Saunders et al. (2009, 263) recommend that when questionnaires are used, those are used together with some other data collection methods. For example, interviews can complement the data collected through questionnaire. (Saunders et al. 2009, 263) Combination of two data collection methods can provide broader perspectives and increase reliability of the study. Also, reduction of inappropriate certainty is an advantage of multi-method approach. When only one method is used, and clear results arise, the researcher might end up thinking that he or she has found “the right answer”. Instead, when two methods are used, it is possible that different answers arise, which then reduce the apparent certainty. (Hirsjärvi & Hurme 2001, 38-39)

5.3.1 Survey

The tool used for conducting the survey was a self-administered questionnaire. Self-administered questionnaires are typically completed by the respondents. Those can be administered electronically in the Internet or intranet, sent through post or delivered by hand. (Saunders et al. 2009, 362-363) One of the advantages of Internet- or intranet-mediated questionnaires is – especially when the invitation link is sent by e-mail – that normally people read their own e-mail by themselves at their computer. So, that makes it easier to ensure that the person invited to participate in the questionnaire will complete it by him- or herself. (Witmer, Colman & Katzman 1999, 145-162; Saunders et al. 2009, 363)

The survey was conducted in December 2017. The questionnaire was created by using Microsoft Sharepoint. The invitation and link to the questionnaire were sent by e-mail to category managers, purchasing managers and purchasers of the business unit (24 people in total). People in the above-mentioned positions were selected to potential respondents, because they were affected the most by the change. The questionnaire was open for three weeks. During that time, two reminders were sent to potential respondents. 14 out of 24 people participated in a questionnaire, and thus response rate was 58 percent.

The questionnaire was divided to five parts: background information of respondent, division of responsibilities, questions for purchasing, questions for category management and feedback. The more detailed structure of the questionnaire can be found in appendix 1. The respondents were advised to answer according to their position, either to questions of purchasing or questions of category management. Feedback part included questions related to the change project. It was included on request of the case company and is left out from the analysis. The questionnaire included mostly qualitative open questions, but also some quantitative questions were included.

5.3.2 Interviews

According to Yin (2003, 89), interviews are one the most essential information sources for case studies. Interview is a data collection method that has many advantages, the biggest of which is flexibility (Hirsjärvi et al. 2004, 193). Interviews can be categorised into three different types: structured, semi-structured, and unstructured or in-depth interviews (Saunders, Lewis & Thornhill 2009, 320). In this research, the selected interview type is semi-structured theme interview. Semi-structured interviews are utilized to collect data that is typically analysed qualitatively, for instance as part of a case study strategy (Saunders et al. 2009, 321).

In semi-structured theme interviews the interviewer prepares a list of themes and questions that will be gone through during the interview (Saunders et al. 2009, 320-

324). So, the themes of interviews are predefined, but depending on the flow of the discussion, the interviewer can change the order or specific form of questions (Hirsjärvi et al. 2004, 197; Saunders et al. 2009, 320-324). Semi-structured interviews enable “probing” answers, if researcher needs clarification or additional information from interviewee. That can help the researcher better understand the meanings and ideas of interviewees and will add value and depth to the obtained data. (Saunders et al. 2009, 320-324) Semi-structured interviews were selected as the research method, since it is a flexible method that enables open conversation and getting as much information about the circumstances as possible, while making it possible to ask clarifications if needed.

The purpose of the interviews was to gain deeper knowledge that complements the data collected with the questionnaire. All the interviews were conducted in April 2018 as face-to-face interviews. The research sample was three interviewees, purchasers A, B and C (Table 3.), all of who work at the case company. In order to ensure versatile perspectives, the interviewees were selected so that they represent the two different purchasing departments of the unit, and both people who have started in their position before the implementation and after the implementation of the GBS. The interview questions were not sent to interviewees beforehand, since the questions were closely related to interviewees daily work, so there was no need for them to prepare answers in advance. The language of the interviews was Finnish, because it is the mother tongue of the interviewees and the researcher. The interviews lasted from 35 minutes to 1 hour 50 minutes. The interviews were recorded and transcribed afterwards.

Table 3. Interviewees

Reference	Position	Experience in the current position	Duration of interview
A	Purchaser	1 year	35 min
B	Purchaser	7 years	55 min
C	Purchaser	2 years	1h 50 min

The themes of the interviews as well as the interview questions were designed based on the research questions. The interview questions were grouped under the following themes:

- division of responsibilities
- communication
- strengths and weaknesses of the operating model
- development ideas
- theory related questions

In addition, a couple of background questions were asked in the beginning of the interview. The interview questions can be found in appendix 2. The questions were slightly adapted depending on the flow of the conversation during the interviews. For example, if the interviewee had partly answered to some upcoming question already before the question was posed, the question was modified. Despite the modifications, the themes were the same in every interview – as is characteristic of semi-structured interviews.

5.4 Reliability and validity

The basic idea of validity is that are the findings truly what they seem to be about (Saunders et al. 2009, 157). There are three types of validity: construct validity, internal validity and external validity. Construct validity is about establishing the right operational measures for the concept that is studied. Internal validity is about establishing a causal relationship, where certain circumstances are shown to lead to other circumstances. And finally, external validity is about establishing the field to which the findings of the research can be generalized. (Yin, 2003, 34)

The basic idea of reliability is that if the second researcher would conduct the same case study and follow the steps reported by the first researcher, the second researcher should end up with similar findings than the first researcher. The purpose of reliability is to prevent the errors and biases in a research. In order to conduct a

repeatable study, it is important to document the followed steps and procedures. If procedures are poorly documented, reviewers will probably not find the study reliable. (Yin 2003, 37-38)

There are four types of threats to reliability: subject or participant error, subject of participant bias, observer error and observer bias. An example of a subject or participant error is that the answers of respondents may vary depending on the day and moment, e.g. Monday morning vs. Friday afternoon. This should be controlled by choosing a more neutral time for filling in the questionnaire or conducting an interview. Subject or participant bias realises when interviewees answer in a way they think that their bosses would like them to answer. Observer error occurs when there are several people conducting interviews; then there are several ways of asking questions as well. Observer bias means that there might be several ways of interpreting the answers. (Saunders et al. 2009, 156-157)

Reliability of the study was improved by utilizing two data collection methods that support one another: survey and interview. In addition, the research steps and procedures were documented in a detailed manner in order to improve the reliability. The probability of participant error was tried to minimize by avoiding the above-mentioned point of times and by letting the interviewees propose a suitable moment for the interview. What comes to survey, the participant error might be a relevant threat, since the point of time for answering were not controlled by the researcher. The names of the survey participants and interviewees are not disclosed in the study, so they remain anonymous, which improves reliability by lowering the probability of participant bias. In this study, observer error is not a relevant threat to reliability, since there were only one person conducting the interviews. In order to lower the probability of observer bias, the researcher aimed at objectivity during the research process.

6 EMPIRICAL RESULTS AND FINDINGS

Results obtained from the collected data are introduced in this chapter. At first, the three interviews are summarized, and the main points presented. After that, the contents of the interviews are compared and concluded. Next, the results of the survey are gone through.

6.1 Interviewee A

Interviewee A has been working as a purchaser at the case company for one year, thus she does not have experience about the previous operating model. In her opinion, the division of responsibilities between local purchasing and GBS is working quite well. She mentions that earlier, when the operating model was newer, there were sometimes situations where it was a little unclear when the responsibility of a purchase order comes back from GBS to local purchasing. However, recently there has not been that kind of confusion anymore. Interviewee A considers the division of responsibilities reasonable but admits that sometimes there are situations where it would perhaps be more reasonable to handle the issue completely in local purchasing. For example, what comes to rush orders, time is lost, because of the operating model: local purchaser handles the purchase requisition, which is then transferred to GBS's purchase work queue. After that GBS purchaser creates the purchase order and finally, supplier receives it. Typically, local purchaser discusses with the supplier about the upcoming rush order before the purchase order is made, thus it might be clearer for supplier if also the purchase order would come from local purchaser. All in all, interviewee A do not see the need for clarification concerning the division of responsibilities. She believes that overall the operating model is efficient and over time it will become more efficient. What comes to workload, sometimes there are busy days and sometimes less busy days, but all in all, interviewee A thinks that the workload is in balance.

In interviewee A's opinion, it could be a good idea to transfer the following tasks to GBS's responsibility:

- sending requests for quotation and collecting the document packages for those
- checking that the required quality documents have been received from suppliers
- proactive delivery control concerning deliveries with FCA term/coming from afar

In interviewee A's opinion, it would be good if GBS could contact independently (without local purchasing being "the middle man") the following functions:

- goods reception
- TMC (express deliveries and customs clearance)
- Production, but only in simple issues, such as concerning schedules

Interviewee A sees that GBS could have more authorization what comes to invoice approval limits. There are often invoices coming from GBS to local purchasing to be approved. If GBS had higher invoice approval limits, there would be less invoices coming to local purchasing. According to interviewee A, communication between GBS and local purchasing is working well. She has always been able to reach the GBS personnel when needed. Also, GBS personnel forward actively information that is relevant for local purchasing – they are communicating about issues in advance as well as quickly responding when local purchaser asks about something. In interviewee A's opinion, GBS does not communicate too actively. She states that it is better to receive information than not to receive it. Even though the piece of information is not needed immediately, one can need it later and then it is convenient to just search it from e-mails.

According to interviewee A, the advantage of the operating model is that there are separate employees who are responsible for delivery control and who keep an eye on the situation constantly. Otherwise it could easily happen in a busy environment that delivery control was not done daily. One development idea that occurred are visits between GBS and local purchasing. It would be good that GBS personnel would see what local purchasers do and what kind of is their regular working day –

and vice versa. That would help to better understand the big picture. Now they only see their process and local purchasers see their own.

Interviewee A sees that the advantage of offshoring is that it makes it easier to concentrate on the remaining tasks, because due to offshoring, part of the activities is transferred to a third party, or like in this case, to a foreign affiliate. That reduces the responsibility area. In her opinion, the risks of offshoring are related to communication and information transfer. If they are not working well, information might not reach the people who need it. Also, the different mother tongues and English as a working language may affect communication and information transfer. Finally, there is a risk of duplication of work, for example, two teams investigating the same matter.

6.2 Interviewee B

Interviewee B has been working as a purchaser at the case company for seven years, thus she has experience from both the previous and the current operating models. In her opinion, the division of responsibilities between local purchasing and GBS is quite good, but in some operational areas GBS could have more responsibility. For example, if goods receipt is missing, GBS could solve the matter all the way themselves. The current procedure is that they ask for delivery documents from supplier, forward those to local purchaser and ask him or her to check the matter with transport company and/or goods reception. So, according to interviewee B, GBS could communicate with goods reception more actively. Interviewee B considers that division of responsibilities is clear between local purchasing and GBS. What comes to division of responsibilities between local purchasing and category management, the division should be clarified. In interviewee B's opinion it is unclear whether local purchasers or category managers are responsible for master data updates, source lists, price updates and requests for quotation for new standard items. It would be good if job descriptions were defined more specifically.

Interviewee B sees that the work related to preparing purchase requisitions is not very efficient. Several things must be made manually before a purchase is done and at times it is very laborious. According to interviewee B, a lot of efficiency is lost (compared to a situation where local purchaser did everything by him-/herself). However, she thinks that centralized delivery control, conducted by GBS, brings efficiency. Locally, there has not been enough time for that and now it is one of GBS's top priorities, which is good. According to interviewee B, communication with GBS is also one thing where efficiency is lost due to lost time. In addition, it should be contemplated which are the right channels for communicating as efficiently as possible.

According to interviewee B, the workload is adequate. She mentions that last autumn and winter the workload was too heavy, but now that a new purchaser has started in a team, the situation has eased. According to interviewee B, it would be good to transfer some additional tasks to GBS's responsibility. As already mentioned, they could have more responsibility to investigate why goods receipt is missing. In addition, she points out the possibility of purchase requisitions of certain standard stock items going straight to GBS's "XP1" purchase work queue instead of first going to purchase work queue of a local purchaser and then being manually transferred to XP1. She says that this could be started with items with low value and fast lead time. So, if the item would go out of stock for some reason, the situation could be quickly corrected. However, interviewee B sees that the handling of stock materials by GBS could not be expanded to all stock item categories.

Furthermore, interviewee B sees that the following tasks could be transferred to GBS:

- sending requests for quotation and collecting the document packages for those – as long as the decision about the source of supply is done in local purchasing.
- checking that the required quality documents have been received from suppliers

- proactive delivery control concerning deliveries with FCA term/coming from afar, as long as the procedure is defined (according to interviewee B, there is no procedure for that at the moment)

As previously mentioned, in interviewee B's opinion, it would be good if GBS purchasers were able to contact goods reception independently. She also thinks that they could contact mechanical design engineers without local purchaser as a middle man, as they can see the same information that local purchasers and typically it is just about forwarding suppliers' questions to designers. In addition, GBS could be in touch with TMC in matters concerning express deliveries and customs clearance. According to interviewee B, production is a function that GBS should not contact independently.

When asked about the possible situations where it would have been unclear who is responsible for taking care of the matter or who should react, interviewee B states that there have been that kind of situations, but only coincidentally, thus nothing systematic can be mentioned. For example, it has happened that some late row has accidentally been left without attention in delivery control and then there has been wavering situation that who should have noticed that.

According to interviewee B, communication with GBS has been working well. GBS purchasers have been easy to reach when needed and they have reacted quickly, if there has been something urgent. The only critique is that sometimes GBS purchasers inform local purchaser about missing goods receipt for the first time via invoice handling system, which is not the correct channel for that. Also, sometimes it has happened that local purchaser has not been informed by GBS about too far confirmed delivery date. Interviewee B suggests that GBS could always forward e-mail conversation to local purchaser after having tried to expedite far confirmed delivery date without succeeding. Then if local purchaser's actions are required, he/she knows what has already been discussed and does not have to start from scratch. In interviewee B's opinion there are not situations where GBS would communicate too actively.

Generally, interviewee B sees that all the tools that are required for efficient communication, are available. However, she would like to have more meetings with GBS purchasers, since that would facilitate communication and emphasize the feeling of belonging to the same team. In addition, it would be important for GBS purchasers to be able to visit the factory and office in Helsinki, and to see what is the environment they are working for. Also, if local purchasers were able to visit GBS regularly, that would show interest towards them and their work that is an important part of the operation. Now there is a certain facelessness and the distance is long. Even though the tools are good, interviewee B feels that it would be important to meet face to face sometimes.

According to interviewee B, the strength of the operating model is that GBS knows very well what they are supposed to do – and they do it very well. It happens very seldom that something that should be done is left undone. All in all, the basic work functions very well. The weakness in turn is the lost efficiency that results from doing in a way overlapping work. In addition, the communication chain is quite long, including supplier (and their own communication chain), GBS and local purchasing. Thus, sometimes it has happened that a piece of information has not reached its destination. It happens seldom but might be that there are too many actors involved, which is a weakness. In addition, since GBS purchasers are working in a distant location and concentrating on doing their own thing, they might have a lack of understanding the whole. Furthermore, one weakness of the operating model is that local purchaser's general view about suppliers' capability might become blurred, now that GBS is main responsible for delivery control. Thus, it might be relevant to think about how to keep the general view of supplier capabilities clear in local purchasing.

What comes to the possible ways of making daily work more reasonable and efficient, interviewee B points out GBS purchasers' authorizations for approving price differences between estimated prices and confirmed prices. Approval limits could be higher. In addition, interviewee B says that category managers should familiarize themselves with the processes of local purchasing and GBS. It would be good if they knew who is responsible for what and what is relevant in the first place.

That would reduce the amount of unnecessary questions. Concerning GBS's comments on purchase order text field, sometimes comments are brief and unclear. If comments were more informative, the work would be streamlined. Furthermore, in certain cases (e.g. missing confirmation or too far confirmed delivery date) the contact person of purchase order is changed from XP1 to local purchaser, so that the order will be regarded in local purchaser's work queue. Sometimes it happens that purchase orders are transferred to local purchaser's work queue without any notice. Interviewee B states that it should be clarified what are the situations in which this procedure is used and how it is communicated – or should it be communicated? She also thinks that in some cases, purchase orders are perhaps too easily left to XP1, when those could be transferred to local purchaser.

The case company's business unit that this work concentrates on, is manufacturing unique products. So, the purchased components are project specific and non-repetitive. Thus, volume advantage is not as easily gained as in units manufacturing all their products from stock items. For these reasons, interviewee B sees that price and contract negotiations should be taken care of locally. In addition, the responsibility for having the right materials at the right time, should be local. According to her, it would be a challenging task to conduct from a distance, besides the ability to understand the whole is part of local purchasing's expertise. Instead, the routine tasks are good to keep in GBS. Even though interviewee B mentioned earlier about the lost efficiency, in some matters the efficiency is good. She contemplates that maybe in a big picture, it is profitable to have the routine tasks conducted by GBS.

From the point of view of GBS, interviewee B sees that the main advantage of offshoring are the cost savings resulting from the transfer of labor to a lower cost country. The increase of performance was one of the goals of case company's offshoring actions, ergo the implementation of GBS. However, in interviewee B's opinion, it has not necessarily realized. What comes to risks of offshoring and SSCs, again from the point of view of GBS, she mentions local employees' uncertainty over their positions. Also, there is a risk of negative effects on supplier relationships and for example service levels. Suppliers might be confused about who to contact in

different matters. In addition, not all suppliers have good English skills, which complicates and delays the communication and thus, does not bring any efficiency. As communication chains are longer, time can be lost, since the answers might not be as quick as should be in a hectic environment.

6.3 Interviewee C

Interviewee C has been working as a purchaser at the case company for five and a half years in total, but in the current position for two years. He has experience from both the previous and the current operating models. In his opinion, the division of responsibilities is somewhat outdated. Standard Operating Procedures (SOP) have been created as process descriptions of present state in the end of the year 2016. At that time, without knowing how the future will be, it was decided to get a local purchaser involved in everything that requires decision making – or nominal decision making. Interviewee C sees that there are processes where it is redundant to have a local purchaser between procurement and GBS. Local purchaser should be involved only when it brings added value. In his opinion, the division of responsibilities should be updated to correspond the current situation. He mentions purchase requisitions of standard and stock items as an example. Those should at least partly be steered directly to GBS's purchase work queue.

Interviewee C sees that the division of responsibilities is clear – the local purchaser has ultimately the responsibility – but not optimal. When asked about the workload, interviewee C says that last autumn and winter the workload was too heavy. He also mentions that the amount of work has increased notably after implementation of GBS.

In interviewee C's opinion, it would be good to transfer more tasks to GBS. However, that would mean reducing double-control. Also, the tasks should be such that allow exploiting the synergy that GBS has. What comes to the idea of GBS taking care of RFQs and collecting the document packages, interviewee C sees that those were one of the core tasks of the local purchasing, when GBS was launched. He seemed to be a little bit worried about the idea of people without knowledge of case

company's machine structures and production doing these tasks. However, he sees that it could be a good idea in situations where the item is simple and there are only a couple of possible suppliers whose prices are wanted to know. Still, he points out that it is crucial that there would be enough resources in GBS for making RFQs and collecting the document packages. They would have to properly understand what they are doing, since a lot of money can be lost if supplier notices that a person requesting for quotations does not actually know what he or she is asking for.

What comes to checking that the required quality documents have been received from suppliers, interviewee C sees that it would be a good idea – if only they have time for that – since that is the type of task that GBS purchasers are very good at doing. Regarding proactive delivery control concerning deliveries with FCA term/coming from afar, interviewee C considers it to be a task that GBS should definitely be doing already.

When asked about the functions that GBS should be able to contact independently without local purchaser as a middle man, interviewee C mentioned all the example functions, except production. He thinks that it would be enough if local purchaser was a cc recipient in the e-mails sent between GBS and people from case company's other functions, such as goods reception, TMC and mechanical design engineering. In his opinion, GBS should absolutely communicate with goods reception. At the moment it is not possible to have local purchaser's name on purchase orders made by GBS. As a result, goods receiver does not necessarily know who the responsible purchaser is, and who to contact if problems occur, thus the e-mail is often sent to several local purchasers. Then there is a risk of more than one people investigating the matter at the same time. These kinds of collective e-mails work better with GBS, because they tend to sit next to each other and can communicate easily with each other, which is not necessarily the case in local purchasing.

What comes to mechanical design engineers, GBS should be able to contact them independently, because there can be critical cases where a supplier has an object stuck in their machine and suddenly, they need to check some issue with the

designer. Time and money are easily lost if the information does not flow quickly from supplier to GBS, from GBS to local purchasing and from local purchasing to mechanical design engineering. The reason for not supporting the idea of direct communication between GBS and production is that not everyone working in production can speak English. In addition, they are not used to a jumble of information and receiving much e-mails. Furthermore, there are certain ways of communication that do work and others that do not work.

Interviewee C thinks that GBS purchasers should have more responsibility and authorization. He points out that receiving responsibility is an important factor affecting work motivation. He has not confronted situations where it would have been unclear who is responsible for taking care of the issue. What comes to communication between local purchasing and GBS, interviewee C says that it is working surprisingly well. GBS purchasers have been easily available and communication tools are very good. There have not been any situations where they should have communicated more actively about something. They have not communicated too actively either.

When asked about the strengths of the operating model, interviewee C mentions that GBS personnel is mainly digital native. In addition, the working environment in GBS is quite calm with no mental or physical pressure of the factory. Furthermore, the strength is that the operating model enables the development of the processes and provides the factory more information, since it is now being updated to ERP system more actively – and could be updated even more actively. Also, if GBS was given more responsibility and part of the items would go straight to their purchase order queue, that would require renewal of items.

According to interviewee C, the weaknesses are related to the need to update the operating model as well as the data processing. There are several separate operating systems some of which are quite old. Thus, there are information silos. Interviewee C sees that it is contradictory that there are operating systems from 1990s whereas GBS shared service center is very contemporary way to operate.

Generally, interviewee sees that there truly are opportunities, but in order to benefit from those, innovativeness is required.

When discussed about the daily work and possible ways of making it more reasonable and efficient, interviewee C told about already made efforts that aim to unify the communication language concerning delivery control. The objective is that everyone uses the same terms when writing comments to the system, so that it is clear to see at one glance what is the situation of delayed order. What comes to targets for development, in interviewee C's opinion, procurement's role should be changed, away from hierarchy, so that category managers could do purchase orders in cases when it is justifiable. Also, category managers and GBS purchasers should communicate with each other instead of having local purchaser as a middle man. In addition, SAP and GBS's related procedures should be in good order. Interviewee C points out that in SAP, there are several things that are done manually even though those would be easy to code.

From the point of view of GBS, interviewee C mentions the risk of not having people capturing tacit knowledge as a risk of offshoring. The risk is based on high employee turnover rate that has occurred in GBS. He sees that offshoring is generally very risky, especially when the distance between offshoring company and company performing the offshored operations is long.

6.4 Conclusions of the interviews

Findings of the interviews will be concluded in the following subchapters. Conclusions cover the following areas: division of responsibilities, communication between local purchasing and GBS, advantages and disadvantages of the operating model and development ideas.

6.4.1 Division of responsibilities

The interviewees had somewhat differing opinions about the current division of responsibilities. The division of responsibilities was considered reasonable in a big

picture, quite well working, and clear. On the contrary, it was also claimed to be outdated and not optimal. What comes to efficiency, the division of responsibilities was said to result in lost efficiency, since there are two different people involved in PR to PO process, one preparing the purchase requisition and the other creating a purchase order. On the other hand, it was considered that because of centralized delivery control, the division of responsibilities brings efficiency. In addition, it was pointed out that GBS could be given more responsibility in order to make the division of responsibilities better.

What comes to tasks that could potentially be transferred to GBS's responsibility, the interviewees were quite unanimous, as can be seen from table 4. N/A means no answer, X means that according to interviewee, the task could potentially be transferred to GBS and X* means that the task could potentially be transferred to GBS, but there are some limitations.

Table 4. Tasks to be potentially transferred to GBS's responsibility

	A	B	C
Controlling (certain) stock items	N/A	X*	X
Sending RFQs and collecting the document packages	X	X	X*
Checking that the quality documents have been received from suppliers	X	X	X
Proactive delivery control concerning deliveries with FCA term/coming from afar	X	X	X

Interviewee A did not have an opinion about GBS controlling certain stock items, since she does not have experience in purchasing stock items. The limitation that was pointed out by interviewee B, is that if GBS was responsible for controlling stock items, the items should be ones with low cost and short lead time, at least at first. Then, if an item went out of stock, replenishment would be quickly available. Interviewee C sees that there are risks related to GBS sending RFQs. He states that if that happened, there should be enough resources in GBS for that, so that they are truly aware of what they are doing. Otherwise, if a supplier notices that the person asking for quotations does not know what he or she is asking for, there is a risk of losing money. Also, the items should be clear, for example such that have only two possible suppliers, whose price is wanted to know.

From table 5., it can be seen which are the functions that GBS could possibly contact independently, according to interviewees.

Table 5. Potential functions for GBS to contact independently

	A	B	C
Goods reception	X	X	X
TMC	X	X	X
Mechanical design engineering	-	X	X
Production	X*	-	-

Every interviewee supported the idea of GBS contacting goods reception and TMC without local purchaser being the middle man. As suggested by interviewee C, local purchaser could still be put in the cc field when communicating via e-mail. Particularly the idea of GBS contacting goods reception independently gained support very much.

Interviewee A does not support the idea of GBS contacting independently mechanical design engineers, because of the risk related to communication and GBS not properly understanding what is asked. Interviewee B in turn points out that the communication would be merely about GBS forwarding suppliers' questions to mechanical design engineering. Thus, GBS could do it as well as local purchaser. Like interviewee B, interviewee C supports the idea and takes up an example of a case where a supplier has an object stuck in their machine and suddenly, they need to check some issue with the designer. Time and money are easily lost if the question does not reach quickly the person in charge. Direct communication would enable receiving answers faster.

Interviewee A sees that GBS could contact production independently in issues concerning schedules. In more complicated cases, there could be a risk of messages not being conveyed on both sides. The mentioned reasons for not supporting the idea of GBS contacting production independently are the lack of English skills of some of the production employees. In addition, they are not used to a jumble of information and receiving much e-mails.

None of the interviewees have faced recurring situations, where it would have been unclear who is responsible for taking care of some matter. For interviewee A it has been sometimes unclear, when local buyer's responsibility starts, for example in challenging expediting situations, where the contact person of purchase order is changed from XP1 to local purchaser. According to interviewee B it has happened that some late order row has accidentally been left without attention in delivery control and then there has been wavering situation that who should have noticed that. However, such situations are occasional, thus nothing systematic can be mentioned.

6.4.2 Communication between local purchasing and GBS

What comes to communication between local purchasing and GBS, the interviewees are unanimous: communication has been working well and GBS purchasers have been easy to reach. Mainly, the interviewees do not see that GBS

purchasers should communicate more actively about some issues. However, interviewee B points out that sometimes it has happened that GBS has not informed local purchaser about far confirmed delivery date. Also, when the confirmed delivery date is later than the required date, and GBS is trying to expedite the delivery, it would be good if they forwarded the e-mail conversation to local purchaser. Then if local purchaser's actions are required, he/she knows what has already been discussed and does not have to start from scratch. None of the interviewees have experienced that GBS would communicate too actively. Instead, all incoming information is regarded as a positive thing.

6.4.3 Advantages and disadvantages of the operating model

Several advantages and disadvantages related to the operating model were pointed out during the interviews. Those are presented below and summarized in tables 6 and 7.

Table 6. Advantages of the operating model

Advantages:

- Separate employees who are responsible for delivery control
- Communication and reachability
- Well known responsibility areas and good performance in GBS
- GBS personnel is very qualified with information technology and systems
- GBS: tranquil working environment with less pressure than in local purchasing
- Tools
- The operating model enables development of processes

It was considered that centralized delivery control brings efficiency. Now that there are separate people who are in charge of delivery control, it is ensured that it is done daily. Locally, before implementation of GBS, there typically have not been enough time for delivery control actions, thus it is an absolute advantage that now it is one of GBS's top priority tasks. Also, communication and reachability were considered as advantages, because communication between GBS and local purchasing is working well. In addition, GBS purchasers are easy to reach and they react quickly to urgent matters.

Another advantage is that GBS purchasers know very strongly their responsibility areas and they perform their tasks very well. Purchase orders are being placed on time, delivery control is done well, and there are quick reactions to rush orders. It is very rare that something that belongs to their basic tasks is left undone. In addition, GBS personnel is very qualified with information technology and systems, and they are mainly digital native. From local purchasing's point of view, GBS was considered as a tranquil working environment with less pressure than in local purchasing.

What comes to tools, it was considered that all the tools needed for effective communication between GBS and local purchasing are available and working well. In addition to basic tools such as e-mail, Skype and telephone, there are SAP functions that for instance enable writing comments and statuses on purchase orders. Finally, it was considered that the operating model enables further development of processes. The potential just has to be utilized.

Table 7. Disadvantages of the operating model

Disadvantages:

- Inefficiency and duplication of work
- The amount of local purchasers' work
- Outdated division of responsibilities
- Distance and facelessness
- GBS purchasers' lack of understanding the whole
- Longer communication chain (supplier-GBS-local purchasing)
- Local purchasers' unclear and blurred general view of suppliers' capabilities
- Possible negative effects on supplier relationships
- Confusion about the right contact person and language barrier between GBS and suppliers
- High employee turnover rate in GBS

Inefficiency and duplication of work were seen as disadvantages, because it was considered that efficiency is lost due to in a way overlapping tasks. For example, the procedure where one person is preparing purchase requisitions and another one creating purchase orders (vs. one person preparing a purchase requisition and creating a purchase order at the same time) was seen inefficient. Another disadvantage is related to the amount of local purchasers' work, since – probably against the expectations – it has grown after the implementation of GBS.

Furthermore, it was considered that the division of responsibilities is outdated. The division of responsibilities is based on SOPs that were created in 2016, without knowing how the future will be. It was pointed out that the division of responsibilities should be updated to correspond the current situation. The main reason for the need to update division of responsibilities is to reduce the duplication of work. It might be

good to point out that the outdatedness of division of responsibilities was not a shared opinion among the interviewees.

Local and GBS purchasers are part of the same team, but the physical distance is long and thus certain facelessness is present. Interviewees are longing for more chances for local purchasers to visit GBS and vice versa. It is considered that visits would have several positive effects. Since GBS purchasers are doing their own tasks in a separate and distant location, they might have a lack of understanding the whole, the capability that local purchasers have. Especially when the communication chain is long, it would be very important to be able to understand the big picture. Chance to visit Helsinki factory could improve the understanding of the whole.

Longer communication chain (supplier-GBS-local purchasing) is also one of the disadvantages. When communication chain is longer and there are several parties involved, time can be lost and thus replies might not be as quick as should be in a hectic environment. Furthermore, information might not always reach the right person.

Now that delivery control is taken care of by GBS, local purchasers do not know row by row what the overall situation is and thus their general view about suppliers' capabilities might become blurred, which can be seen as a disadvantage as well. Also, the operating model might have negative effects on supplier relationships. It might be confusing to suppliers to know who to contact in different situations; local or GBS purchaser. Furthermore, in case company's supplier base, not every contact person has good English skills. This possible language barrier can complicate the communication between GBS and suppliers and thus reduce efficiency.

Lastly, so far, the employee turnover rate has been high in GBS. That leads to employee capabilities not growing. Thus, the question arises: can additional tasks be transferred to GBS if the number of employees remains the same?

6.4.4 Development ideas

First of all, it could be considered that more tasks were transferred to GBS. The potential additional tasks include the following:

- Controlling certain stock items
- Sending RFQs and collecting the document packages
- Checking that the quality documents have been received from suppliers
- Proactive delivery control concerning deliveries with FCA term and deliveries coming from afar
- Examining why goods receipt is missing

Another thing to consider is letting GBS contact certain functions independently without local purchaser as a middleman. The recommended functions that GBS could at least contact in the future, are goods reception, TMC and mechanical design engineering. In addition, more responsibility and authorization could be given to GBS. At least invoice approval limits and price difference approval limits could be higher.

Current SOPs were created in 2016, without knowing how the future will be. Now it could be considered that SOPs and division of responsibilities were updated to correspond to the current situation. In practice that would mean reducing duplication of work. That would release local purchasers' resources and bring simplicity. Currently, local purchaser is involved in nearly everything that requires decision making – or nominal decision making. Stock and standard item purchases are one example where the necessity of local purchaser's involvement could be reconsidered – at least in some item categories. It does not really add any value that such purchase requisitions are transferred to GBS via local purchaser. Stock item purchases could be steered with SAP parameters so that purchase requisitions were generated directly to GBS's purchase work queue.

It would be recommended to have more visits between GBS and local purchasing. Visits would enable getting to know each other, which would ease the

communication. In addition, GBS purchasers would see what local purchasers are doing, as well as the environment they are working for. Meetings would also help to understand the process as a whole. Furthermore, if local purchasers were able to visit GBS regularly, that would show their interest towards GBS and GBS purchasers' work that is an important part of the operation.

There are also some recommendable smaller scale developments that would make daily work more reasonable and efficient. First of all, the comments that are written to purchase orders' "internal GR text" -field, could in some cases be more informative. Even though the comments must be concise, sometimes a little bit more detailed information could be useful. For example, there can be comments such as "LB asked" that do not give any information about what has been asked or what has been the case. Another idea concerning communication is that GBS could always forward e-mail conversation to local purchaser after having tried to expedite far confirmed delivery date without succeeding. Then if local purchaser's actions are required, he/she knows what has already been discussed and does not have to start from scratch. Furthermore, when local purchaser's actions are needed and contact person is changed from XP1 back to local purchaser in SAP, local purchaser should be informed about it – at the moment this does not happen every time. All in all, the process could be finetuned. At least, it could be clarified in which situations contact person is changed and how it is done. Perhaps the threshold of changing the contact person should also be lower.

6.5 Survey results

In this chapter, the survey results will be presented question by question. The answers of the open questions will be analyzed by grouping them to categories. The results of the questions with pre-defined answers will be illustrated with figures.

Q1 Respondent's position in the case company

Figure 7. illustrates respondents' position in the case company. It can be seen that a majority (44%) of the respondents are category managers. The second largest

group (35% in total) consists of purchasers. Purchasers can be divided into two groups: the ones who have started in their position before implementation of GBS (21%) and the ones who have started after the implementation (14%). Third and final group represents “others” (21%), referring for example to purchasing managers and ERP super user.

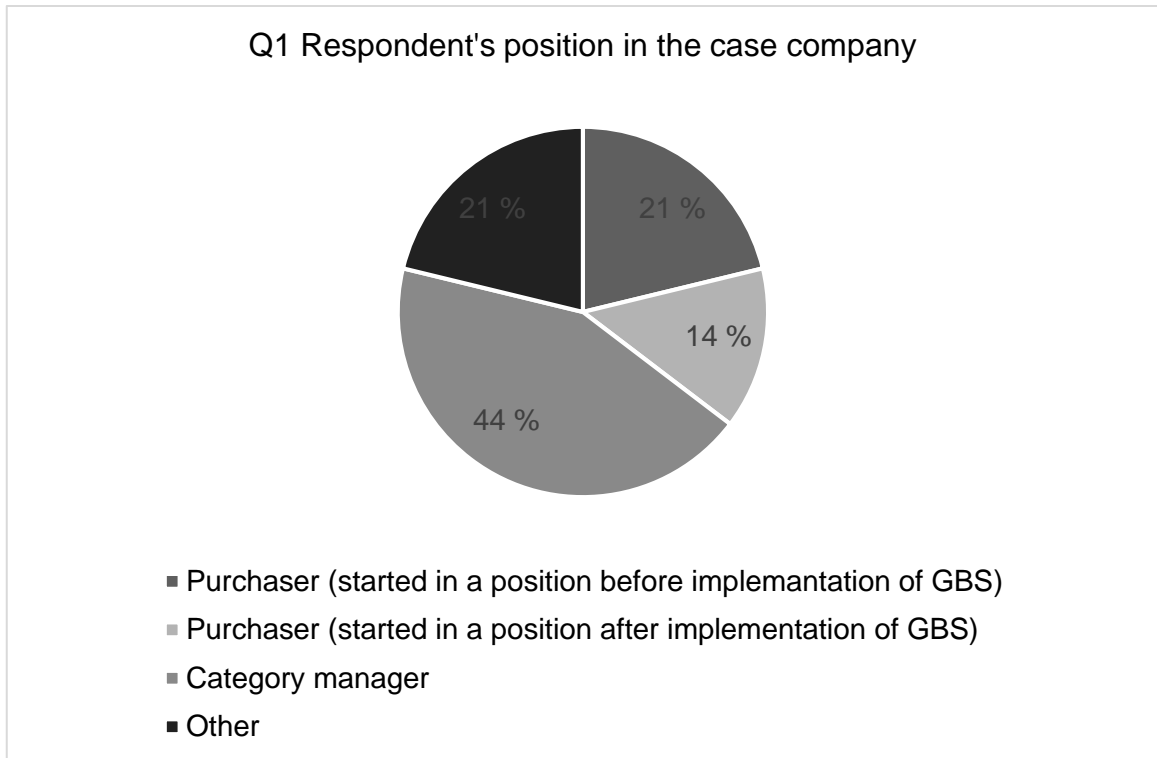


Figure 7. Respondent's position in the case company

Q2 Respondent's membership of GBS project group

From figure 8., it can be seen that a majority (64%) of the respondents were not part of GBS project group. Thus, 36 percent of the respondents belonged to the project group.

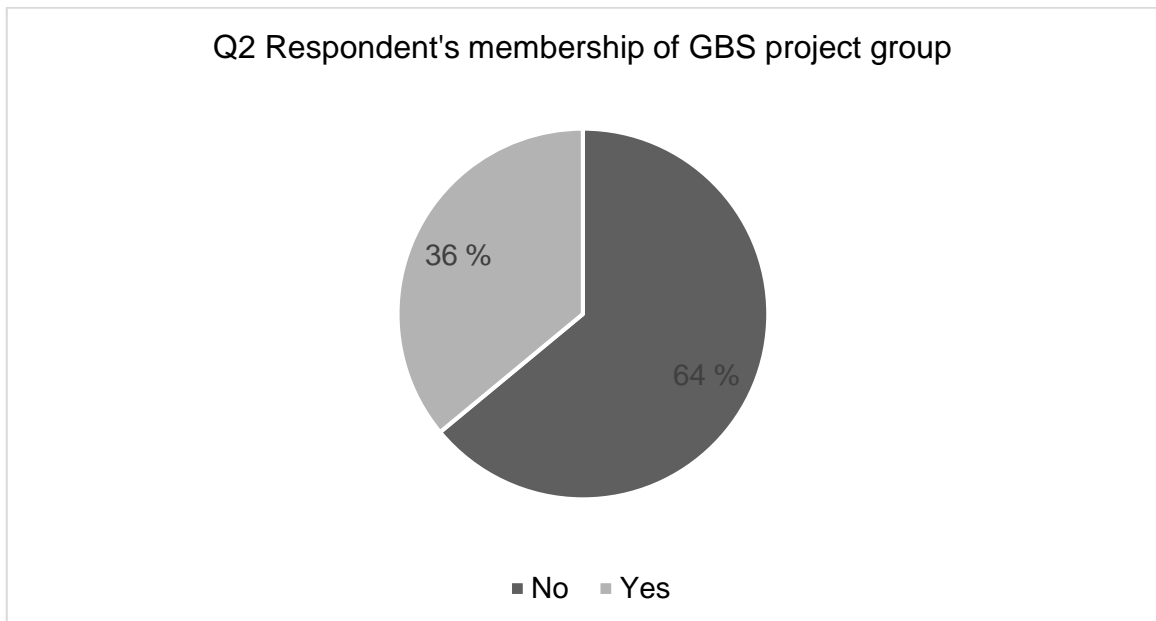


Figure 8. Respondent's membership of GBS project group

Q3 Do you see that you have received enough guidance concerning what GBS does and what is the division of responsibilities between GBS and local purchasing?

79 percent of the respondents see that they have received enough guidance concerning what GBS does and what is the division of responsibilities between GBS and local purchasing. Seven percent of the respondents, meaning one person, responded that he or she has not received enough guidance. However, the person stated that issues became clear little by little after the implementation of the new operating model. 14 percent of the respondents responded something else, such as that the division of responsibilities and the basic roles are quite clear, but single problematic situations can confuse.

Q4 Clarity of responsibilities between local purchasing and GBS

Q5 Clarity of responsibilities between local purchasing and category management

Q6 Clarity of responsibilities between GBS and category management

Figures 9.-11. illustrate the perceived clarity of responsibilities between local purchasing and GBS/local purchasing and category management/GBS and

category management. Clarity of responsibilities between local purchasing and GBS was very unanimously perceived clear or quite clear. Only one person responded something else: “cannot say”. Q4-Q6 are important questions, because as mentioned in the theoretical part, it has to be made clear for employees that which services are provided by SSC and which tasks are taken care of locally (Zilic & Cosic 2016).

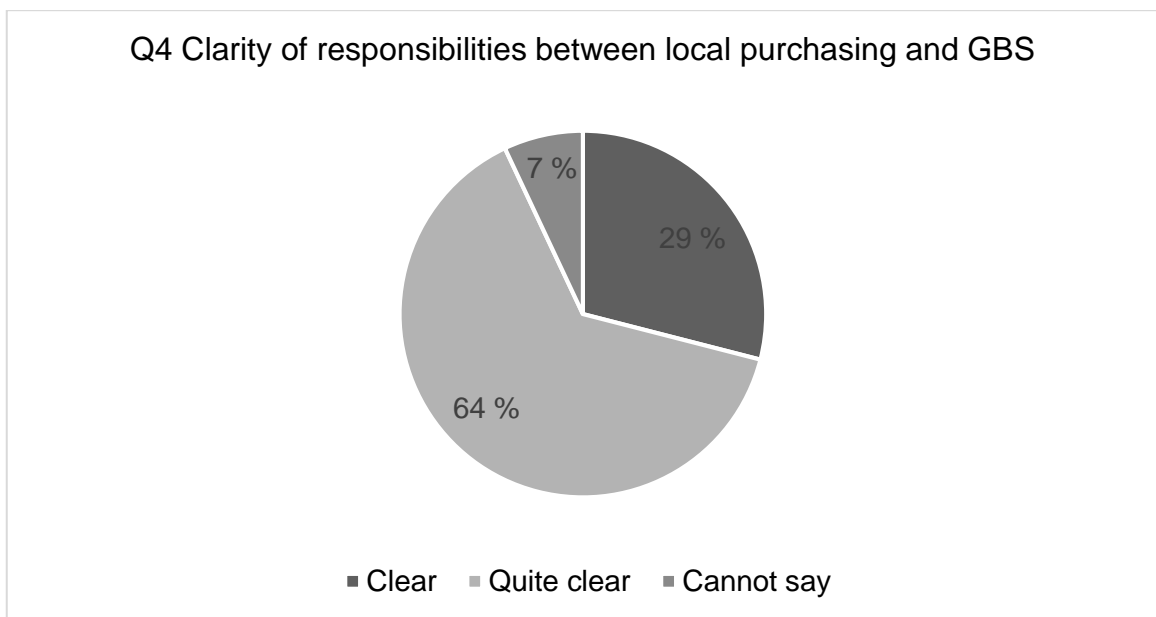


Figure 9. Clarity of responsibilities between local purchasing and GBS

The perceptions about clarity of responsibilities between local purchasing and category management were more dispersed, as can be seen from figure 10. Still, a vast majority (78%) of the respondents perceived the clarity of responsibilities clear or quite clear. 21 percent of the respondents perceived that the clarity of responsibilities is quite unclear or unclear.

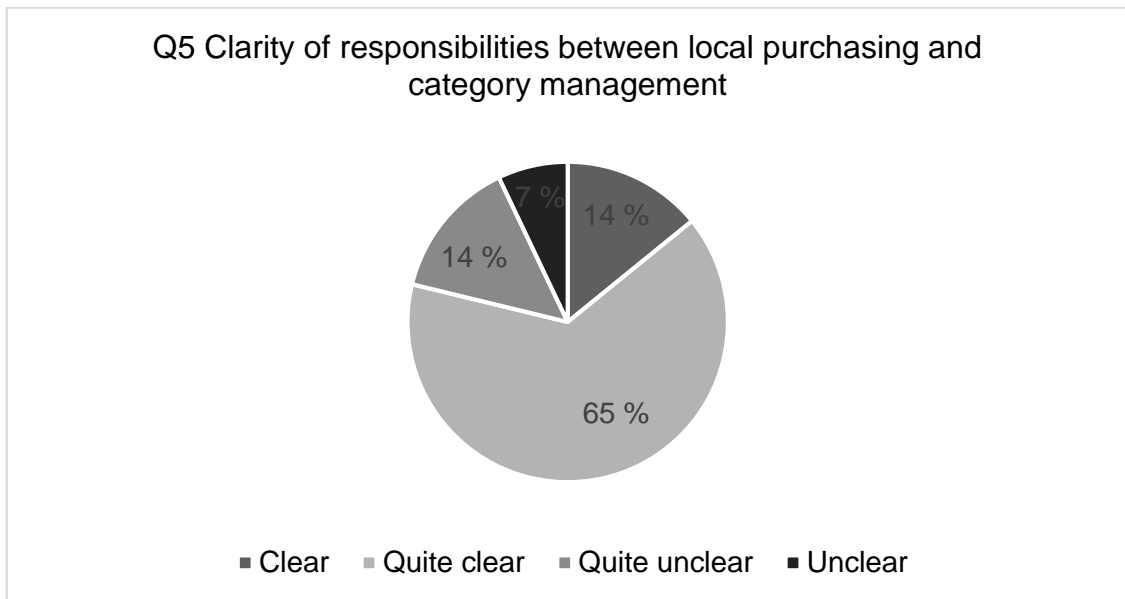


Figure 10. Clarity of responsibilities between local purchasing and category management

The perceptions about the clarity of responsibilities between GBS and category managers were somewhat dispersed as well, as can be seen from the figure 11. 65 percent of the respondents considered the clarity of responsibilities clear or quite clear. Seven percent considered it unclear and 29 percent could not say.

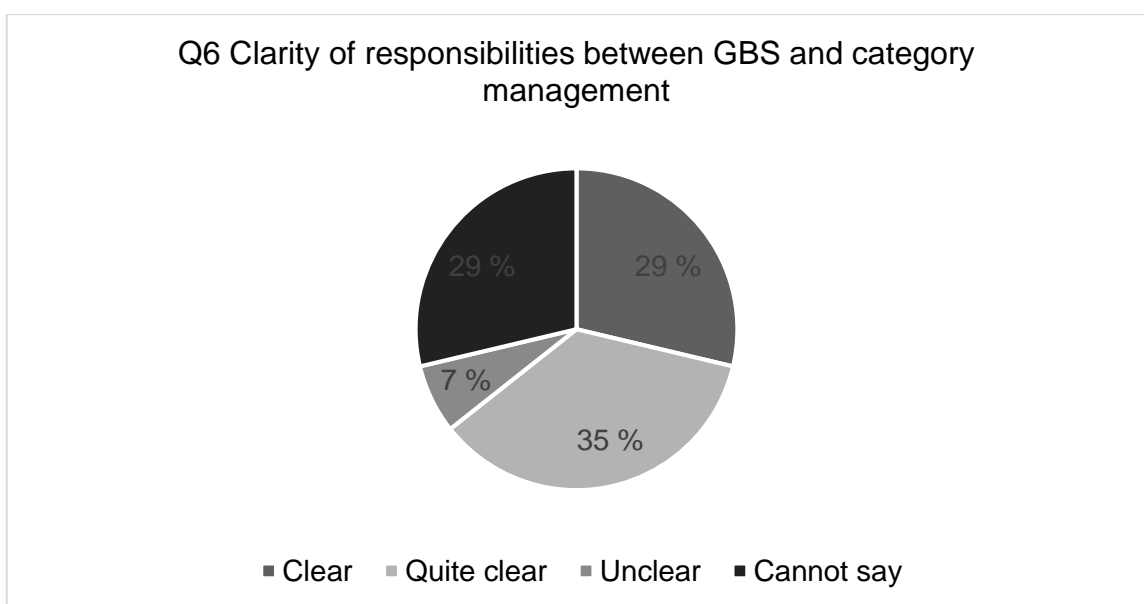


Figure 11. Clarity of responsibilities between GBS and category management

Q7 If you responded that there is unclarity concerning the division of responsibilities, which matters, in your opinion, need clarification?

The following issues occurred from the answers:

- Who is responsible for updating price lists and supplier information to SAP?
- Who is responsible for asking for RFQs for standard items?
- Project-specific parts are in the grey area between local purchasing and category management. Category managers should concentrate on carefully taking care of the large volume, but sometimes a notable input is expected concerning single project-specific parts.
- Job descriptions have not been defined in the clearest possible way, which sometimes causes confusion over responsibilities and tasks. Sometimes something is done that is outside one's job description.
- How big a role should category managers take in crisis situations?
- Issues related to ASCC-portal: e.g. who advises suppliers in the simplest issues or investigates the matter, if suppliers cannot see the documents in the portal?
- Transportation issues: e.g. who is responsible for booking transportation in cases where supplier is not taking care of that?
- Issues related to customs codes and missing customs clearance information.
- Searching for missing deliveries.
- GBS and/or local purchasing should try to solve the problems with a supplier, before contacting a category manager.

Q8 Has the clarity of responsibilities deteriorated/improved in the current operating model in comparison with the previous? How has it deteriorated/improved?

In question eight, survey respondents had quite differing opinions. 14 percent of the respondents considered that the clarity of responsibilities has deteriorated, whereas seven percent thought that it has improved, and 21 percent thought that it has remained the same. 29 percent of the respondents could not say, and another 29

percent responded something else. For example, some problems were pointed out, including compliance of the division of responsibilities, longer e-mail conversations and deteriorated information flow now that it is not always possible to discuss with colleagues face to face due to distant location of GBS.

The mentioned reasons for deteriorated clarity of responsibilities included the following:

- Now purchasers have to respond to both GBS's and suppliers' questions, not to mention own production who is asking partly the same questions.
- Suppliers do not always know who to contact in different matters.

The mentioned reason for improved clarity of responsibilities was that now the transfer of responsibility from local purchasing to GBS takes place when PR is transferred to GBS's purchase work queue. Also, now category managers were considered to have a clearer role what comes to master data information.

Q9 Do you think that other departments know whom to contact in different situations (GBS or local purchaser)?

29 percent of the respondents think that other departments know whom to contact, whereas 50 percent think or have experienced that others do not know, and that there is at least occasional confusion about the matter. Seven percent could not say and 14 percent did not respond directly to the question (instead they described how the process goes). Supposedly this is an issue that becomes clearer over time. Thus, probably, if the survey was conducted now, the percentage of the respondents who think that other departments know whom to contact, at least in most of the cases, might be bigger.

Q10 Do you think that the division of responsibilities between local purchasing and GBS is reasonable?

50 percent of the respondents consider the division of responsibilities reasonable. It was pointed out that certain routine tasks are now better monitored than previously. It was also said that division of responsibilities is reasonable, but it would be good, if more tasks were transferred to GBS. 29 percent of the respondents considered that the division of the responsibilities is not reasonable. The mentioned reasons for this are that the change has not made the operation more efficient, when total amount of work in the chain is considered. As one respondent describes in a slightly exaggerating manner, previously a purchase order was created right after preparing a purchase requisition. Now one button click is left undone, and that is what GBS does. It was also said that sometimes the existing potential remains unused. 21 percent responded something else. For example, it was pointed out that the process has not become faster at least.

Q11 In your opinion, which functions GBS should be able to contact independently?

Q12 Other, which?

Figure 12. illustrates respondents' opinion about GBS contacting different functions independently. Nearly every respondent (86%) supported the idea of GBS contacting goods reception and TMC in customs clearance issues independently, instead of communicating via local purchasing. The majority of the respondents (57%) supported the idea of GBS contacting TMC in the case of express transport orders as well. Instead, mechanical design engineering and production are functions that GBS should not contact independently, according to the majority of the respondents. When asked about other possible issues, where GBS should contact some function independently (Q12), unclear invoices were mentioned by one respondent. To conclude, in the future, GBS should be able to contact independently goods reception and TMC.

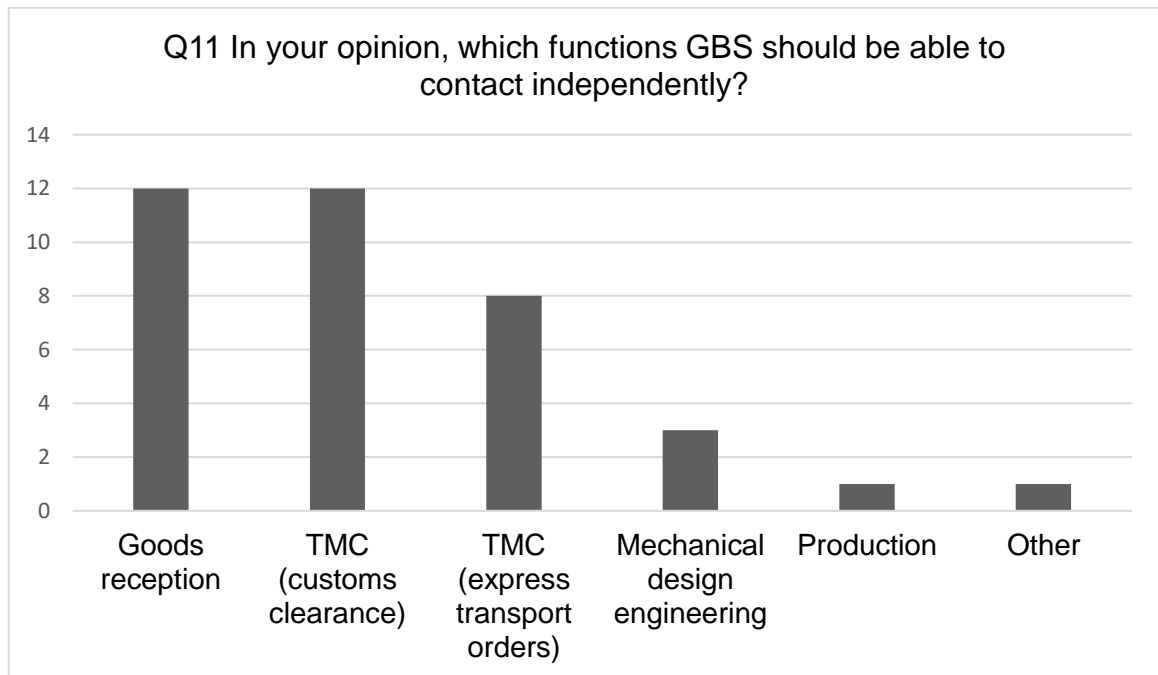


Figure 12. Which functions GBS should be able to contact independently?

Q13 Do you think that PR to PO process has become easier after the change? Why/why not?

Q13 is the first one of the questions addressed specifically to purchasing. 50 percent of the respondents think that PR to PO process has not become easier. The reason for this is, as one of the respondents expresses, that purchase requisitions still have to be handled by a local purchaser, as “only saving of the purchase order is left for GBS”. In addition, the respondents stated that handling of PRs takes now more time, and that it would be faster to create purchase orders by oneself. Local purchasers often have to write instructions to PRs, for example about bundling of the PRs and other specialties, which causes more work.

Handling of PRs might take more time now, but on the other hand, one of the respondents saw that the quality of the handled PRs has become better. Earlier it was not necessary that the background data was complete, because local purchaser was able to complement the information when purchase order was created. One respondent, representing 17 percent of the respondents, saw that PR

to PO process has become clearer, and said that info records are now in a better condition. 33 percent of the respondents could not answer, because they have started in their position after implementation of GBS. The results of Q13 show that one of the pursued aims of the change – improved efficiency – has not realized, at least when it comes to PR to PO process, because the process is now taking more time and none of the respondents considered that the process would now be easier than before.

Q14 Do you think that the communication between local purchasing and GBS is smooth?

The respondents were very unanimous, since 100 percent of the respondents saw that the communication between local purchasing and GBS is smooth. One of the respondents added that e-mail, Skype, phone and weekly (Skype) meetings are good ways to manage the issues. To conclude, communication could be considered as one of the strengths of the current operating model.

Q15 In which situations do you see that it is necessary to create a purchase order by yourself?

The mentioned reasons for creating purchase orders by oneself instead of transferring a PR to GBS's purchase work queue, were the following:

- Classification society cases and document requirements.
- Rush orders.
- Special stock item purchases.
- Production's special orders, such as maintenances, that will not be automatically marked as received in the system (which happens when the concrete items arrive to warehouse/factory).
- If GBS personnel is not present (e.g. at evening-time).
- If it takes more effort to instruct GBS how to order than it takes to create a purchase order by oneself.

Being pointed out by 67 percent of the respondents, the most frequently mentioned reason was rush orders.

Q16 Do you think that GBS purchasers react fast enough to rush orders?

Respondents were very unanimous, since 100 percent of the respondents saw that GBS purchasers react fast enough to rush orders. However, one of the respondents pointed out that this requires communication about the rush order, which is understandable. Results of Q15 revealed that the most common reason for local purchaser to create a purchase order by him-/herself are rush orders. However, results of Q16 prove that the reason for local purchasers doing so is not that GBS would not handle those in time.

Q17 Is it clear in which situations the responsibility of delivery control is returned from GBS to local purchaser?

67 percent of the respondents saw that the situations where the responsibility of delivery control is returned from GBS to local purchaser are clear, whereas 33 percent of the respondents felt that those are not clear, and there is need for clarification.

Q18 Do you think that delivery control is efficient and fast enough?

50 percent of the respondents thought that delivery control is efficient and fast enough, whereas another 50 percent saw that it is not (always) efficient and could sometimes be more efficient. One of the respondents pointed out that sometimes, when there is rush in GBS, it affects the quality of delivery control.

Q19 How do you think that communication between local purchasing and GBS is working on purchase order (internal GR text) in the system?

40 percent of the respondents saw that the communication is working well. Another 40 percent thought that it is working reasonably, and 10 percent thought that there is room for development.

Q20 Do you think that GBS should be instructed better in some issues related to invoice handling?

Q21 Have you noticed problems related to handling of framework, factoring or credit invoices?

60 percent of the respondents saw that GBS should be instructed better in some invoice handling related issues, such as how to register rush order fees and freight costs, and how to handle framework order invoices. In addition, it was pointed out that they should not wait until invoice due date, before transferring the unclear invoice to local purchaser in order to avoid delayed payments. 40 percent of the respondents did not see any need for additional instructing. What comes to framework, factoring and credit invoices (Q21), 34 percent of the respondents saw that there is a need for more detailed instructing of GBS purchasers.

Q22 My job description has changed

Figure 13. illustrates how much the respondents' job description has changed, according to them. 50 percent of the respondents feel that it has changed to some extent. 17 percent see that it has changed scarcely, and 33 percent could not say, because they have not been working in the case company before the implementation of GBS. None of the respondents felt that their job description would have changed significantly.

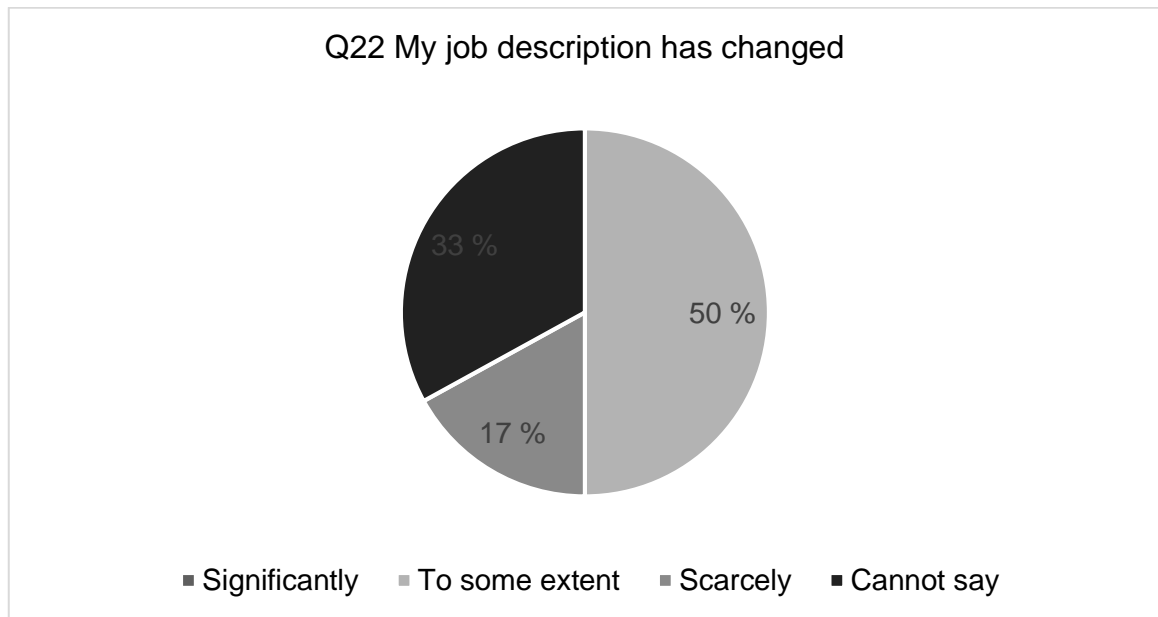


Figure 13. Perceived amount of change of one's job description

Q23 I have enough time for my current tasks

Q24 If not, which are tasks you do not have enough time for?

Figure 14. shows the perceived sufficiency of time for one's current tasks. 50 percent of the respondents answered that they somewhat agree with the statement "I have enough time for my current tasks". 33 percent answered that they somewhat disagree with the statement, and 17 percent chose the option "strongly disagree". None of the respondents chose the option "strongly agree". Considering the type of the business, it might be relevant to point out that the amount of work and rush typically fluctuates to some extent. Thus, the results of Q23 reflect the situation at the time of conducting the survey and most likely are not valid in a longer period of time.

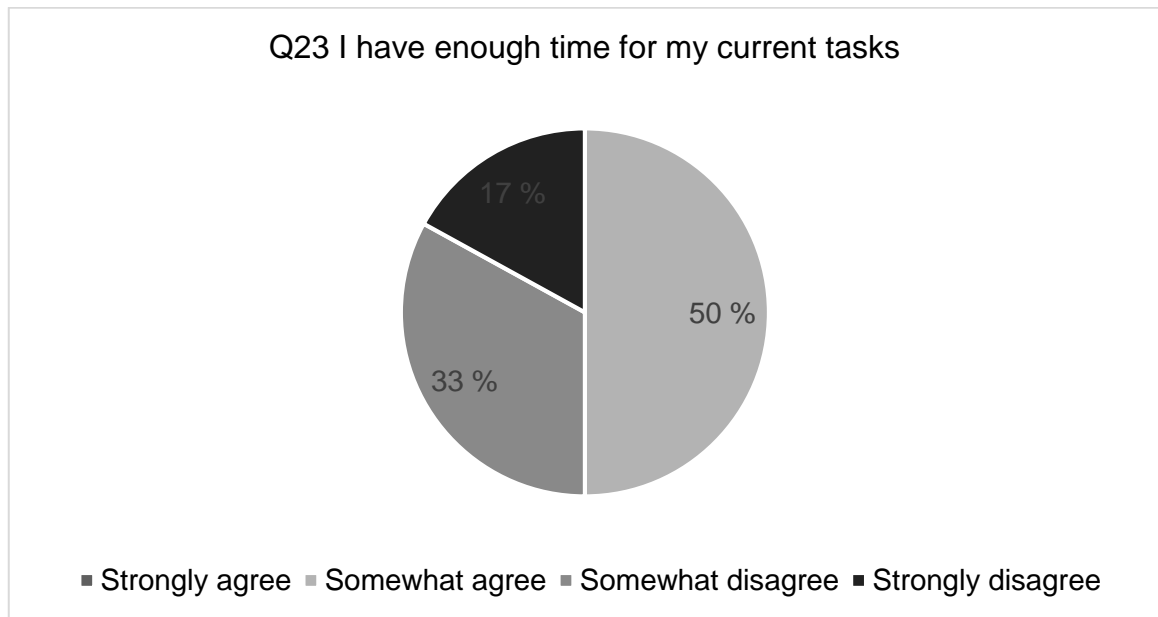


Figure 14. Perceived sufficiency of time for one's current tasks

When asked about the tasks that the respondents did not have enough time for (Q24), the mentioned tasks included development work, continuous improvement, new employee orientation, writing instructions and, overall delving into matters. Also, reclamation and invoice handling were mentioned.

Q25 Are the instructions related to your job description up to date?

As pointed out in the theoretical part, implementation of SSCs typically leads to employees getting new job descriptions, which can cause challenges (Ulbrich 2006). That makes Q25 an essential question. Figure 15. illustrates how well the instructions related to local purchasers' job descriptions are up to date, according to the respondents. 83 percent of the respondents thought that instructions are very well or quite well up to date, whereas 17 percent, i.e. one respondent, felt that instructions are not so well up to date. None of the respondents chose the option "not at all".

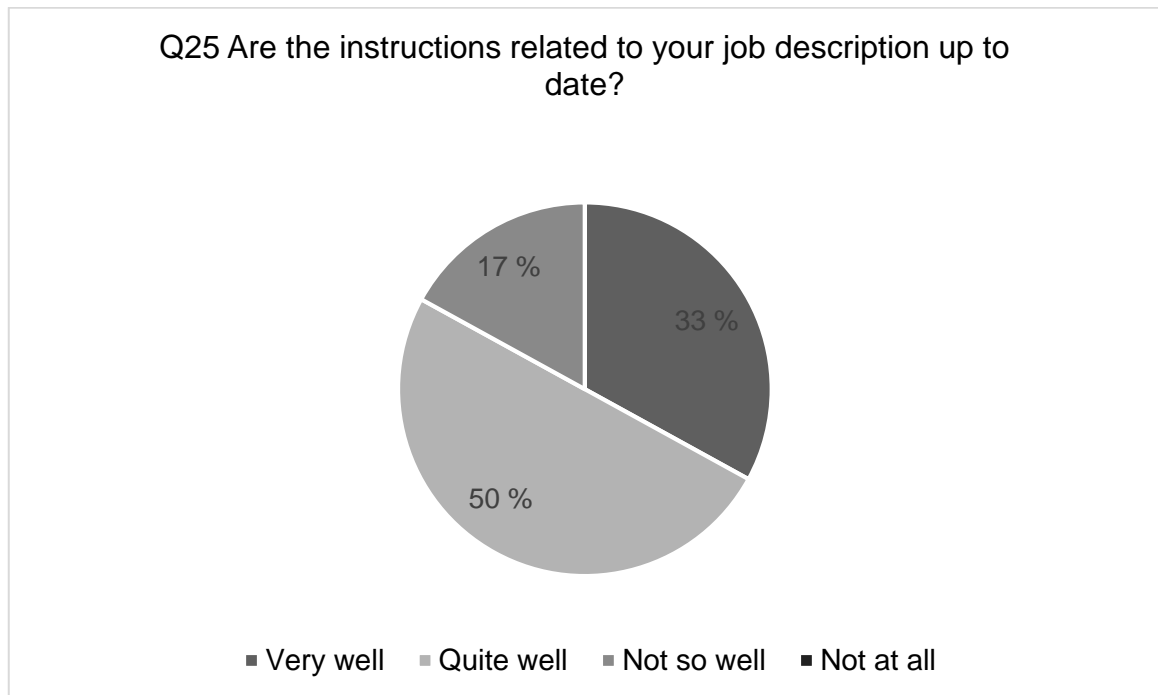


Figure 15. Are the instructions related you your job description up to date?

Q26 GBS's inquiries occupy me

Figure 16. illustrates the perceived occupation of GBS's inquiries. 83 percent of the respondents thought that the inquiries occupy them adequately, meaning that GBS purchasers ask reasonable questions and work according to SOPs. 17 percent felt that the inquiries occupy too much and GBS purchasers ask questions too easily. One of the respondents pointed out that GBS purchasers should have purchaser's "eye for the game". Also, in some situations they could be more independent decision makers; for example, one day delay in the delivery date is acceptable and thus does not need to be approved by a local purchaser.

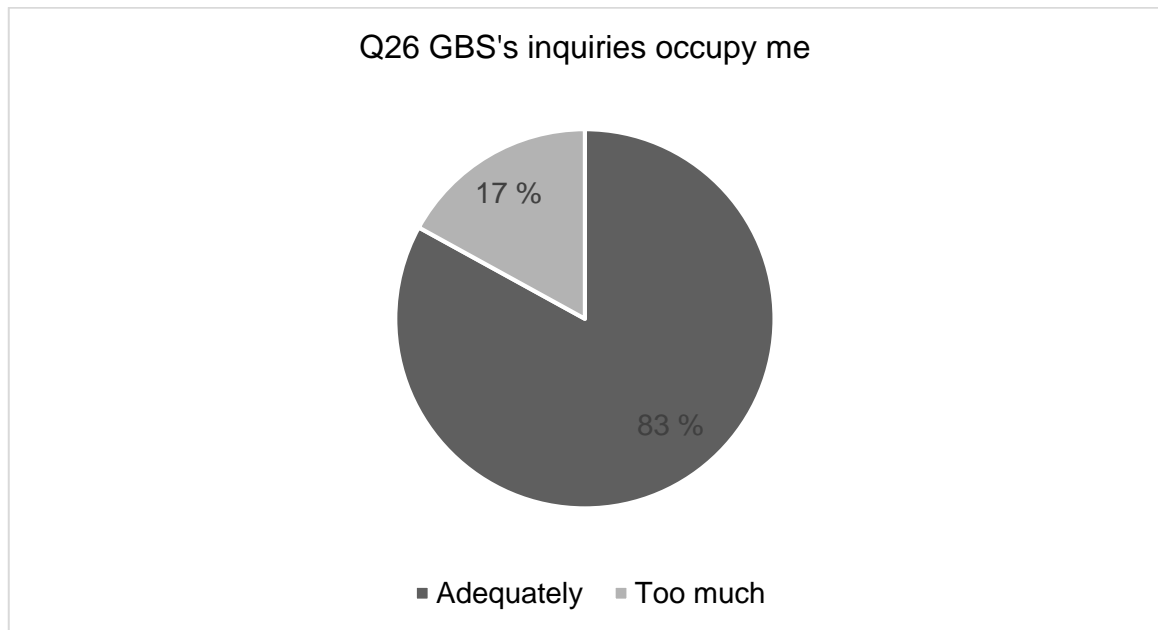


Figure 16. Perceived occupation of GBS's inquiries

Q27 Do you wish that additional tasks were transferred to GBS? Which?

The additional tasks that were suggested by the respondents, included handling of change orders and updating suppliers' contact information in the system (adding and removing contacts). Both of the suggestions came only from one respondent, so those can be considered, but will not be included in the managerial recommendations of the study.

Q28 Have suppliers experienced that they receive sufficient service?

According to one respondent, suppliers have mainly adopted the change well. However, language barrier complicates the communication and causes frustration. For that reason, suppliers often contact local contact person. Another respondent saw that suppliers have received sufficient service. However, sometimes it is unclear for suppliers, who they should contact. In addition, it was pointed out that conversation with suppliers has helped them to understand the situation better. Some of the respondents had not received any comments from suppliers.

Q29 Other comments from suppliers

Suppliers' comments that the respondents have received, included the following:

- The case company has become more distant and communication with the factory has decreased.
- It causes frustration that GBS purchasers ask confirmations for purchase orders that are unclear (and are presently being solved by a local contact person).
- It is challenging to manage the communication between the factory and suppliers, because suppliers do not receive the information about the local contact who has handled the purchase requisition (in a purchase order, there is only a name of the person who has created the order).

Q30 I feel like the change has been useful

Figure 17. illustrates the perceived usefulness of the change. The majority of the respondents (71%) somewhat agreed with the statement "I feel like the change has been useful". 14 percent, meaning one respondent, strongly agreed with the statement, and another 14 percent somewhat disagreed with it. None of the respondents strongly disagreed.

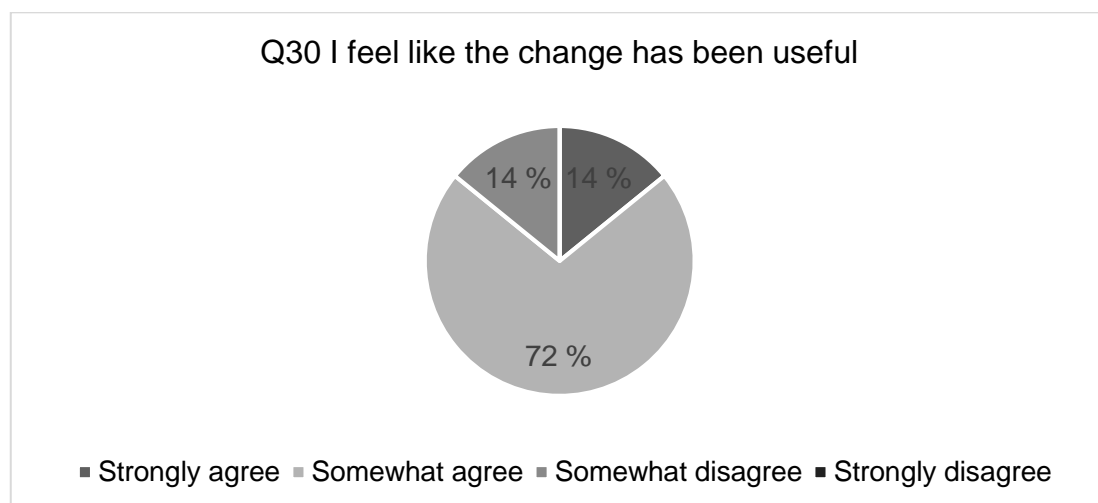


Figure 17. Perceived usefulness of the change

Q31 In your opinion, how the operation model could be developed?

Development suggestions were given by two respondents. Another respondent wished for more resources to local purchasing. That would enable constant development actions and delving into matters and problems more thoroughly. In addition, the respondent would give more responsibility to GBS, for example what comes to approving delivery times and prices. Another respondent saw that GBS should develop and unify operations between different units. That would secure the know-how in situations where people change and also improve productivity.

Q32 Open comments

In the open comments section, it was wished that local purchasers' job descriptions and titles would have been updated when the new operating model took place. Another comment was about GBS purchasers visiting the factory: "It would be very important that all GBS buyers have the possibility to visit the site at least once when they have started their work. It gives good insight to the work to understand even a little, what you are buying and to whom (production as the internal customer) and to meet the local people and goods reception people."

Q33 Do you have any comments concerning delivery control?

Q33 is the first one of the questions addressed specifically to category managers. Several opinions occurred when asked about the delivery control. One of the respondents stated that it is not working, however, he/she did not justify the opinion. Another respondent pointed out that delivery control should be strengthened. In addition, it was stated that GBS should be able to do something else as well than ask after delayed deliveries, e.g. sending late delivery penalties. One respondent saw that GBS can be and has been more active in delivery control actions than local purchasing previously. The final comment was about the internal comments written on purchase orders. According to the respondent, the comments are sometimes unclear and do not tell for example when and with whom GBS purchaser has

discussed. If GBS escalates cases, there should definitely be this information, not only the request of expediting the order.

Q34 Do you receive queries related to purchases? How often and concerning what?

The respondents had quite differing experiences about the occurrence of queries. One of the respondents said that he/she receives queries seldom, but about important matters, such as payment terms and delivery times. Another respondent stated that he/she receives queries often about delivery times and allocation. The third one had experienced that questions came as “bursts” and the forth one said that questions occur approximately every other week and are related to unclear invoices, problems in transportation, and missing contact person information (i.e. purchasing responsibilities are not clear to suppliers). One of the respondents pointed out that queries come from local organization.

Q35 What kind of information GBS should forward to category managers (information that they are not forwarding at the moment)?

Issues pointed out by the respondents included the following:

- If supplier constantly confirms orders later than within three days.
- Problems related to security of supply.
- Contact person changes.

Q36 Have you received information about suppliers' accessibility and responsiveness from GBS?

80 percent of the respondents had not received any information about suppliers' accessibility and responsiveness from GBS. 20 percent, representing one respondent, had received a couple of complaints soon after implementation of GBS, but nothing after that, even though it sometimes takes quite a long time to get confirmations from some of the suppliers. This kind of information would be important for category managers. As one of the respondents pointed out in Q35 as

well, would be good if GBS informed category managers if supplier constantly confirms orders later than within three days.

Q37 Feedback from suppliers

For some suppliers it has been unclear that who they should contact in different matters. It was pointed out that some list about the responsibilities could be helpful. Another issue was that receiving replies sometimes takes time. Suppliers do not know if anything is happening to their inquiries, since GBS is not replying anything to them nor putting them in the cc field, when forwarding the e-mail to local contact. The respondent suggested that it could be included in the instructions that when the inquiry is forwarded to local contact, the sender of the inquiry should be put in the cc field. Such as, when local contact replies to supplier's question, GBS should be in the cc field so that they know that the issue is being taken care of.

7 CONCLUSIONS AND DISCUSSION

This chapter provides a conclusion of the study. It summarizes the main findings and theoretical implications and provides managerial recommendations. In addition, research limitations are discussed and suggestions for future research presented.

7.1 Summary of the main findings

The purpose of this study was to examine how the case company could develop further its' purchasing procedures after implementation of a shared service center. The main research question was all about that. The focus was on uncovering the advantages and disadvantages of the operating model and discovering what would be the ideal division of tasks. The sub-questions were related to these issues.

SQ1. What are the advantages and disadvantages of the operating model?

According to the study, the main advantages of the operating model are the following:

- Separate employees who are responsible for delivery control
- Well working communication and reachability of GBS personnel
- Well known responsibility areas and good performance in GBS
- GBS personnel is very qualified with information technology and systems
- GBS: tranquil environment with less pressure than in local purchasing
- Available tools
- The operating model enables development of processes

The occurred disadvantages include the following:

- Inefficiency and duplication of work
- The grown amount of local purchasers' work
- Outdated division of responsibilities
- Distance and facelessness

- GBS purchasers' lack of understanding the whole
- Longer communication chain (supplier-GBS-local purchasing)
- Local purchasers' unclear and blurred general view of suppliers' capabilities
- Possible negative effects on supplier relationships
- Confusion about the right contact person and language barrier between GBS and suppliers
- High employee turnover rate in GBS

SQ2. What would be the ideal division of tasks between local purchasing and GBS center?

According to the study, the division of tasks between local purchasing and GBS would be more ideal, if some additional tasks were transferred from local purchasing to GBS's responsibility and local purchasers' involvement in everything that requires decision making or nominal decision making was diminished. No need for radical changes was identified, but some small finetuning could be done:

- GBS could in the future be responsible for controlling some of the stock items.
- GBS could communicate with goods reception and thus do the investigation about missing goods receipts when those occur.
- GBS could communicate with mechanical design engineering and thus forward suppliers' questions to designers and designers' answers to suppliers.
- GBS could collect document packages for RFQs and ask for quotations at least for clear and simple items. The final purchasing decision could still be done in local purchasing.

In addition, some new tasks that are not at the moment conducted at all were suggested to be performed by GBS in the future.

7.2 Theoretical implications

This study contributes to the understanding of how already existing shared service centers could be developed further. Even though some authors have stated that research about SSCs has been scant (Richter & Brühl 2017), several studies have been made concerning SSCs. For instance, studies have concentrated on implementation of SSCs (Ulbrich 2006; Zilic & Cosic 2016), optimal governance structure for SSCs (Grant, McKnight, Uruthirapathy & Brown 2007), motives for introducing SSCs (Janssen & Joha 2006) and management challenges (Knol, Janssen & Sol 2014). However, this study is among the first ones to examine how to develop further an existing SSC. Also, internal outsourcing is a phenomenon that has not been widely researched, which makes this study important.

7.3 Managerial recommendations

This subchapter provides practical answers to the main research question *“How to develop further purchasing procedures after implementation of a shared service center?”*. The findings indicate that there are some additional tasks that could be transferred to GBS’ responsibility. The additional tasks include checking that the quality documents (e.g. certificates) have been received from the supplier. At the moment, there is no process for checking this. Thus, it sometimes happens that the documents have not been received from the supplier, even though there has been a requirement on a purchase order. Then the documents have to be asked from the supplier afterwards and at this point the need can already be urgent. Another recommended additional GBS’s task is proactive delivery control concerning deliveries with FCA term and deliveries coming from afar. At the moment this is not done, but it would be a very important thing to do. That would ensure that possible problems, e.g. delays, are found out earlier, which in turn improves chances to take some actions that minimize the negative impacts. In addition, it could be considered that GBS was responsible for collecting document packages for RFQs as well as asking for quotations for clear and simple items. The final decision about the supplier could still be done locally.

It could be considered that local purchaser's involvement in everything that requires decision making – or nominal decision making, was diminished. The aim could be that local purchaser is involved only if it brings added value. For example, GBS could in the future be responsible for controlling some of the stock items. Purchase requisitions of selected stock item categories could be steered directly to GBS's purchase work queue instead of local purchaser manually transferring those from his/her purchase work queue to GBS's. Before placing a purchase order, GBS purchaser would check the stock situation of the item in question in case there is a need for requesting the delivery earlier than suggested by the system. At least at first these stock items would be ones with low cost and short delivery time. Hence, the consequences of items going out of stock would not be severe, because replenishment is quickly available. However, handling of stock items by GBS should not be expanded to the most difficult stock item categories.

The findings indicate that GBS could in the future contact independently goods reception and TMC. Direct communication between GBS and goods reception would for example enable GBS to investigate why goods receipt is missing. However, it would be recommended that they put local contact in the cc field when communicating via e-mail, so that he/she knows what has been discussed. In addition, it could be considered that GBS contacted mechanical design engineering independently in situations where it is about forwarding suppliers' questions to designers. Direct communication would save time, which is an important advantage especially when the questions are urgent.

What comes to communication between GBS and category managers, there could be more of it. GBS could be instructed to inform category managers if they notice that a supplier constantly confirms orders later than within the required three days. Also, if GBS purchasers notice problems that might negatively effect security of supply or hear about suppliers' contact person changes, it would be recommendable to inform category managers.

Furthermore, it is suggested that GBS should be given more responsibility and authorization for example what comes to invoice and price difference approval

limits. If GBS was given higher invoice approval limits, there would be less invoices coming to local purchasers. Higher limits for approving price differences between estimated and confirmed prices would make daily work more reasonable and efficient. More responsibility and authorization given to GBS could even affect positively their work motivation.

Even though the above-mentioned tasks would be suitable for being on GBS's responsibility in the future, an important basic prerequisite is to ensure that there are enough resources for these additional tasks. Otherwise there is a risk of deteriorated performance levels. After ensuring the sufficiency of resources, processes and SOPs should be updated or new ones created, if needed. So far, attrition rate has been quite high in GBS. As mentioned in theoretical part, SSC's too heavy cost saving pressures can result in reducing the number of personnel and thus cause work overload and higher attrition rate in SSC (BDO Hungary 2014). In GBS's case, the number of personnel has not been reduced. However, the above-mentioned consequences – work overload and higher attrition rate – can for sure occur also if the number of personnel is originally too small. So also for this reason, case company should ensure that there are enough resources in GBS.

What comes to system related issues, it should be investigated if it is possible to have also purchase requisition's handler's name on purchase order. At the moment, only purchase order's creator's name is visible on purchase order. It would ease for example goods receivers' and suppliers' work if they knew who the responsible local contact person is (i.e. the person who handled the purchase requisition).

Finally, in order to increase GBS purchasers' understanding of the whole, facilitate communication and emphasize the feeling of belonging to the same team, it would be recommended that GBS purchasers were given a chance to visit Helsinki factory. Also, if local purchasers were able to visit GBS more often, that would show interest towards GBS personnel and operations and diminish the feeling of facelessness. These face-to-face meetings would help to avoid "alienation challenge", presented in the theoretical part, that can occur if the relationship between SSC and customer is distant (Knol et al. 2014). Also, as already mentioned, the development of a

business partner relationship between local business unit and SSC is very important, because with team relationship between the groups and ongoing strong communication, issues are more easily resolved than in an uncooperative environment (Moller et al. 2011).

7.4 Limitations and suggestions for future research

The limitations of the study are related to the selected research method. Case study was a suitable choice for this study, because it enabled gathering detailed data about the case (Hirsjärvi et al. 2004, 125). However, being a single-case study, it limited the research to only one case. Thus, the results of the study are not directly generalizable outside the case company. Still, the study may provide useful insights for companies being in similar circumstances.

Another limitation is that the interviewees and survey respondents represented employees of the case company's Helsinki factory, thus GBS personnel's opinions were not examined. As Helsinki factory is in a way the customer of GBS, decision to conduct the study from the point of view of Helsinki factory was made. However, the study could have been more comprehensive, if also GBS personnel had participated to the interviews and survey.

This study investigated how a multinational company could develop further its purchasing procedures a couple of years after implementation of shared service center. Study was conducted from the point of view of Helsinki factory and the results are based on interviewees' and survey respondents' personal experiences. What comes to future research, would be interesting to investigate development targets from the point of view of GBS. Furthermore, the study could be based on metrics in addition to/instead of people's experiences. In addition, similar study could be conducted as a multiple case study in order to be able to compare case companies' current state and development targets and receive more generalizable results.

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APPENDICES

Appendix 1. Structure of the questionnaire

Topic	Questions
Background information	1-2
Division of responsibilities <i>Perceived clarity and reasonableness of the division of responsibilities</i> <i>Direct communication between GBS and some internal functions?</i>	3-12
Questions for purchasing <i>PR (purchase requisition) to PO (purchase order) process</i> <i>Smoothness of communication</i> <i>Delivery control</i> <i>Invoice handling</i> <i>Job description (changes, perceived sufficiency of time, instructions)</i> <i>Additional tasks to GBS?</i> <i>Suppliers reactions and attitude towards GBS</i> <i>Perceived usefulness of the change</i> <i>Development ideas</i>	13-32
Questions for category management <i>Delivery control</i> <i>Reception of purchasing related questions</i> <i>Transmission of questions from GBS to category managers</i> <i>Feedback from suppliers</i>	33-37
Feedback concerning change process (not included in the thesis)	38-41

Appendix 2. Interview questions (questions in Finnish)

1. Taustatiedot

- Kerro lyhyesti itsestäsi (nimi ja asema yrityksessä)
- Kauanko olet työskennellyt nykyisessä positiossasi?

2. Vastuunjako

- Mitä mieltä olet nykyisestä vastuunjaosta?
 - Onko nykyinen vastuunjako mielestäsi selkeä/järkevä/toimiva?
 - Missä asioissa on tarkennettavaa?
 - Miten vastuunjakoa voisi mielestäsi selkeyttää/parantaa?
- Koetko nykyisen toimintamallin ja vastuunjaon mahdollistavan tehokkaan työskentelyn?
- Minkälaiseksi koet työmäärän?
- Olisiko GBS:ään mielestäsi hyvä siirtää lisää oston/hankinnan tehtäviä? Mitä? Perustelut?
 - Olisiko mielestäsi hyvä, että GBS:n vastuulla olisi esimerkiksi:
 - Varastomateriaalien hallinta
 - Tarjouskyselyt + tarjouskyselyihin liittyvien dokumenttipakettien kasaaminen
 - Laatudokumenttien tarkistaminen (että on saatu toimittajalta)
 - Ennakoiva toimitusvalvonta koskien FCA-ehtoisia/kaukaa lähteviä toimituksia
- Mihin tahoihin GBS:n olisi mielestäsi hyvä voida olla suoraan yhteydessä? Perustelut?
 - Esimerkiksi vastaanotto, TMC (tullaus/pikakuljetukset), suunnittelu, tuotanto?
- Koetko, että GBS:llä tulisi olla enemmän vastuuta/valtuuksia joissakin tilanteissa? Missä tilanteissa?

- Onko vastaan tullut tilanteita, joissa on ollut epäselvää, kenen vastuulla asian hoitaminen on? Mitä tilanteita?
- Muita kommentteja vastuunjakoon liittyen?

3. Kommunikaatio

- Miten kommunikaatio paikallisen oston ja GBS:n välillä mielestäsi toimii?
- Onko GBS-ostajat helppo tavoittaa tarvittaessa?
- Onko joitakin tilanteita, joissa toivoisit GBS-ostajien kommunikoivan asioista tehokkaammin?
- Onko joitakin tilanteita, joissa GBS-ostajat kommunikoivat asioista turhankin tehokkaasti?
- Muita kommentteja kommunikaatioon liittyen?

4. Toimintamallin vahvuudet/heikkoudet

- Mikä toimii mielestäsi hyvin?
- Missä olisi mielestäsi parantamisen varaa?

5. Jatkojalostus/kehitysideat

- Millä toimintamallin hienosäädöillä/muutoksilla päivittäistä työskentelyä voitaisiin sujuvoittaa/tehostaa/tehdä mielekkäämmäksi?
- Muita ideoita miten toimintamallia voitaisiin kehittää?

6. Teoriaosuuteen liittyvät kysymykset

- Mitkä tehtävät kannattaisi mielestäsi hajauttaa ja mitkä keskittää? Miksi? Mitkä olisivat konkreettiset hyödyt/haitat?
- Miten näet offshoringin hyödyt/riskit?