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**SHEDDING LIGHT ON INTERNAL CUSTOMER PLIGHT IN THE
SHARED SERVICE ENVIRONMENT**

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Abstract

The purpose of this paper is to help explain and develop an understanding of the internal customer dilemma in the shared service environment. Studies on internal customers have been overshadowed by extensive research on external customers. In the context of shared services, this is even more glaring. It is crucial to note that the study also discovered other challenges in the shared service environment. Studies on shared services are limited and the area of internal customer within the shared service climate has been especially scarce. Further in-depth research on internal customer issues within the shared service organisations should be conducted and is much needed. This paper seeks to discover the difficulties faced by internal customers and to examine the distrust that exist within the shared service environment. The paper is a concept paper and literature support the idea that there are indeed challenges faced and many areas to delve deeper with regards to shared services.

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1. Introduction to Shared Services

Shared services have been an advancing service delivery operating model that aids the host enterprise's internal customers for over the decades. A proper utilization of shared services would bring in immense benefits of improvised service level, lowered costs, a controlled and efficient environment (Hodge, 2020). According to Ramphal (2013), shared service brings in economic gain and creates new competencies. Therefore, these benefits have regarded shared service as the "silver bullet for many firms.

Deloitte's Global shared services and outsourcing survey reported shared service centres (SSCs) and Global Business Services (GBS) models has progressed and adapted rapidly to the COVID-19 and Brexit condition with value added services. The survey showed more than 50% of the organization achieved their goals with implementation of those SSC and GBS models (Deloitte, 2021).

The notion of shared service is undoubtedly under a continuous debate by the practitioners and scholars. Schulman et al. (1999) referred shared service as "the concentration of company resources performing like activities, typically spread across the organization, in order to service multiple internal partners at lower cost and with higher service level, with the common goal of delighting external customer and enhancing corporate values". The shared service concept explained by Miskon et al. (2010) as the internal provisioning of services by semi-autonomous organization unit which involves combination of business functions assisted by a sharing arrangement.

1.1. Internal customers and various challenges in the shared service environment

Customers often cite that when using shared services they feel extreme dissatisfaction with the quality of shared services. Up to now, quality frameworks and models on shared service environment seems to be unheard of or nonexistent. Hence this could be a contributing cause for the dissatisfaction felt by customers (Ramphal, 2011). Internal customer satisfaction has surfaced as a topic of discussion that requires attention in the shared services environment. Soalheira and Timbrell (2014) further emphasizes that the concept of internal customer requires greater exploration and understanding within the context of Shared Services. In fact, customer orientation literature has focused predominantly on the importance of external customers and pays little attention explicitly to the role of internal customers or employees of a firm (Mohr-Jackson, 1991 as cited in in Conduit and Mavondo, 2001). Therefore, the topic of internal customers is one that must be explored in the context of shared services.

According to Marciniak (2013) the ability to uphold high customer service level aligning with high level of quality, efficiency and capability to retaining management staff of SSC can be a major challenge. Balancing the supply and demand is required in accordance to attract internal customer and to utilize the resources while delivering the value in a tangible way.

1.1.1. Challenges in the shared service environment

Researchers has found few problems and challenges that might ensue when implementing shared services. Deloitte, 2014 summarized that technological, market and administrative risk are prominent in the SSC. The technological risk seen as the interruption of crucial process from the headquarter company, whilst the market risk is prominent upon shortfall on internal market factor. The administrative risk formed

from the improper planning and implementation of strategies, frail organizational structure, hostility to changes (Deloitte, 2014).

Ramphal (2013) listed the grey areas in shared services as shortfall on costing system, employee's perception, and lack of attention in improvement to build a service quality to customer. Costing system risk seen due to disparity in calculation of charge-back whereas employee's perception issue carried with the resistance to change, culture and location of SSC. Walsh et al. (2008) highlighted challenges faced by ongoing operations of shared services on cost management, accountability problem or its performance. Knol et al. (2014) has summarized around 15 types of shared service challenges into four theoretical perspectives in organizational theory. The perspectives are efficiency, resource dependence, population and knowledge.

- Efficiency perspective

Mentioned that, struggle faced on maximizing efficiency upon minimizing the cost of production and transaction, organizational and administrative structure and optimal implementation of shared service.

- Resources perspective

The challenge on acquiring and retaining the resources are anticipated in the shared service. Resources refers to the human capital, tangible and intangible resources (Ghobadian et al., 2009; Knol et al., 2014; Trienekens & Beulens, 2001)

- Population perspective

In order to achieve a long-term survival, aligning the strategy could be a challenge. Whilst, attaining and sustaining momentum with the organizational changes that happen due to shared service can also be an issue (Niehaves & Krause, 2010).

- Knowledge perspective

Based on knowledge perspective, learning and practices can be neglected while development of shared service is under progress (Wagenaar, 2006).

1.2. Internal customers and distrust in shared services environment

People employed in business units and involved in core business process are regarded as internal customer. They play an important role to boost the shared service business (Ramphal, 2013). Importance of internal customer and internal services has been identified by (Albrecht, 1993). According to him, serving them is regarded as principle of service management approach.

Under the context of shared services, if internal customer exists then it would also reflect the validity of internal customer issues (Pfau et al., 1991). According to Beck and Cronin, (2006), employees who works under business unit may have issues in adjusting to a service culture when they are shifted to shared service centre (SSC).

Employee's trustworthiness on the SSC provider could be a difficult challenge. This is due to reshuffle of roles upon the implementation of SSC will create dissatisfaction among employees and leads to distrust in relationship among both the parties Knol et al., (2014). Furthermore, trust issue arises during the transfer of responsibility from strategic to SSC provider. The internal customer (owner-manager) finds hardship in trusting an outsider with a concern on their attitude and the longevity of the service Md Sapry et al., 2020).

Excellence in service is dependent on the quality communication on services expectation and feedback (Hays, 1996). A good quality of communication defined with the existence of climate of trust and openness. Climate of trust plays a major key role in the excellence of service. A lower level of trust will lead to distorted communication therefore, it lowers the level of service. As explained by Ulrich (1995), a proper level of trust among internal customer of shared service and the business unit will build a good environment and service excellence.

2. Future Research and Recommendations

Essentially, shared services have penetrated into many multinational corporation and its proliferation has been welcomed for decades. Organisations are convinced that shared service is beneficial and helps improve cost. With its undeniable existence and its beneficial purpose, shared services operations have impressively sustained the recent pandemic and proved to be thriving. As stated by Naidu et al (2021) the shared service business has been affected by the awful pandemic that took over the world late 2019 but it survived better than many other industries during that time. Interestingly enough, the move from physical to online platforms like most organisations did during that phase, did not impact the shared services industry as they only went through minor adjustments. This research has identified some challenges to shared services like internal customer distrust in the shared service climate. It is recommended that more research to be done on this area of internal customer satisfaction in shared service. Some of the limitations of the study include the fact that the literature on the area is not robust. Hence, future research should include interview sessions and having focus group discussions with some of the internal customers and business units receiving the shared services in order to gain more information and understanding.

3. Conclusion

This research study narrates some of the struggles that exist within the shared service environment. One of those struggles; internal customer distrust was touched on earnestly. This research attempts to initiate a discussion on the area of internal customers in shared services. Additional exploration and probing are required subsequently after this by obtaining views, inputs, and ideas from the internal customers themselves. This is necessary so that improvements and solutions can be designed for the sake of a better shared service climate. The study generated and identified some of the problems that persist and hence allows robust research to ensue hereafter.

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