

Delving Deeper: Has COVID-19 Hampered or Heightened the Shared Services Business Operation?

Prashalini Naidu *

Universiti Tenaga Nasional
Email: Prashalini@uniten.edu.my

Nur Syahmi Husna Nor Azam

Universiti Tenaga Nasional
Email: syahmiazam88@gmail.com

Kuventhran Panchalingam

Nestlé Malaysia
Email: kuventhran.panchalingam@gmail.com
* *Corresponding Author*

Abstract

Purpose: To examine whether COVID-19 has hindered or heightened the shared service operations.

Design/methodology/approach: This is a conceptual paper. The methodology of this research is by way of literature review.

Findings: The results suggest that the pandemic has evidently heightened and contributed greatly to the shared services industry instead of hampering it.

Research limitations/implications: This research only highlights how COVID-19 has helped shared services heightened its business by way of literature review. Further research should continue on the area.

Practical implications: This research would give an insight on the sustainable manner in which shared services industry has managed to cope and persevere during the pandemic.

Originality/value: This study is novel as it is an attempt to analyse if COVID-19 helped build or hamper the shared service industry

Paper type: Conceptual paper

Keywords: COVID-19, Business, Shared services, Operations, Pandemic

Introduction

Shared services represent a reengineered organisational model merged with the possibilities of process transformation and technology enhancement. Organisations that implement shared services commonly in Finance, Procurement, IT or HR shared services, should look at it as an investment instead as of a cost reduction initiative (Squilla, Lee, & Steil, 2017). It can be a highly recommended investment as the intensity and opportunities for generating improved efficiency and effectiveness is high (Lindvall & Iveroth, 2011).

However, just like many other businesses, the shared services organisation, faced an unforeseen challenge starting from the late 2019. The COVID-19 pandemic begun to change the social and economic dynamics across the globe. With mortality rates and number of people infected on the rise daily across the world, all social and economic activities in the affected countries had to be slowed down to control the pandemic outbreak. In certain countries, the government had

to enforce lockdowns or strict restrictions which led organisations requiring their employees to work-from-home (WFH) instead of travelling to their offices. Based on Deloitte's 2020 report on approximately 40 Shared Services, Business Process Outsourcing (BPO) and Global Business Services (GBS) globally, only few organisations foreseen a 100 percent work-from-home (WFH) arrangement or forecasted this magnitude of interruptions. Hence, leading 57 percent of them to face a common challenge, that was providing ample resources to enable talents working from their very own abodes.

A similar trend emerged in which it was observed that all organisation seems to face challenges in providing sufficient laptops, internet connection and secure connection. Within weeks and sheer effort, GBS and shared service organisations generally moved to virtual or remote work environment. As per Deloitte (2020), it was noted that this transition, did not drastically impact productivity and instead in some cases improved productivity. Hence, here we would be sharing if the COVID-19 has hampered or heightened the shared services business operation.

Literature Review

The Shared Services and Outsourcing industry have evidently not been impacted much in business during the ambivalence. Prior to the pandemic, most forecasts predicted a slowdown due to the acceleration of Artificial Intelligence (AI) and automation, particularly in outsourced customer service tasks. However, the shared services industry seems to have changed and elevated itself to a whole new level during one of the world's biggest and unexpected chaos. The crisis has essentially cemented the core of the Shared Services and Outsourcing business model, which is based on cost control and efficiency. It promotes cost reductions by using offshore labor markets that are relatively cheaper, as well as technology-enabled solutions for more convenient service delivery (Daquilanea, 2021).

Despite the fact that Shared Services and Outsourcing industry has fared better than other sectors, some organizations still resort into paying measures in order to control labor costs. (Daquilanea, 2021).

Analysis Whether COVID-19 Has Improved Or hampered Shared Services Operations

COVID-19 has proven to heighten the shared services business operations in most parts. Oldiges (2020) affirmed that by and large, shared services center (SSC) and global business services (GBS) industries have been able to capitalise on their well-executed crisis plans in weathering the lockdowns and physical distance mandates with minimal service turmoil. Howbeit, there are several dimensions that this paper will discuss, wherefore how the era of covid-19 has particularly enhanced the business operations of shared services organisations.

In response to the massive virus outbreak, vast majority of companies (87%) across countries have aimed to improve remote working capacities to sustain the resilience of their business intelligence (Deloitte, 2021).

One of the potent modus operandi is to accelerate the **digitisation of business processes**. A lot of shared services centres were at multitude of stages in their digital journey prior to the pandemic emergence; nonetheless, it is evident that digitisation will be critical to their future direction and support of their larger and growing strategic role (Citibank, 2021). In one of Citi webinar polls, leaders of SSCs divulged that digitisation would be the most fundamental topic for their SSC in the coming year, ahead of supply chain difficulties, operational or business model adjustments, and environmental, social and governance (ESG) objectives.

Before the advent of COVID-19, the hurdles of digital transformation were mostly centred on the fourth industrial revolution, which is identified with the Industry 4.0 and Web 4.0 concepts, and Internet of Things (IoT) (Almeida, 2017; Fonseca, 2018; Pflaum & Gölzer, 2018). However, during the COVID-19 age, organisations are coerced to accelerate digitalisation

regardless of their previous standing or expertise with digital transformation procedures (Almeida et al., 2020).

According to OECD (2021), telework could increase a company's performance by boosting **employee satisfaction and efficiency** from improved work-life balance, reduced commuting, and few interruptions, resulting in extended focused work. Tremblay (2002), Baines and Gelder (2003), Gajendran and Harrison (2007), Wheatley (2012) and Kazekami (2020) solidified the point by corroborating that telecommuting promotes flexibility in time and space to employees, leading to fewer working hours, which then foster better work-life balance. Moreover, Contreras et al. (2020) postulated that the lack of an immediate supervisor and a less formal working environment reduces employees' work stress- which enhance greater productivity.

As homes have evolved into a hybrid space where domestic and office activities are shared during quarantine, businesses are able to **lower their capital expenses** directly in such a way that telework permits organisations to shrink office floor and tools required (Matthews & Williams, 2005; Bloom et al., 2015). Congruent with this expectation, Clancy (2020) suggested that through telework practices, labor costs could also be saved as firms have bigger talent pool of onshore and offshore candidates to select from; for example by recruiting highly competent employees who are committed to a particular location due to personal reasons. In return, the extra money could be utilised in the training of teleworkers and in other reasonable operational or strategical areas.

Methods

This paper has pursued a conceptual method which uses techniques of gathering and analysing current literature review. Secondary sources including published research work and articles, conference papers and books are utilized in the making of this study.

Findings

After gathering, understanding and analysing various sources of secondary data, we eventually identified several improvements that prove that the COVID-19 pandemic has in fact positively impacted the operations of shared services. These improvements are **digitisation of business processes, employee satisfaction and efficiency** and also **cost reduction**.

Discussion and Conclusion

In conclusion, although the COVID-19 pandemic has brought various challenges and unpleasant situations across the globe, the Shared Services organisations have generally performed well or better and revealed numerous opportunities for the future. Among the new opportunities identified in Deloitte (2020) were, many processes were no longer location dependent, shared services and outsourcing can support complex processes, comprehensive automation and robust technologies can be implemented with the right focus. This brings a whole lot of advantages to organisations not just financially but continuous sustainability in all other aspects such as people, processes and environment.

Practical and Social Implications

The study was established to comprehend and gather what goes on in the shared services industry during the COVID-19 crisis and if the industry has worsened or improved at these times. Hence industry practitioners in the field of shared services will be able to use this research to further push through and confidently deliver consistent services to customers without having any doubt if the pandemic may hamper the business.

Limitations and Suggestions for Future Research

This research only highlights how COVID-19 has helped shared services heightened its business by way of literature review. Further research should continue on the area; perhaps next consisting of a focus group study of individuals serving in the shared services industry.

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