

Thriving During the COVID-19 Pandemic: Concerns for Shifting Shared Services Operations from Brick-and-mortar to Virtual Platforms

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Abstract

Purpose: Examining concerns that exist for shared service organisations during COVID-19 when adjusting towards a virtual environment

Design/methodology/approach: This paper is a conceptual paper which requires detailed literature review to be gathered

Findings: The results suggest that the pandemic has given some room for challenges to surface, but these challenges were managed by the shared services centres when transitioning business operations from physical to virtual platforms. Shared services centres seem to function well in both platforms but undoubtedly some adjustments were made when shifting online during pandemic.

Research limitations/implications: This research only highlights how shared services centres effortlessly handled transitioning into a virtual environment due to COVID-19 through secondary data compilations like literature reviews. Future research should consist of focus group data collections to better grasp the responds of employees in the shared service climate.

Practical implications: This research provides an insight to industry practitioners in the field of shared services on how to implement policies that support working virtually in the long run

Originality/value: This study is novel as it is an attempt to analyse the transition of shared services from a physical setup to a virtual one during COVID-19.

Paper type: Conceptual paper

Keywords: COVID-19, Shared services, Virtual, Pandemic, Brick mortar

Introduction

Shared services model is a strategy of managing services to achieve a few important objectives mainly cost reduction and increased efficiency (Sahar, Safie & Bakar, 2019). It has become a common solution in the public and private sector due to its proven effectiveness. To ensure successful execution of the strategy, effective communication with all parties involved is vital. Shared Services can be said to symbolise the advancement of standalone and distributed services to streamlining of businesses and shared services (Sahar, Safie & Bakar, 2019).

Typically, shared services have predominantly been associated with a brick and mortar concept which requires a physical setup with the right amount of infrastructure and facilities. Deloitte's report in 2016, brings this point to the forefront whereby it states service delivery centers are often located in a physical setup of brick and mortar. But the notion of shared services organisations as we know it, may have had to undergo some amount of changes due to the unforeseen event that hit us in late 2019.

The world has since seen a massive shift in the way we conduct business and work due to the COVID-19 pandemic. It has created ambiguity in the Business-As-Usual (BAU) practices of the shared services organisations around the globe. Lockdowns had caused work-from-home approaches to be implemented and this has introduced virtual platforms to play a significant role. The findings of this study will put a lens on the depth and extent of these uncertainties and whether the impact it has on shared services organisations is a grave one or something manageable. Shared services teams have explored virtual working which has been the new norm for many companies since the pandemic hit us and surprisingly proved that shared services businesses are able to sustain and survive in such a manner.

2020 changed our paradigm, our view of the world, the way we work and where we work. Global Business Services (GBS) and functional shared centres located in 'fit for purpose' offices and cities, and operating as regional hubs, were suddenly forced to move to home offices. Face-to-face meetings turned into Zoom, MS Teams, or WebEx meetings. Fixed desk computers migrated to PC laptops, and customer service management (CSM) tools were re-routed (Brown, 2021).

This paper collects and delves into the current COVID-19 pandemic that struck the world late 2019 and has been engulfing businesses till date. The objective of this paper is to focus on the challenges and concerns made on shared services organisations due to the horrific pandemic. We also provide some helpful insights for people in the shared services industry, researchers and management academicians on the big challenges in the shared services realm in particular a lens on transitioning towards a virtual climate.

Literature Review

Shared services centres (SSCs) has been frequently spoken about as a means to cut cost and one main concern that is often raised when setting up the SSC is its organisational structure and its physical form. A lot of work goes into implementing a shared service centres including people, cost, structure and etc. As a result, concern has also been raised on how to manage a shared service centre during a pandemic such as COVID-19, when most businesses are pushed to adopt to a virtual environment instead of a physical one.

Deloitte Development LLC conducts a survey at two-year intervals and the area of shared services was analysed in the aspect of online and digital technology acceptance by customers. It can be noted that a few years ago digital technology aspects were not perceivable for SSC service recipients. It is also visible that shared service recipients want to receive the service from the particular best highly skilled SSCs employees – knowledge of multiple shared service processes is not as much appreciated as it was a few years ago. Nowadays it is much more appreciated to be responsive to shared service recipient requests in the shortest possible time. It is noticeable that SSCs are adopting new digital technology solutions to position themselves as catalysts for enterprise-wide digital transformation (Spokes & Modrzyński, 2020).

However, over the past 18 months, the spread of the COVID-19 virus has been rapid all around the world and in a short time span it was clear that the main obstacle or challenge for Shared Services especially across APAC is around managing a suddenly remote and disparate workforce (SSON, 2020). On the area of HR shared services, technology adoption

& advancement, and customer need fulfillment, seems to be a challenge in the context of the current pandemic (Sahoo & Goute, 2021).

It is undeniably true that shared service organisations have neglected some of their service capacity as they handled through the challenges faced such as managing remote teams, inadequate infrastructure and prioritising the mental and physical health of their employees.

At the onset of the pandemic last year, Shared Services and GBS leaders believed that as a result of COVID-19, global service delivery operations will aggressively adopt Future of Work (FOW) concepts and accelerate their automation initiatives to reduce their dependency on physical locations as shown in (Fig. 1). Less than 20% believed that there will be no long-term impact whereby current challenges will be dealt with and then revert to business as usual.

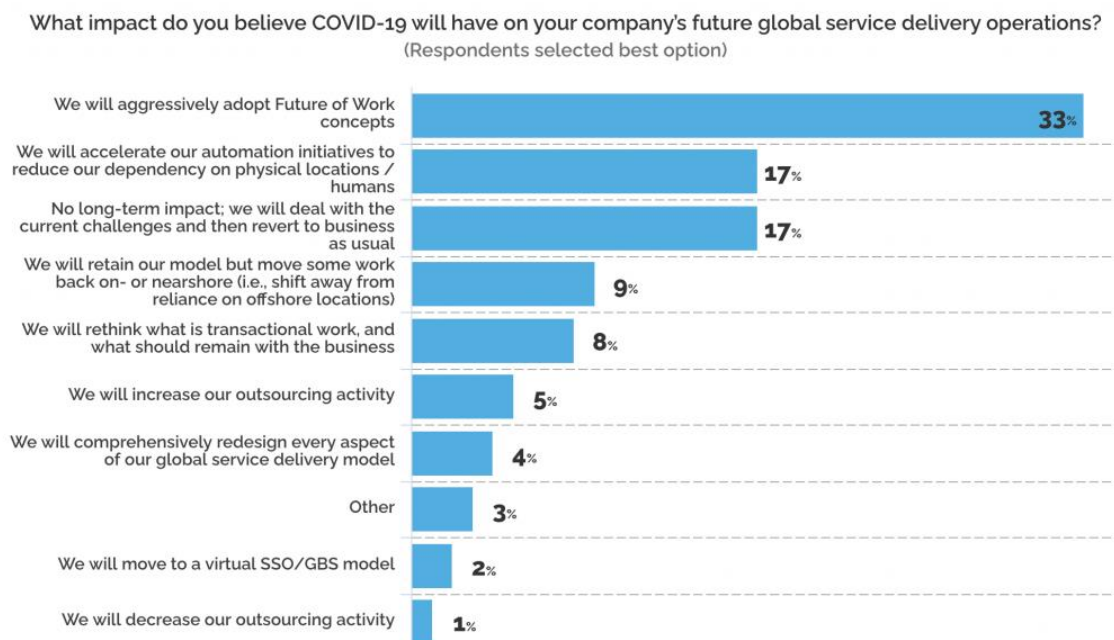


Figure 1: Chart taken from “Impact of Covid-19 on Shared Services: Critical Survival Strategies Shared by Nearly 200 Global SSOs Across Different Regions” (May 2020)

Fast forward 12 months later, while a quarter of respondents from the latest COVID-19 survey cited minimal impact on their service delivery operations (other than having to work remotely), close to 60% had their operations affected. The two trends identified in 2020 – FOW concepts and accelerating automation initiatives – are still front of mind as 18% felt dramatic impact across the three main aspects of service delivery – people, process and technology.

Challenges to Shift Shared Services from Brick and Mortar to Virtual

Since the infamous COVID-19 virus outbreak in early 2020, it is no longer discretionary for companies to adopt their operations from conventional to virtual settings. This paper will discuss the challenges in shifting shared services operations from brick and mortar to virtual settings, now that the practicality of latter platforms is more intense than ever.

Remote and full-time virtual team necessitates a **significant investment in new computers, communication platforms establishment, and employee education** on the most recent technologies (Winter, 2020). In fact, according to Deloitte (2020), the most common challenge in shifting to virtual operations is to establish adequate infrastructures to allow employees working from home. In a report released by the firm, every shared services organisation interviewed are reported to be struggling to provide enough laptops, connectivity, and security

access to their now large-scale remote workforce. Contrarily, He et al. (2020) posited that telecommuting has been practiced widely prior to the pandemic emergence and telecommuting infrastructure has already been prepared and well-funded. Therefore, work from home arrangements become effortless to a certain extent for some organisations (Béland et al., 2020). Congruent with this theme, **cyber breaches** impose notorious threats to organisations. As the new normal is teleworking, shielding valuable data aimed by outsiders from perilous behaviours of employees has become a new challenge to organisations alike (Borkovich & Skovira, 2020). Authors further cited that human errors are the principal menace of a company's data security, and this error is aggravated with employee having to work from home; whereby IT teams lack the visibility of employees' illiteracy on cyber threats.

This is also worsened due to the **deficient planning of cybersecurity for teleworkers**. Managements in both public and private organisations are frequently blamed for cybersecurity breaches due to their inability or reluctance to identify, schedule, and underwrite reasonable teleworker measures, consistently assess, evaluate, inspect, update, retain, and backup networks, hardware, software, communication equipment, and storage devices, and appropriately train employees to recognise and report cybersecurity breaches (Bloom, 2014). Gartner Inc. (2020) reported that approximately 88 percent of organisations has mandated their employees to work from home regardless of whether or not they display coronavirus symptoms since around the aforementioned time. As the aftermath of the decision, virtual teams are the only viable solution to sustain the company's functionality. Terming the context among shared services organisations, it is posited that the number of hybrid virtual teams increase dramatically in recent years, even before covid-19 is known (Afflerbach, 2020).

In the face of virtual team's wide acceptance, organisations have to consistently withstand the challenges of making teamwork realised as virtual teams are proven to be associated to **cooperation issues** (Morrison-Smith & Ruiz, 2020). The cooperation among collaborators in virtual teams somehow have high probabilities of being misaligned. Managers encounter significant supervision challenges in the context of virtual knowledge work (Alnuaimi et al., 2010). This could be explained predominately due to geography wherefore trust is becoming more difficult to monitor, as are process gains, inclusion issues, and frequent teamwork evaluation (Feitosa & Salas, 2020).

These topics are salient to be observed every so often so an organisation is able to mitigate the overall challenges faced before and after work from home arrangement is brought into the picture. Having said that, **leaders should be equipped with ample trainings in navigating manpower who are working conventionally and virtually** (Deloitte, 2020). To effectively lead a high-performing team focused on project success, leaders of virtual teams must understand and acknowledge the differences between the two environments (Maduka et. al, 2018)

This is viewed as a challenge as not all leaders are skillful enough to leading virtual teams and are sufficiently equipped with remote leadership competencies. Digital leadership competencies are observed through 6 variables; e-communication, e-social, e-change, e-team, e-tech and e-trust (Roman et al., 2019). Leadership shift in handling remote workforces is necessary, be it temporary or permanent (Wingard, 2020).

Methods

This paper has pursued a conceptual method which uses techniques of gathering and analysing current literature review. In this study, researchers' use secondary sources such as published research work, research articles, conference papers and books.

Findings

Through the analysis and collection of data retrieved from literature, the findings gathered on the challenges faced by shared service organisations were **significant investment in new computers, communication platforms establishment, and employee education, cyber breaches, deficient planning of cybersecurity for teleworkers, cooperation issues and leaders training needs.**

Discussion and Conclusion

To encapsulate, COVID-19 pandemic has impacted the shared services industry by bringing new challenges but in comparison to many other industries and businesses, the Shared Services organisations have thrived and survived through this trying times. The shift and transition from brick and mortar to virtual may have required some adjustments and changes but it was not a major impediment to the shared service overall operations. It will be interesting to follow through the developments of the shared service industry hereafter and even post-pandemic to see if virtual methods of conducting its business still applies in the future.

Practical and Social Implications

The study was established to understand if the shared services industry thrives during the pandemic when online work operations take place replacing brick and mortar. Hence industry practitioners in the field of shared services can be rest assured to implement policies that support working virtually in the long run as its proven not to cause major disruption to business operations but requires some adjustments in order to efficiently work.

Limitations and Suggestions for Future Research

This research only highlights how shared services centres and operations managed to adjust from a brick-and-mortar concept to virtual platforms; and this has been understood only through literature review. In future, deeper research consisting of qualitative and quantitative studies should be pursued on this area.

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