

<b>Institution: Loughborough</b>
<b>Unit of Assessment: C19 Business and Management Studies</b>
<b>Title of case study: Influencing Policy, Practice and Professional Education in Response to the Growth of Shared Service Centres</b>
<p><b>1. Summary of the impact</b></p> <p>Loughborough University research into the threats and opportunities presented by the growth of shared service centres has directly influenced the strategies and practices of a wide range of organisations confronted by changes in the provision of business support services. It has influenced the educational policy of the world's largest professional body of its kind, the Chartered Institute of Management Accountants, which has acknowledged the work as “an exemplar” that has had a “profound effect” on the industry. Through a pioneering forum for sharing business knowledge, it has also helped to shape the working methods of global companies, including Rolls-Royce, national organisations, including the Post Office, and numerous SMEs and new firms.</p>
<p><b>2. Underpinning research</b></p> <p>Major changes in the provision of business support services are creating novel models of organisation, which in turn are leading to new challenges for organisations and professional bodies in terms of optimisation, education and training. Researchers at Loughborough University have sought to address this issue through field and theoretical work on the transformation of the finance function and, in particular, the threats and opportunities arising from the growth of shared service centres (SSCs).</p> <p>Senior Lecturer Ian Herbert (2001-present) and Professors of Management Accounting Lin Fitzgerald (2003-present) and Will Seal (2005-2010, 2012-present) have conducted this research, focusing first on the nature and evolution of SSCs. At its most basic the SSC model involves relocating, reconfiguring and re-engineering support services, and in many cases transaction-based tasks are moved to service centres, leaving more analytical activities in the operating units; but many SSCs evolve beyond merely performing transactional tasks and develop expertise in added-value services such as analytics and business partnering. Based on work carried out from 2008 [G3.1], Herbert, Fitzgerald and Seal cautioned that it would be wrong to overgeneralise the phenomenon of shared services, as each organisation finds its own solution to suit its particular context and strategy. This strand of research included using institutional theory to analyse data from a longitudinal case study [3.4] and discussions with relevant stakeholders to assess, for example, how management accountants can be crucial participants in SSCs if they are prepared to adopt an outward-facing role within the nexus of information flows [3.6].</p> <p>Building on this research, the team further investigated how the presence of SSCs leads to the restructuring of roles throughout a business. Research commencing in 2011 [G3.2] revealed the extent to which the introduction of SSCs can bring about changes in the nature of skill-sets and working behaviours. For instance, within SSCs tasks previously performed by professional workers tend to be taken over by white-collar technicians who are subject to work re-engineering and electronic surveillance. This research included an examination of the value of using structuration theory in management accounting studies [3.1] and an analysis of SSCs' potential to contribute to the location of work over time and distance in a digitally enabled world, thereby aiding the rise of the so-called “Martini worker” (anytime, anyplace, anywhere) [3.3].</p> <p>The research also revealed that as finance professionals remaining in the operating units are released from routine accounting they are expected to augment their business-partnering roles both internally (i.e. within local business units) and externally (i.e. with the relocated support services), which requires them to develop new technical and “soft” skills [3.5]. One overall consequence of this is an “hourglass” management hierarchy [3.3], with a bottleneck between the lower transactional workers and the elite professionals now involved in business-partnering activities [3.4]. The research demonstrated that this has implications for individuals, companies and professional accounting bodies' syllabi [3.3, 3.5].</p> <p>Related research explored the influence of management accounting concepts on practice by</p>

seeing academics as producers of managerial knowledge within a wider cultural circuit of capitalism [3.2]. Enacting this theory of managerial knowledge production, the team has developed an approach to practitioner-based research which is actor-based and participatory, involving practitioners and academics. Our research design is informed by the belief that business knowledge is created through the circulation of ideas between management gurus, management consultants, professional bodies, practising managers and academics [3.2]. The interaction between institutions and actors has been facilitated through a series of employer forums, sponsored by the Chartered Institute of Management Accountants, and led by the Loughborough University research team. In contrast with vendor created and consultant dominated networks, our forums emphasise informal and interactive discussion of practical and academic knowledge in a structured manner.

### 3. References to the research

- 3.1 Coad, A.F. and Herbert, I.P. (2009) Back to the future: New potential for structuration in management accounting research?, *Management Accounting Research*, 20, 3, pp. 177-192. DOI:10.1016/j.mar.2009.02.001
- 3.2 Seal, W.B. (2010) Managerial discourse and the link between theory and practice: From ROI to value-based management, *Management Accounting Research*, 21, 2, pp. 95-109. DOI:10.1016/j.mar.2010.02.007
- 3.3 Rothwell, A.T., Herbert, I.P. and Seal, W.B., (2011) Shared Service Centres and professional employability *Journal of Vocational Behavior*, 70, 1, pp. 241-252. DOI:10.1016/j.jvb.2011.01.001
- 3.4 Herbert, I.P. and Seal, W.B., (2012) Shared Services as a new organisational form: some implications for management accounting, *British Accounting Review*, 44, 2, pp. 83–97. DOI: 10.1016/j.bar.2012.03.006
- 3.5 Fitzgerald, L., Brown, R., Chester Buxton, R., Herbert, I., King, R. and McAulay, L. (2012) *Relevance Regained? Performance Management in Shared Service Centres*, CGMA. [www.cgma.org/Resources/Reports/Pages/Relevance-regained-performance-management.aspx](http://www.cgma.org/Resources/Reports/Pages/Relevance-regained-performance-management.aspx)
- 3.6 Herbert, I.P. and Seal, W.B., (2009) Becoming a key player in shared services, CIMA Insight (e-magazine) May. <http://www.cimaglobal.com/Thought-leadership/Newsletters/Insight-e-magazine/Insight-2009/Insight-May-2009/Becoming-a-key-player-in-shared-services/>

With the exception of A.T. Rothwell, all authors of the above outputs were affiliated to Loughborough University at the time of the research.

#### *Evidence of research quality*

- References [3.1 – 3.4] inclusive are from international peer-reviewed journals in accounting and psychology, including *Management Accounting Research*.
- Reference [3.5] is a peer-reviewed publication by CIMA with a presentation to Kaplan & Norton at the prestigious 'Contemporary Performance Management Conference' held at Edinburgh University to celebrate 20 years of the Balanced Scorecard. This indicates the working of the Performance Management Model in SSCs.
- Reference [3.6] was distributed internationally and won the 'Outstanding Paper Award' from The International Federation of Accountants in January 2010.

#### *Research funding*

Funding support totals £99,215, raised from CIMA under a competitive bidding process:

- G3.1 *Shared Service Centres: Repackaging Intellectual Property*: Herbert, I.P. (PI) and Seal, W.B. – £63,081, August 2008 to July 2013.
- G3.2 *Relevance Regained? Performance Management in Shared Service Centres*: Fitzgerald (PI) et al – £36,134, September 2011 to August 2012.

#### 4. Details of the impact

Loughborough University research has identified fundamental changes in the way professional support services are delivered when organisations introduce SSCs. The insights that have emerged from this work have influenced the educational policy of the world's largest professional body of management accounting and the working methods of a range of businesses and organisations, from multinationals to SMEs and new companies.

The Chartered Institute of Management Accountants (CIMA), which represents more than 200,000 members and students in 173 countries, has used the research as the basis for “developing a new course on SSCs to add to our [CIMA’s] suite of courses offered to practitioners.” [5.1]. This both draws on novel competency frameworks and knowledge content arising out of Loughborough’s work and reflects the research team’s conclusion that syllabi need to be revised in light of the growth of SSCs. Working in conjunction with CIMA, Herbert, Fitzgerald and Seal have informed the development of a new syllabus topic to support the accreditation of workers in finance service centres, thus benefiting individual employees, organisations and professional bodies and informing the authorities responsible for national and regional employment policy [5.2]. In May this year CIMA’s Executive Director of Education acknowledged the research’s “profound effect on the industry and CIMA”, observing: “There are major changes to the way in which business support services are provided that are creating new models of organisation. [We] need to understand these changes if we are to continue to provide relevant education and training. The research of the Loughborough team is an exemplar which meets this objective” [5.1].

One of the earliest corollaries of Loughborough’s work was the founding in 2010 of the CIMA/Loughborough Shared Services Forum. This reflected the research team’s model of bringing together a variety of stakeholders – including management consultants, professional bodies, practising managers and academics – to generate business knowledge through the circulation and sharing of ideas. Members include Shell, the Department of Work and Pensions, Grant Thornton UK, Glasgow City Council, Associated News, ITV, the Hackett Group and Network Rail. The Forum has achieved international reach, with meetings held in the UK, Singapore, Malaysia, Poland, Sri Lanka, Hong Kong and South Africa.

Feedback from member organisations, which receive regular visits from the research team, demonstrates the value placed on the Forum’s approach, which, in contrast with vendor-created and consultant-dominated networks, emphasises the informal and interactive discussion of practical and academic knowledge. The Finance Director at Local World, a Loughborough-based media business with a portfolio of market-leading print and digital brands, has observed: “Sitting alongside real people doing a real job with the sort of problems we can all identify with is so much more useful than any amount of abstract training courses or advice from consultants.” [5.3] A Director of KPMG has noted: “It is good to be involved in a forum... free from the sort of competitive pressures that are a feature of some other, more commercial business forums.” [5.4] The Deputy Head of Accounting at DMG Media Finance Services has praised the Forum for offering an “opportunity to learn from others within agendas that are well structured and combine a sensible mix of consultant led-practice and academic theory” [5.5].

In bridging the gap between practitioners, consultants, a professional accountancy institution (CIMA) and academics, the research and the Forum have helped to influence practice and strategic thinking in dozens of participating organisations, including world-renowned multinational companies. The Global Head of Financial Service Centres at Rolls-Royce, for example, has remarked that involvement with the Forum “has provided... a greater understanding of how to optimise the current shared services provisions within Rolls-Royce and also what the future options are likely to be” [5.6].

Major national organisations that have benefited include the Post Office and UK Business Services (formerly SSC Research Councils UK). The Post Office has acknowledged the Forum’s role in informing a new enterprising resource planning (ERP) system for almost 12,000 branches across the UK, with the Senior Manager of the Accounting and Reporting Team confirming: “Whilst ERP systems are no longer new developments, their application to the new working methods of shared service centres is more recent... We have been able to ask both ourselves and our suppliers more intelligent and detailed questions in planning the new configuration and its implementation.” [5.7]

**Impact case study (REF3b)**

The Service Delivery Manager of UK Business Services has confirmed that its record-to-report performance improved to “world-class levels” within a year of an intervention made possible by involvement in the Forum and that Loughborough’s research was a factor in the time taken to complete year-end accounting routines falling from four months to 13 days [5.8].

Regional/local employers and new businesses have also benefited. For instance, Local World has reported introducing a range of new working practices, including the prioritisation of larger national accounts and the standardisation of procedures, as a result of involvement in the Forum [5.3]. MyCSP, based in Cheadle, Greater Manchester, which was founded in 2012 to administer the Principal Civil Service Pension Scheme and provide pensions for over 1.5m people, tested its strategic approach and organisational models against Loughborough’s research and made a profit of £1.7m in its first year, “greatly helped by efficiency savings” [5.9]. SKS Business Services, of Twickenham, a relatively new chartered accountancy company providing business support to SMEs, has stated that many of its key decisions and provision models have been built on “the wide-ranging expertise... accumulated through the CIMA-Loughborough Shared Services project” [5.10].

Loughborough University research has bridged the gap between practitioners, consultants, a professional accountancy institution (CIMA) and academics. Insights from the research have influenced the educational policy of CIMA and the working methods of a range of organisations. As a key participant in the forums summarised, “[t]he whole research project has allowed leaders in shared service organisations to examine our common challenges, share best practice..... Overall, to date, this has been an excellent project and please be assured Rolls-Royce Plc will continue to support the study and research.” [5.6].

**5. Sources to corroborate the impact**

The following sources of corroboration can be made available at request:

- 5.1. Letter from Executive Director, Education, CIMA: Impact of Loughborough School of Business and Economics Research on Management Accounting Practice
- 5.2. Document detailing new CIMA syllabus. Certificate module (draft). Module title: Fundamentals of Global Business Services (CO6)
- 5.3. Letter from Finance Director, Accounting Services, Local World Ltd.
- 5.4. Letter from Director, KPMG LLP
- 5.5. Letter from Deputy Head of Accounting, DMG Media Finance Services
- 5.6. Letter from Global Head of Finance Service Centres, Rolls-Royce
- 5.7. Letter from Senior Manager, Accounting and Reporting Team, Finance Service Centre, Post Office
- 5.8. Letter from Service Delivery Manager, UK Business Services (formerly Shared Services Centre Research Councils UK)
- 5.9. Letter from Financial Controller, MyCSP Ltd.
- 5.10. Letter from Business Development Director, SKS Business Services Ltd.