Chapter 14
Frameworks and Issues for a Shared Service Approach to Technology in Higher Education

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ABSTRACT

In this chapter, the authors present the multiple frameworks and issues attendant to the shared service approach of leveraging information technology in higher education. The shared services model has been implemented in the business sector for many years, and government and higher education have more recently looked to that model in response to leaner budgets and more intense scrutiny of expenditures. The authors review current research on shared service design and discuss the shared service paradigm utilizing the frameworks of organizational structure and knowledge capital, change management, disruptive innovation theory, competitive advantage, leadership, and governance in a shared service context. Factors for successful shared service implementations are discussed and future directions are proposed.

INTRODUCTION

A driving force for information technology (IT) in the academic environment is to improve the efficiency of organizational processes and promote the interchange of information (Ranjan, 2008). Due to the decline in non-tuition revenue sources such as state support, the tuition increase that is experienced in higher education has exaggerated the cost increase issue in the minds of the public (Smith, 2000). In recent years, forward-looking administrators in higher education have come to the conclusion that to succeed, their institutions must do more with less. In response to shrinking state budgets and competitive pressures, IT is being leveraged to improve efficiency in non-academic areas in order to conserve budgetary resources for teaching and research (Wang & Wang, 2007). For some time, the private sector has leveraged shared services to improve corporate efficiencies. About half of Fortune 500 companies established some version of shared services to support financial...
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transactions, human resources, and information technologies (Bergeron, 2004). More recently, higher education has been forced to reevaluate its dependence on autonomous deployments of IT in order to conserve costs of non-core processes and to improve efficiency of core processes (Wang & Wang). In evaluating the effects that the shared service model could have on higher education, authors (Deloitte, 2009; Miskon, Bandara, Gable, & Fielt, 2012; Miskon, Fielt, Bandara & Gable, 2013; Moore, 2000; Wang & Wang, 2007; Weill & Ross, 2004) explored the multi-faceted aspects of shared service design, highlighting the significant conclusion that implementing a shared service involves more than just the technology; it requires substantial organizational change. In the following sections, the authors will discuss the paradigm shift of a shared service approach to IT in higher education in the context of several frameworks and recent research that, while preliminary, offers a strategy for successful shared service implementation.

BACKGROUND

Shared services can take several forms. In general, most definitions refer to the shared service model as a consolidation of services or functions across multiple organizations or units (Massey, 2010; Shah, 1998; Wang & Wang, 2007). Bergeron defined shared services as:

*Shared services is a collaborative strategy in which a subset of existing business functions are concentrated into a new, semi-autonomous business unit that has a management structure designed to promote efficiency, value generation, cost savings, and improved service for the internal customers of the parent corporation, like a business competing in the market.* (p. 3)

Businesses decentralized their operations twenty to thirty years ago in an effort to provide greater autonomy to the business units; however, this approach led to duplication of costs for management, infrastructure, and support (Shah). The cost of leveraging technology to make business processes more efficient encouraged centralizing functions and services to share the cost of the improved processing (Shah; Wang & Wang). Due to the increasing number of organizations engaged in shared services, common themes and best practices are emerging. One major realization is that it is not just IT that is changed to implement shared services. The implementation of shared services often leads to organizational changes (Wang & Wang).

Much is being written recently about the notion of disruptive innovation, which is a relatively new area, but has gained momentum because it so elegantly applies to a broad range of organizational topics. Christensen began publishing the development of his theory in the late 1990’s and early 2000’s. As his theory evolved, Christiansen (2006) came to the conclusion that it was not the technology itself that was disruptive but whether the phenomenon under question was disruptive or sustaining relative to the business model context in which it is being evaluated. Shared service is an innovation for higher education that can be viewed in the context of a disruptive innovation. This idea will be explored further later in the chapter.

Deloitte (2009) credited shared services with transformational successes. However, they also pointed out that failures in the public arena are costly, not only in money spent, but in terms of reputation, loss of autonomy, and increased scrutiny that such failures bring. In order to bring about the cost savings and competitive advantage desired in higher education today, shared services are being implemented as a desired means to the end. However, there are several approaches to shared services. Based on Christensen’s (2006) disruptive innovation theory, a one-size-fits-all approach may not be a sustaining approach for every higher education context. Therefore, the form of shared service to be undertaken and the