Success Factors for ICT Shared Services in the Higher Education Sector

Suraya Miskon, Universiti Teknologi Malaysia, Malaysia
Wasana Bandara, Queensland University of Technology, Australia
Guy G. Gable, Queensland University of Technology, Australia
Erwin Fielt, Queensland University of Technology, Australia

ABSTRACT

Shared services is a prominent organizational arrangement for organizations, in particular for support functions. The success (or failure) of shared services is a critical concern as the move to shared services can entail large scale investment and involve fundamental organizational change. The Higher Education (HE) sector is particularly well poised to benefit from shared services as there is a need to improve organizational performance and strong potential from sharing. Through a multiple case study of shared services experiences in HE, this study identifies ten important antecedents of shared services success: (1) Understanding of shared services; (2) Organizational environment; (3) Top management support; (4) IT environment; (5) Governance; (6) Process centric view; (7) Implementation strategy; (8) Project management; (9) Change management; and (10) Communication. The study then develops a preliminary model of shared services success that addresses the interdependencies between the success factors. As the first empirical success model for shared services, it provides valuable guidance to practice and future research.

Keywords: Case Study, Higher Education, NVivo Analysis, Shared Services, Success Factors

INTRODUCTION

Universities are looking to ‘shared services’ as a means of improving organizational performance (Wagenaar, 2006). This paper reports a multiple case study of shared services success factors in the higher education sector.

Shared services is an organization redesign option that gives primacy to the efficiency of corporate functions and can be seen as an alternative to outsourcing (Sako, 2010). Traditionally, shared services entails the consolidation of replicate business functions; predominantly support functions like Finance, Human Resources or Information Technology (IT), into a separate unit which provides customer oriented services to the originating business units (e.g., Bergeron,
Nowadays, we see a broader conceptualization of shared services to also include sharing across organizations (e.g., Janssen & Joha, 2006b; Wang & Wang, 2007) and sharing without a separate unit (e.g., Bækgaard, 2009; Gibson & Arnott, 2005). For the purposes of this paper, we adopt the more contemporary and inclusive definition of shared services: “a collaboration strategy of multiple organizational units for providing and using services.”

Information Systems (IS) have dual relevance to shared services as both a support function amenable to the shared services arrangement and as a key enabler of shared services across other support functions. The adoption of shared services for the IS function is growing rapidly (Lacity & Fox, 2008; Peters & Silver, 2005), though it is not as widespread as in Finance or HR. Shared services has the potential to amplify IT related benefits through faster, more accurate process coordination and execution, and greater accuracy of and visibility into organizational data (Seddon, Calvert, & Yang, 2010). However, shared services may also require (radical) change to the IS applications and infrastructure because, for example, of the need to balance corporate-wide standardization with business unit specific customization.

Anecdotal evidence suggests that universities are good candidates for shared services (Dove, 2004; Yee et al., 2009), are embracing shared services, and have much potential to further exploit sharing arrangements. Environmental drivers contributing to increased interest in shared services within the HE sector include: continuing growth in student numbers, changes in the nature of academic work, increasing competition between institutions, government pressure to improve operational efficiency, and the diverse and shifting expectations of stakeholders (Deloitte Touche Tohmatsu, Flinders University of South Australia, & University of South Australia, 2001; KPMG, 2006). These substantial and continuing shifts in the sector demand more efficient and improved processes. Universities thus seek to identify services that can be managed more effectively within a sharing arrangement to provide better services at lower costs. Consequently, many HE institutions are considering cooperating or sharing in a wide range of areas.

The HE Sector entails a unique context for shared services. Universities have been described as combining “hierarchical administration with a peer philosophy that views professors as self-governing colleagues (or a community of scholars), a tenure system for job security, an ethic of academic freedom within a highly regulated and bureaucratized system, decentralized departments that often operate independently rather than as part of an organization, and myriad constituencies served by the university” (Barsky, 2002, p. 161). Thus, while prior studies on shared services from other industry contexts can provide useful insights, it is believed that studies specific to the HE context are required to provide insights that are genuinely relevant to shared services within the HE sector.

The success (or failure) of shared services is a critical concern as implementing shared services can entail large-scale investment and involve fundamental organizational change,
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