

**UNIVERSITY OF KWAZULU-NATAL**



**Investigating the KwaZulu-Natal (KZN) employees' perceptions on  
the effectiveness of HR Shared Services at Eskom: KZN Operating  
Unit**

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## Abstract

A shared service is a new global trend for companies aiming for reduced costs and effective service delivery. Companies are streamlining business functions to focus on either core or supporting functions of the business. While this is true internationally, is it true for South Africa? The aim of the study was to determine whether shared services centres were effectively implemented. No sampling was done for the study but the total population of 2300 employees were targeted for the study by the researcher. Statistical analysis showed that there was a significant relationship between demographical data and the level of satisfaction as a result of using HR shared services (HRSS), among others. The salient findings of the study revealed that the majority of users do not benefit from the study as 69% indicated no improvement on their work performance. The literature revealed that other companies showed significant costs savings attributed to shared services. The study also revealed a significant lack during the strategy implementation process due to a number of challenges deduced from the study. It is recommended that effective change management approach be integrated during the transition from the old way of doing to the newly proposed way. Continuous communication with stakeholders is recommended as the most effective tool to be utilised by the management throughout the implementation process. The approach to be used when introducing a new business strategy should be more of an integrated one other than autocratic one by management. The study can benefit the organisations as it provides with the best practices and models for shared services implementation; however, the leadership's commitment is required from the inception stages to the finish for the realisation of SS benefits.

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# **CHAPTER ONE:**

## **Background of the study**

### **1.1 Introduction**

Shared service is a new global trend for companies aiming to reduce costs while maintaining and / or enhancing service delivery. To this end many companies have streamlined their business functions to focus on either the core or supporting functions of their businesses. While this is true internationally, it is uncertain whether it is true for South Africa. This study, therefore, aims to determine whether shared services centres were effectively implemented at ESKOM. Specifically, the study's focus is on investigating employees' perceptions of HRSS implementation at Eskom KZN Operating Unit and its effect on employees' work performance.

This chapter discusses the overall layout of the research conducted. It begins by giving background to the study. Thereafter, the motivation for the study, the focus of the study and the arising problem statement are discussed. In addition, the study's objectives are also presented. The chapter concludes by briefly describing how the research was conducted and what each of the forthcoming chapters contain.

### **1.2 Background**

The world has become very dynamic due to globalization, continuously innovated technologies and the high speed of communications. This has consequently left industries more volatile and uncertain. Competitive advantage is no longer limited to only product or service differentiation. This is especially true in service delivery industries. The vital question that arises in such as setting then is "What makes some organisations more successful and more profitable than others?" Barndollar, Diclaudio and Phillips (2014) argue that the answer lies within the confines of employee management. In particular, they explain, organisations with motivated and talented employees, tending to the finer details of customer needs, are likely to get ahead even if the products/services rendered are similar to those offered by the competitors.

Customers demand solutions to their problems, need to get the correct answer(s) at the right time; and want to get their products or services promptly and accurately delivered to them. Therefore, it is within the confines of people to achieve a sustainable competitive advantage. This reality does not only exist for private entities, but applies to any organisation that engages in service delivery. HRSS is among one of the key tools to transform a normal business into a global entity (Deloitte, 2011).

### **1.3 Motivation of the Study**

The Human Resources (HR) function has been aiming at positioning itself as a strategic partner to the business to tackle its many challenges. Therefore, a need for continuous improvement and innovative strategies to be implemented became urgent in order to assist the business in achieving strategic goals and focus on core operations. The functional overlapping has been identified among the contributing factors to organisational failure (Coopers, 2016).

It was found that each business unit was assigned a group of HR practitioners to handle the HR function. This resulted in unstandardized processes throughout the business. Additionally, this is increasingly concerning as the number of grievances and complaints by public servants on the incline, consequently hampering the effective operation of these public organisations. For the researcher, who has been an employee of Eskom KZN since December 2008, there are various aspects that triggered interest in this study. These include:

There is noticeable boiling frustration among employees due to queries (viz., registered, unregistered and unresolved) taking too long to be resolved with HRSS

- There are increased numbers of unplanned trips to the central walk-in center by employees trying to personally resolve system issues, which results in increased costs to the company
- There is a lot of time taken away from the work stations by employees and spent on trying to resolve incorrect or incomplete personal data records on the system
- There is noticeable misalignment between expenditure and budget(s), reflected on monthly financial reports, caused by incorrect data capturing
- There is a rising level of role ambiguity and duplication among the old HR staff and new HRSS staff

Given the shortage of previous investigations conducted on employees' perceptions with regards to shared services implementation in the public sector and its effect on work performance, this study is thus relevant. It is the researcher's belief that an effectively implemented HR shared services can help to solve or even minimize some of these issues experienced at Eskom KZN Operating Unit (KZNOU)

#### **1.4 Focus of the Study**

The study focuses on investigating employees' perceptions of HRSS implementation at Eskom KZNOU and its effect on employees' work performance. The behaviour of people within the work environment is an area of considerable interest in research; since their perceptions and attitudes often influence their behaviour, work ethic and their motivation. Previous studies revealed that employee perceptions of job satisfaction were a significant factor in employee acceptance and satisfaction of performance management. Service delivery is highly prone and sensitive to a working environment, as a negative perception will affect the business' service delivery. With such impact on performance and work outcomes, it is important that HR's strategic implementation be accurately mapped, be communicated to employees in such a way that it attains good reception and understanding; and concurrently yield desired results.

Understanding employees' perceptions towards the HRSS implementation would assist the organisation in dealing with negative influences and align the strategy towards ensuring excitement, motivation and work commitment among employees. Also, determining how best the HRSS services could be offered will help the business to save costs and improve employee work life; as the contrary could compromise the quality of work as well as service delivery targets. Cooke (2013) claims that up to 80% of every organisation's functions revolve around managing HR. This observation emphasizes the importance of ensuring that all matters relating to people should be considered important as neglect may render malfunctioning of the entire business. The study will also benefit the organisation by increasing employees' awareness of the services rendered by HRSS and the means of accessing them. It will also improve communication through active engagement management, employees and relevant stakeholders.

## **1.5 Problem Statement**

There should be a quantifiable return on every investment. Companies should realize the impact of any strategic implementation into the business and avoid the undesirable results of such executions. It is known that change will present challenges as people naturally tend to oppose it Creasey (2007). Resistance to transformation in the public service has traditionally displayed a tendency not to spontaneously react to changes taking place in the global arena; and some employees do not have a good understand to what the strategic changes present, other than the shift and destabilization of their comfort zones.

The researcher argues that employees should be involved during any anticipated changes to obtain their buy-in. So much so that, the best way of delivering such change should be engrained in them. Effective communication strategies should be devised to ensure that all stakeholders are aware of and understand the anticipated changes and their potential repercussions. These suggestions have a potential of changing the attitudes towards the whole system and can contribute effectively towards the attainment of organisational strategic objectives. Luthans (2008) claims that attitudes and behaviour can be manipulated and can, therefore, be also influenced to align to the desired outcome.

## **1.6 Objectives**

The main objective of the study was to investigate employees' perceptions towards the implementation of HRSS and its effect on employees' work performance. More explicitly, the study sets out to determine the following:

- To determine whether the employees' demographical variables had a direct impact on their perceptions about the effectiveness of HRSS
- To determine whether there was a direct relationship between the employees' perceptions about Shared Services based on their understanding of processes and procedures used by HRSS
- To identify the impact on employees' work performance levels caused by employees' perception of Shared Services
- To determine whether improvement on the HRSS implementation process would boost both employee work life and Eskom as a business

## 1.7 Research questions

The study aims to answer the following questions:

- Do the employees' demographical variables have a direct impact on their perceptions about the effectiveness of HRSS?
- Is there a direct relationship between the employees' perception on Shared Services based on their understanding of processes and procedures used by HRSS?
- Is there a significant relationship between the employees' perception on Shared Services and their work performance levels?
- Would the improvement on the HRSS implementation process boost both employee work life and Eskom as a business?

## 1.8 Methodology

The selected study method used was quantitative and the survey tool employed to collect data was through the means of a self-administered questionnaire. The survey tool was chosen based on it not being prone to contamination. It had been proven to reduce biasness as human contact was minimized to a high degree. The survey was distributed to the target participants using emails and data collected and managed by the SPSS system and interpreted using the QuestionPro survey tool.

## 1.9 Structure of the dissertation

The study structure consists of five chapters as per summary below:

**Chapter One:** The background of the study, the motivation of the study, the problem statement, research objectives, research questions, the limitations of the study were discussed; and in conclusion a summary of the structure and layout of the dissertation is provided.

**Chapter Two:** This chapter provides a body of literature which is a theoretical aspect of HRSS, an in-depth analysis of what shared services entails, definition and related models, factors affecting the implementation of HRSS, impact on work performance, employees' perceptions of HRSS, challenges and opportunities presented by HRSS.

**Chapter Three:** In this chapter the study methodology is presented. The methods used to collect the data are discussed together with the construction of the research instrument, pre-testing and validation of the data is also outlined. Data handling and analysis is explained and the limitations and ethical issues of the study considered.

**Chapter Four:** The analysis and the interpretation of the results are presented in this chapter. The results were obtained from the respondents through emailed questionnaires and the data analyzed using the SPSS software package; and presented in table format and bar charts. Explanations of the results were done in comparison / contrasted to the literature presented in chapter two.

**Chapter Five:** This is the final chapter of the study and comprises the conclusion and recommendations of the study. The researcher sought to find out if the objectives of the study were achieved and conclusions drawn. Recommendations for the company researched and for further studies in the topic are also proposed.

#### **1.10 Limitations of the study**

- Due to the selection of a small regional group from a bigger national group for the study the information could be obtained for the study may not necessarily be representative.
- Different responses from different respondents were particular to individual's environment and perceptions.
- There were experienced challenges to obtaining the targeted numbers in terms of the availability during and at the final stage of testing.
- Majority of the targeted subjects are field workers and sometimes with no access to emails being used as a study tool.

## **1.11 Conclusion**

This chapter's focus was to summarize the details of the study on the implementation of HR shared services and its effect on employee perceptions. It began by giving a background to the study and concluded with the limitations of the study. The next chapter will focus on literature relating to shared services centers, its definition and process, factors impacting the implementation of HRSS, the impact on work performance, the impact of demographic characteristics on employees' HRSS perceptions, as well as the employee satisfaction levels as a result of HRSS.

## **CHAPTER TWO**

### **Literature Review**

#### **2.1 Introduction**

This chapter discusses the evolution of Human Resources as a business strategic partner to organisations. The background context is detailed to provide understanding of the reasons and triggers for strategic changes to be implemented to the business. The chapter looks into the objectives of the strategic imperative and how the proposed HRSS integrates to such objectives.

There are inseparable impacts that come with such changes especially when it comes to its impact on people. This chapter, therefore, also discusses the implications of organisational restructuring and how change could be effectively managed during the strategic implementation of HRSS. Further on, discussion is entered into on preferred models; contrasting their success factors and potential risks. The technological aspects of HRSS implementation are also discussed. The motivation for engaging this particular subtopic was because many organisational successes have been attributed to technology and / or technological advancements. Therefore, this aspect received a fair amount of attention during discussion.

#### **2.2 Evolution of Shared Services**

The evolution of Shared Services (SS) dates back to the mid-80s and the interest on the topic has not subsided since. According to Moller (2011) many organisations are continuously realising the benefits and value of implementing SSs. However, despite the decades since the conception of this strategic tool, there still exists the challenge of effectively implementing it or of an effective process for implementing it. This was attested by Reilly (2000). The common point shared by (Enwisen, 2010) and (Coopers, 2016) is that the main drivers for organisations introducing SS are cost reduction, quality improvement, and organisational restructuring. The other angle presented by SS as the business driver emanates from Human Resources Management (HRM) being a function that aims at strategically positioning itself within the organisations in which they are operating. HRM want to become a strategic partner as opposed to just another department within an organisation (Paphavatana, 2011).

A proposal made by Ulrich (2015) was for the HR structure to match business strategy, objectives and the structure in order to realize the benefit of HRSS. In addition, he also proposed the same for all HR with service centres that are and use technology based transactions, that consisted of experts with specialized HR knowledge and insight, that had HR generalists with the capacity to adapt the service to business needs; and also HR leaders who set the direction through policies. International companies that have acclaimed benefits as a result of shared services implementation are the likes of Kellogg, Air France, Rolls Royce, and Renault Nissan Alliance (Srikanth, 2013).

The growing realization that the success of an organisation largely relies on the HR function has seen both private corporations and state-owned enterprises attempting to revolutionize the way this function is delivered. According to Robbins (2002), the traditional functions of HR were planning, organizing, leading and controlling. The function has since evolved and become more innovative. Specifically, it has grown to include other functions such as motivating, disciplining, managing conflict, staffing, training, *inter alia*. In addition, newer and trendier concepts under the auspices of HR have also evolved, Human Resources Shared Services (HRSS) being one of them. Cooke (2005) clearly outlines the challenges and the sources of pressure facing the state sector including the State Owned Enterprises (SOE) in China. The study conducted in China presents information relevant to South Africa considering the ties and commonalities the two countries share a social and economic space. The whole shift in the HR function has brought about transition of the whole organisation, its people and its systems. This entire new strategy implementation is a form of organisational change and is subject to knee-jerk (and sometimes prolonged) reactions from people and old systems that are in place.

This innovation (HRSS) cannot be separated from organisational structure change as it in nature entail realignment of certain departments, dissects other departments, reallocates people, redesigns other jobs, and reassigns other people to other roles ultimately introducing new ways of doing to the business. Elsaid, Okasha and Abdelghaly (2013) define organisational structure as “the way in which the organisation arranges people and jobs for the purpose of meeting goals and enhancing work performance”. Therefore, based on the definitions for both organisational structure and innovation, it is worth noting that both processes do complement each other.

Laursen & Foss (2013) refer to the restructuring phenomenon as ‘innovation’ influenced by individuals and complementarities between practices. Concepts such as innovation and revolution have been used by many authors interchangeably as they refer to the migration of HR from the old to the new ways of doing things. The element of complement is also the gist of discussion as HRSS is seen as complementing the HR function towards being a strategic service provider. This move by companies has been triggered by the shift of business needs. This migration has shown that companies are moving towards globally coordinated approaches to HR programme design and service delivery. Hewitt (2009) found in a global study he conducted that some organisations have already achieved a certain level of standardization and realized efficiencies through HR.

In 2011 Eskom Holdings introduced new technology integration into HR functions, SAP Vanilla, as a shift from the previously used and mostly relied on Maximo software to manage HR information, payroll and administration. This software has become the integral success factor of HRSS for the past years. The effectiveness of HRSS is highly attributed to the technological software or systems which collect, store, manage and manipulate data to workable outputs. Human Resources Information System (HRIS) is one commonly integrated system geared towards achieving the effective HRSS implementation. HRSI is one of the most important technologies which have been developed with information technologies as a function of HRM. “An HRSI is software that integrates hardware, support functions, system policies and procedures into an automated system that supports the strategies and operations of HR Departments (Chauhan & Sharma, 2011)”.

Buzkan’s (2016) observation over the last decade was that companies had become more aware of HRSI and have used it to gain the competitive advantage. The area of note is that HRSI have also become inevitable for organisations as a key success factor. According to Kundu & Kadian (2012) there are more service organisations that apply HRSI in performance and reward management than are in manufacturing in India. Evidently, the combination of information technology integrated into a selected HRSS model contributes to an effective HRSS in the organisation. However, the successful implementation of HRSI does not equal a successful HRSS implementation as both processes should complement and be aligned to each other. Kumar & Parumasur (2013) ascertain that the skepticism is based on the increase in the use of HRSI which does not necessarily mean

the successful contribution to HRSS which aims at influencing the strategic direction of the organisation and the effective realization of its goals.

South Africa is a highly unionized country support and any form of change brought about by the business should be thoroughly considered and consulted upon prior any form of organisational change implementations as regulated by the laws of the country (Department of Labour, 2014).

### **2.3 Impact on the employees**

The introduction of new technologies into an organisation translates to some jobs no longer being done by people and ultimately leads to the reduction in workforce numbers due to operational requirements. Traditionally, HR Practitioners were spending most of their effort and time conducting administrative tasks followed by operational tasks before strategically adding value into the business Kumar & Parumasur (2013). As aforementioned in chapter 1, one such way of adding strategic value that has grown in popularity is the adaptation of the HRSS model. “This is a model that centers on delivering the human resource function more centrally and more remotely from the subsidiaries of the organization, Cooke (2013)”. Of note, the introduction of such a system represents enormous transformation and departure from the traditional way of delivering the human resources function. As such, it has certain implications for employees involved. Whether these implications are positive or negative depends on whether the model has been adopted aptly by the organisation. In the case where the implications of adopting such a model negatively affect employees involved, consequently the perceptions towards the system may become also be negative (Knol, Janssen and Sol, 2014).

### **2.4 Change management**

A consequence of negative employee perceptions is that employees may resist the change, or worse, sabotage the whole system. Change management is defined by Creasey (2007) as the process, tools and scientific techniques aimed at managing human resources towards achieving a stipulated outcome. He further articulates that any change effected to processes, systems, and organisational structures will somehow have implications on people and should be effectively managed. The figure below further illustrates the specific

activities that define how to move from one point to another when implementing change. The gist of the illustration is aimed at ensuring that during any change implementation there are no aspects being overlooked because of the potential negative result which the company does not anticipate.

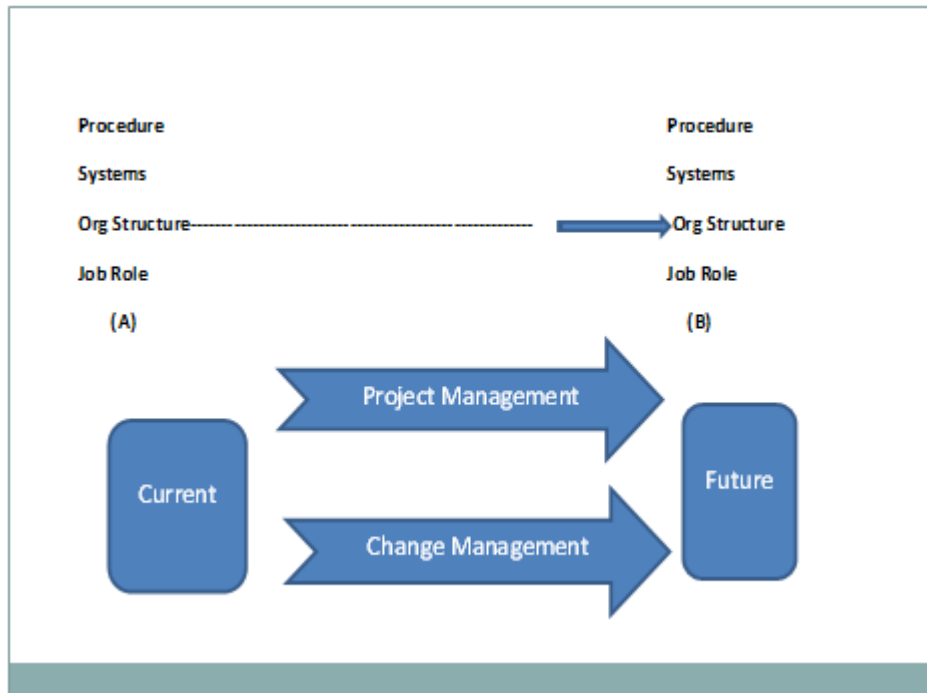


Figure 2.1: Relationship between a tool and the objective

Source: Adapted from the journal- Defining change management

## 2.5 What is Human Resources Shared Services (HRSS)

This section looks at what HRSS is, how it is used by organisations, and how best it could be implemented. The implications of a poorly implemented model and the possible means to circumvent such are also discussed. Further, the section also looks at why there might be a build-up of negative perceptions among employees against the HRSS, the likely impact of those negative perceptions and what can be done to avert such scenarios. A study conducted by Gilbert, De Winne and Luc (n.d.) on employees' perceptions about HR Managers and HR Departments revealed that both HR line managers and HR departments can enhance employees' effective commitment through HR policies and high service quality. Therefore, a similar study will be conducted on employees' attitudes and behaviour towards the service implemented by HR Department through the HRSS. "Employees' attitudes are defined as a state of mind readiness organized through

experience, exerting dynamic influence on the individual's response to all objects and situations to which it is related and as behavior is a direct attitude manifestation (Chaiklin, 2011)". This work will scrutinize the elements of these definitions and relate them to the realities of the subjects of the study.

It is of note that a move to the SS model is a big change-management activity and Jacobs (2014) makes a sound warning for the business to effectively communicate as such. This would assist the implementation process by getting the buy-in from all stakeholders of the business. The author further stresses the importance of ensuring that all departments own the process rather than one department being seen as leading the project alone. The process of change can be adopted from the Kurt Lewin model of change (Luthans, 2008). The author cited change as a paradigm shift, whereby the entire pattern of how things used to be done (or thinking framework) suddenly changes. To smooth this paradigm-shift and thinking patterns, the Kurt Lewin model proposes the use of a three stage model which entails the following:

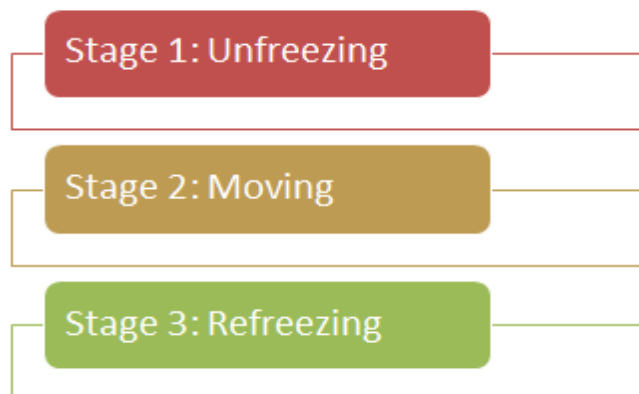


Figure 2.2: Stages of Change Management

Source: Adapted from Kurt Lewin Change Model

### **Step 1: Unfreezing:**

This stage refers to the diffusion of the old norms and cultures which may have cemented over the long period of time. This step also talks to determining the sources and / or causes of change resistance.

### **Step 2: Moving**

This step refers to a shift from the old to new ways of doing. At this stage, learning new ways of doing things by the group identified to have been embodied new change is done. During this stage identified achievements are acknowledged and enforced through awards.

**Step 3: Refreezing:**

Talks to the last stage of ensuring that all new learnt behaviours are not forgotten but rather become the new way of doing things without referring to the past through continuous enforcement methods.

Change resistance is very commonplace. Bejestani (2011) outlines some of the causes of resistance as emanating from:

- The Lack of self-reliance,
- reduced success anxiety
- anxiety about job position
- concern with revenue reduction
- concern about added work
- lack of trust between team members.

What comes across as a major source of resistance is “worry”, which is essentially a result of a state of uncertainty. The author further suggests with the ways of circumventing such resistance, should the ‘Leadership Spirit Model’ be implemented. The following successes have been attributed to this model:

- Reduction of employee resistance
- Developed success of change management
- The project manager improves employee performance during change

The author also recommended that project management courses include a leadership training dimension to their offering.

Essawi & Tilchin (2013) suggest for a rather alternative approach for defusing change resistance. Four tier model aims at shaping the process of knowledge management (KM) culture within the organisation. This model is capable of creating an effective KM of employees towards obtaining the desired results. The gist of the model entails elaboration and integration of interconnected components as outlined below:

- “Result component – entails an outcome based component

- Confront component – this component refers to the constructive confrontation in the organisation
- Assess component – this aspect refers to the holistic assessment of the employees by management and peers
- Reward component – assigning of rewards to employees or project participants based on the assessment results earlier conducted”

This model is results driven as it motivates the change in culture of the project participants. It is strategic in its approach as there is high congruence between performance and rewards (Meyer, 2007). This model is in agreement with the Kurt Lewin (1947) model as it recommends the rewarding of good behaviour and punishing undesired behaviour during the refreezing stage of the Kurt Lewin Model mentioned earlier.

There is a critical role played by the change management process during the implementation of shared services. If followed precisely, the potential negative perceptions can be eradicated at earlier stages of the process. The positive attitudes can be enhanced to increase the level of buy-in needed for the success of the process’ the strategic change. The sentiments echoed by Deloitte (2011) are that shared services impact is not limited only to people outside the function(s) that are moved to shared services, but also to those within it.

A report by Burns & Yeaton (2008) claimed that the use of SS “often” resulted in cost savings of 30 per cent or higher. These authors further elucidate that the sources for government’s pressure stem from continuously having to improve efficiency and applying vigilance with the use of public money. Burns & Yeaton (2008) attributed the success of SS implementation to strong project management skills, senior management level support, strong effective communication, effective change management and a phases or stages approach to implementation. These are key elements thought important and necessary during SS implementation (e.g. the importance of effective communication and senior level support) are echoed by authors such as Barndollar, et al. (2014).

Within the South African context, Kumar & Parumasur (2013) found that the overall managerial satisfaction of HRSI implemented within HRSS of Municipalities had declined and that new alternatives ought to be investigated. This perhaps cements the

recommendations by Barndollar, et al. (2014) that the successes of HRSS (or any other organisational change) should be supported by senior management as failure to satisfy this element may result in failure. Hence claimed earlier that successful implementation of HRSS does not equate to the automatic success of HRSS Senior management is in charge of the organisation's budget and lack of their support may render the project not financially supported. This is particularly important the literature shows that HRSS requires huge funds to implement, especially at the inception stages.

## **2.6 Design of a HRSS system**

When organisations develop their HRSS system to incorporate into their structures, they often do so carefully by taking into consideration a significant number of factors that may affect the effective implementation of the model. This section looks at some of the major considerations that organisations have to take into account if they are to realize the long-term benefits of the shared services model. In addition, this section looks at the development process of an effective HRSS system.

### **2.6.1 Considerations for developing an HRSS system**

When designing and incorporating the shared services model in any organisation, there are various considerations that the management has to take into account, failure to do so could result in the dismal performance of the model (Barndollar, et al., 2014). Before the implementation of the model, it is paramount that the organisational structure is firmly in place, more so for organisations with operations in many countries. Having a fragmented organisational structure where the level of decentralization is beyond strategic might work against the effective implementation of the shared services model (Reilly, 2000). Coupled with a firm organisational structure, there is need for sourcing sponsorship, legitimate buy-in from leadership and from key stakeholders if effective implementation is to be achieved. Anything short of enthusiastic support from the business units served, as well as from the line managers, might result in a failed and costly implementation of the model (Barndollar, et al., 2014).

The need for leadership support can never be over emphasized. According to Young (2016), failure by leadership to mandating shared services and allow an 'opt in' approach,

this has a negative impact on performance. To gain this support, Deloitte (2011) suggests 3 steps that companies should / could follow. These are “First, companies should develop their shared services governance model with the same care they typically devote to deciding where the SSO should report. Second, companies should deliberately design the shared services organizational structure and governance model to complement each other in driving cross-stakeholder communication and collaboration. And third, in developing and refining their approach, companies should strive to keep pace with –or even a step ahead of- their SSOs’ growing maturity” (Deloitte, 2011, p11).

The PriceWaterhouseCoopers (2008, p10) case study, for instance, revealed a change of approach that yielded desired outcomes. Their approach used the change consultative approach and decreased the scope of change. This was targeted at reducing staff related costs and realising capital from asset sales. The latter achievements have been both supported and also scrutinized in that such initiatives are often successful in providing benefits to the individual function; however they failed to comprehensively improve the broader corporate strategic objectives (Fersht, Filippone, Aird and Sappenfield, 2011).

The realization that the implementation of a shared services model is a strategic decision that is meant to transform organisational operations in the long term instead of the short-term, as well as it also being a cost-cutting tactic, may also provide the key to effective implementation. As management start to appreciate the long term nature of the model, they start to focus on the long-term benefits, which lead to continuous improvement. It should be noted that the shared services model not only results in cost-reduction, but also supports decision making and customer service. These other benefits accruing from the shared services model are more realized in the long-term (Knol, et al., 2014).

The success or failure of implementing any form of change in any organisation is dependent upon the level and quality of communication in that organisation (Burns & Yeaton, 2008). Implementing the shared services model is no different. For effective implementation to take place there should be strong and consistent communication through every level of the organisation, both during the inception stage and throughout implementation (Barndollar, et al., 2014). Relationships within the organisation are just as important as the technical experience. Therefore, the people appointed to top positions in the shared services centres should be those who are excellent in forging relationships with

operational managers and other stakeholders. In addition, these top managers in the services centres should have authority and responsibility to avoid a situation where they feel alienated from both corporate head offices and the customers they render service to. “All too often, they are charged with making deep changes in a company’s operating structure, but lack the authority and support required to implement those changes (Cooke, 2005)”. Effective communication within the organisation is also vital in a culturally diverse organisation. Cultural concerns can be a major barrier to centralization, especially in the case where an organisation’s operations are carried out in different regions. However, if there is proper communication between the shared services staff, the line managers and their employees; then effective implementation can be achieved. Scottmadden (2016) advises that it is necessary for the governance board and executive leadership team to convene on a regular basis as a means of strengthening communications during the acquisition and integration process.

Although each of the shared services model as discussed above (i.e. Centralized approach, centers-of-excellence approach and regional clusters approach) all have their benefits it should be noted, however, that they are not without their associated risks (van der Linde, Boessenkool and Jooste, 2006). Therefore, before a company chooses which model to incorporate into their structures, it is imperative for them to thoughtfully weigh the advantages against the liabilities inherent in each approach. Also, because each organisation is distinct and unique in various aspects (e.g. in size, global reach, operations, market share and products, among others) these differences warrant various adjustments to the model chosen by these organisations to ensure a tailored fit.

Customizing a selected model to suite an organisation is ideal; however, there is a risk of over-complicating the models in the process. The key, therefore, is to keep it simple and to focus on the relationships among the stakeholders, the long-term benefits (rather than short-term ones) and the buy-in and sponsorship from top management which will cascade throughout the organisation (Coopers, 2016). Overcomplicating the implementation process may obscure the long-term benefits and result in increased costs. Investing significantly in information technology can help in building common platforms that support shared services implementation. On the other hand, having fragmented and inadequate resources may overcomplicate the whole implementation process and threaten the viability of the shared services model.

“Another important key ingredient for creating a strong shared services resource pool that is committed to customer service and continuous improvement is to link the reward systems for shared services personnel to their performance. This acts a simple mechanism to motivate the shared services personnel to provide a complete service to their clients, namely the employees (Essawi & Tilchin, 2013)”. The consequences of doing this go a long way in terms of benefits.

The implications of call centres to employees’ wellbeing and the detriment to the organisations are well documented. The report by McNair & Holmes (2015) provides a comprehensive understanding into key aspects affecting customer management within today’s contact centres. The report accounts for the huge shift from voice to digital interactions. Earlier on, the theory attributes some of the failures to dehumanization presented by contact centres. This dehumanization element is seen to affect the employees in the contact centres and the customers of shared services contact centres.

Human resources is traditionally based on the personnel management function. The strategic movement has seen the fading away of the human element in the form of losing some of the human touch. It may be inferred that one of the objectives of organisations is to reduce workforce numbers and to rely more on technology to handle and resolve queries. The paramount thorny issue that arises are the job losses that arise in the face of the already high unemployment rate in South Africa. The unemployment rate currently stands at 25% according to STATSSA (2014). It should be noted that this number is much higher in real terms because unemployment refers specifically to people who are eligible to work and are presently out of work, but are actively seeking employment. It does not take into account the proportion of the population that has given up the search and those who were never interested to even attempt searching for employment

Could all these be contributing factors to altering the perceptions of HRSS in any organisation? There is high correlation between fear of the unknown and the resistance to change. This statement is supported by the definition by (Bolognese, 2014). He further elaborates that employees resist change because of the unknown that is presented by the future. This fear is said to be caused by a person’s uncertainty of whether he / she will be able to acquire new skills and behaviours required by the new work setting.

## 2.6.2 Technology as a success factor

Technology is a contributing factor to the success of every organisation as it directly impacts to the bottom line. To ascertain this claim on the rise of technological infusion, the research conducted by McNair & Holmes (2015) validates this observation. The contrast in generations is made based on their preferences as means of communication. The area of note is how the different generations differ on their preferences / choices. This is an aspect to be taken into consideration when compiling the team to be rendering service to the clients. The consideration should aim at striking a balance between the age group combination that will be rendering the service and the demographics of the recipients.

It is should be of note that it will not serve the ultimate business purpose to have call centre agents that are mainly using smartphone applications and internet web chat to render service to employees that prefer face to face and voice communication. The recommendations made by the author are that of incorporation of bridging technologies as web chats, and call back as channel strategies. The increasing popularity of digital channels is noticeable; however, the more user-centric design is recommended. Findings from the global research conducted by Merchants (2015) show an annual increase of blending voice and non-voice channels at 32% between the period 2006 and 2015.

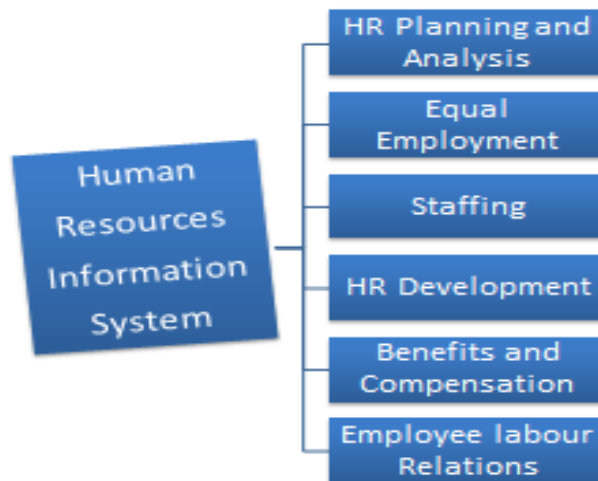


Figure 2.3: Human Resources Information System (HRIS) Model

Source: Adapted from Aggarwal & Kapoor (2012)

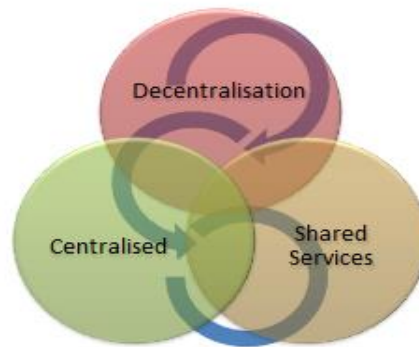


Figure 2.4: Elements of Centralisation, decentralisation and shared services

Source: Adapted from van der Linde, et al.(2006)

The main reasons that the call centre agents leave include minimal training, being overworked and subsequent burnout, the lack of positive direction and poor analysis of call centre statistics. The emphasis is made on the high recorded attrition rate of the call centre workforce ranging from 25% to 35% against the entire workforce (Ruby, 2015). The potential costs are too high to be overlooked and should be taken into consideration when implementing shared services centres. Furthermore, the potential losses seem to be offsetting the main objectives of cost saving and profit making. Again, measuring and rewarding of the agents' performance is among the recommendations made by Ruby (2015). Performance measures, for instance, could include designing methods for measuring customer service provided.

### 2.6.3 Adverse impact to the business

In support of the claims made above, Orhan (2011) attests to the high turnover rate within SSCs as well-known and among one of the hardest challenges. This is based on the high turnover ratios which are wasteful to an organisation's valuable human resources. The theory states that it is not easy to achieve all the benefits of SSCs due to the trade-off that exists between cost reduction achieved and the responsiveness to the customized needs of the business units receiving the service. The comparative study was conducted to evaluate a model that investigates the role of fairness in the shared services environment against work-related feelings, perceptions, attitudes, behaviours and employees' decisions to leave.

There is a meaningful perspective on SSCs' employees' perception on justice implication in the workplace which promotes employee identification, commitment and satisfaction levels. Based on a study conducted by Kamel (2012) in Nigeria with a setup that paralleled Eskom's operations, found a correlation between the increased workload and the resistance to change. The relatedness of the present study to the one conducted in Nigeria is pertinent to employees' perceptions playing a critical and influential role on the success or failure of the SSCs implementation.

Furthermore, McNair & Holmes (2015) warn against the unpreparedness of the industry for such a resistance phenomenon. Based on such a report, the findings show that customers and SSC agents still want the frictionless journey on channels of their choice. The research further investigates the possibilities to such inspirations. The infusion of technology, rather, presents an opportunity for new concepts and learning. Taking into account the level of employees' aspirations to learning new ways of doing things, it is a norm that people are not always keen to unlearning what they already know to learning what they do not know. The changes coming with SS present employees with a shock as a result to job dissatisfaction. Contrasting this aspect to the KZN literacy levels at 70% without formal qualification and the incorporation of technology to the SS model, it leaves a room to ponder whether the notion was too soon to be implemented (STATSSA, 2014). Therefore, to circumvent such occurrences, a feasible and effective reward system should be in place to attain the objectives of shared services implementation (Scottmadden, 2016).

#### 2.6.4 Shared services continuum

The SS continuum talks to the ideal state of organized functions to fulfill the needs of the business at such a time. The HR function remains centralized for easy accessibility. Common infrastructural elements are aligned to directly influence the next element in the value chain. There are specialized departments referred to as centres of expertise which still deliver on functional areas that may not be generalized. Then Shared Services are centralized to servicing the business and mainly focusing on personnel tasks (Srikanth, 2013). As presented below is a business enabler continuum;

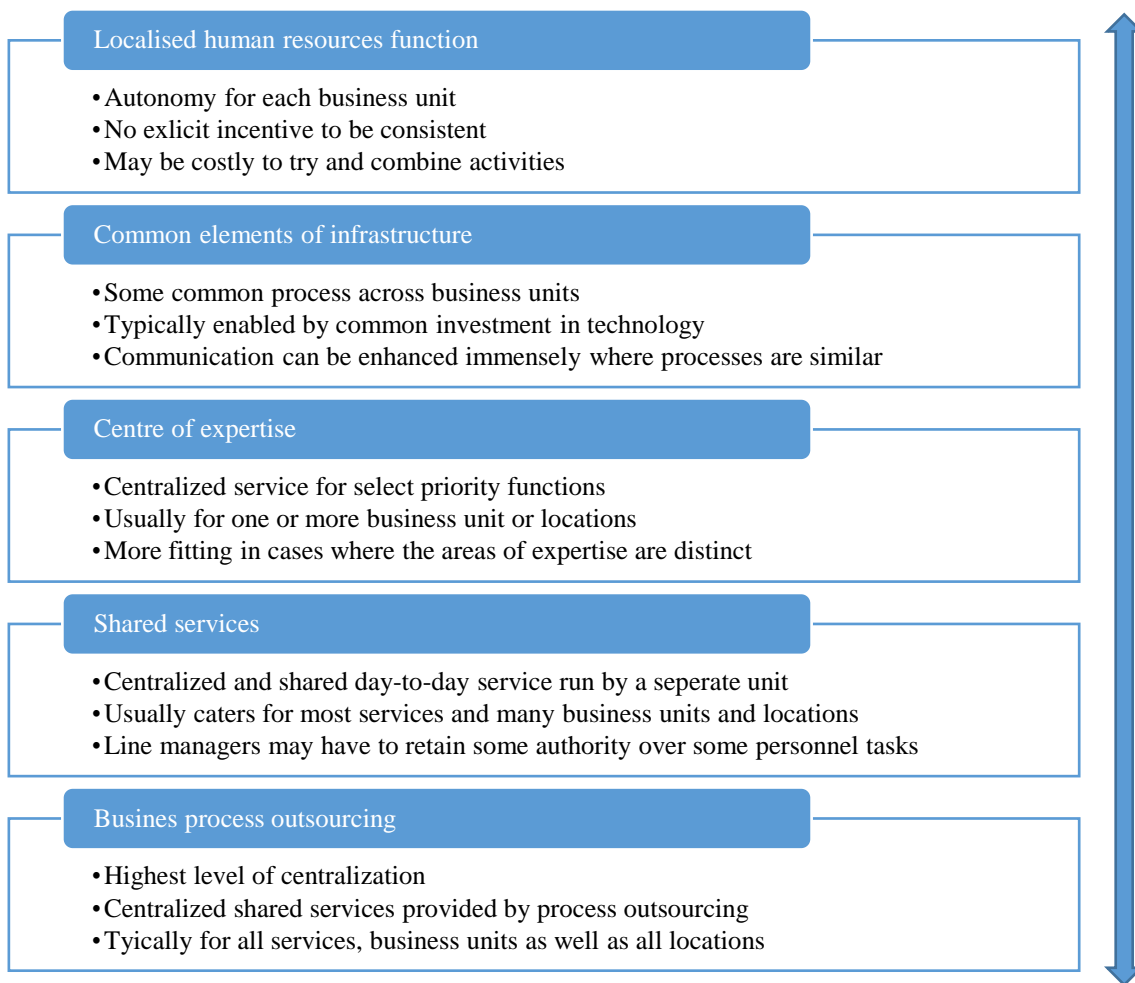


Figure 2.5: The shared services continuum

Source: Carpenter and Wyman (2008)

## 2.7 The human resources shared services model

### 2.7.1 Defining the HRSS model

The HRSS is described as the provision or delivery on the human resources function by one part of the organisation, the shared service centre, where that service had previously been found in more than one part of the organisation Gospel and Sako (2013). Although the accountability of results, the funding and the resourcing of the human resources service is shared among the different parts of the organisation, the shared services centre effectively becomes an internal service provider that creates or highlights the concept of sharing within the organisation.

According to Srikanth (2013, p. 36) there are five forms of shared services. These are:

- “Single function in-house (mainly used in HR)
- Multi-function in-house
- Co-opt model
- Joint venture model
- Outsourcing model”

The first mentioned form of SS, which is mainly used by HR, has been regarded as the second most important function in SS by the Deloitte consulting survey of 2011. This claim could be attributed to the service it provides to both internal and external customers (retired employees) in the form of administrative, operational and strategic segments. Such consolidation of the human resources function facilitates the sharing of both staff and technology resources among the different branches of the organisation (PriceWaterhouseCoopers, 2008). The advocates of the HRSS model argue that various benefits can accrue from using such a system. “More specifically, benefits such as the reduction of costs, improved service delivery and quality, simplification of processes through the sharing of knowledge and best practices; and the facilitation of change and better alignment of organisational processes and new business environments have been the prominent justifications in literature for this model” (Srikanth, 2013, p. 38).

Srikanth (2013) outlined the following key success factors of HRSS:

- standardization of HR processes
- redefinition of roles, responsibilities and performance goals for professionals
- measurement of Key Performance Indicators (KPIs)

- right technology to manage employees effectively and
- linking the KPI to support the service delivery model

The success of HRSS is dependent upon the effective implementation of these success factors as advised. The listed success factors are not the end to their means as cited by Srikanth (2013). Other factors include clear, strong leadership; shared understanding, clear governance, earlier identification of barriers, tangible benefits and complexity reduction. All these factors combined provide the basis for success of the strategy implementation and the realization of the desired benefits.

In a global study conducted by PriceWaterhouseCoopers (2008), the major commonly reaped benefits achieved through implementation of the HRSS model are cost benefits at 42%, headcount reduction at 24%, increased efficiency at 21% and lower-cost locations at 18%. The area of investigation is to determine whether the headcount reduction is what was desired or whether it is accounting for the undesired attrition earlier discussed as being experienced by shared services contact centres and to which huge losses were attributed. Reiley (2000) further argues that, “the underpinning philosophy of shared services, the split of transactional and transformational work activity signals a new paradigm shift for the human resources function”. Global perspectives presented by Deloitte (2012, 2014) assert the seismic shift in the global business landscape has seen the human resource function transforming into a more strategic role. In so doing HR has been credited for helping their organisations battle with changing workforce demographics, globalization, new working styles and new technologies. This movement has seen HR moving away from its traditionally administrative function to becoming the now commonly known Strategic Partner (Kumar & Parumasur, 2013, p.863).

### 2.7.2 Shared services models

PriceWaterhouseCoopers (2008) stated that the incorporation of the shared service model into an organisation’s structure involved the setting up of a shared service centre. There are three distinct shared services models that organisations seem to prefer. The first one, the centralized approach, the organisation centralizes all its support services into a single shared services centre. This centre becomes responsible for the human resources function delivery for the whole company across all regions. While this model is considered as the

most efficient model in cutting costs, it is not easily implementable as it requires extensive operational and organisational restructuring which can be costly in the short run.

The second model involves the establishment of centers-of-excellence, where specific business processes are dispersed in different locations based on a company's strongest concentrations of experience and expertise. An example could be that Accounts payable could be delivered throughout Europe from Canada, while sales and credit functions are administered from a different country. This model aims to reduce some of the restructuring required in the first model of a centralized shared services centre, but suffers from the increased difficulties in the coordination of activities, especially those activities that rely on other upstream activities.

The third model involves the creation of regional clusters which are responsible for providing the shared services on a region-by-region basis. One shared services centre, for example, might provide support services for the North and South American countries (US, Canada and Mexico) while another would deliver identical services to the European countries (United Kingdom, Ireland and Belgium). This model can be very appealing in the case where regional differences are vast, in which case it would be very expensive to deliver the services from one service centre. However, the creation of the regional clusters is considered to be a stepping stone towards the single service centre approach.

### 2.7.3 Steps in implementing the HRSS model.

While all organisations are quite distinct in almost every aspect, according to Wheeler (2008) designing the best shared services model largely requires four steps. These include the simplification of the business, standardization of processes, the streamlining of activities and the systemization of the processes. The steps provided are not cast and stone as other literature sources also provide critical guidance in designing HRSS models. Moller (2011), for instance, proposed a four phases approach, which entails feasibility assessment, design, build and test, implement and roll out and optimize. In this section, an examination of what each step entails, as mapped out in the figure below, is presented. Both approaches could complement each other during the deployment process of a successful shared service.

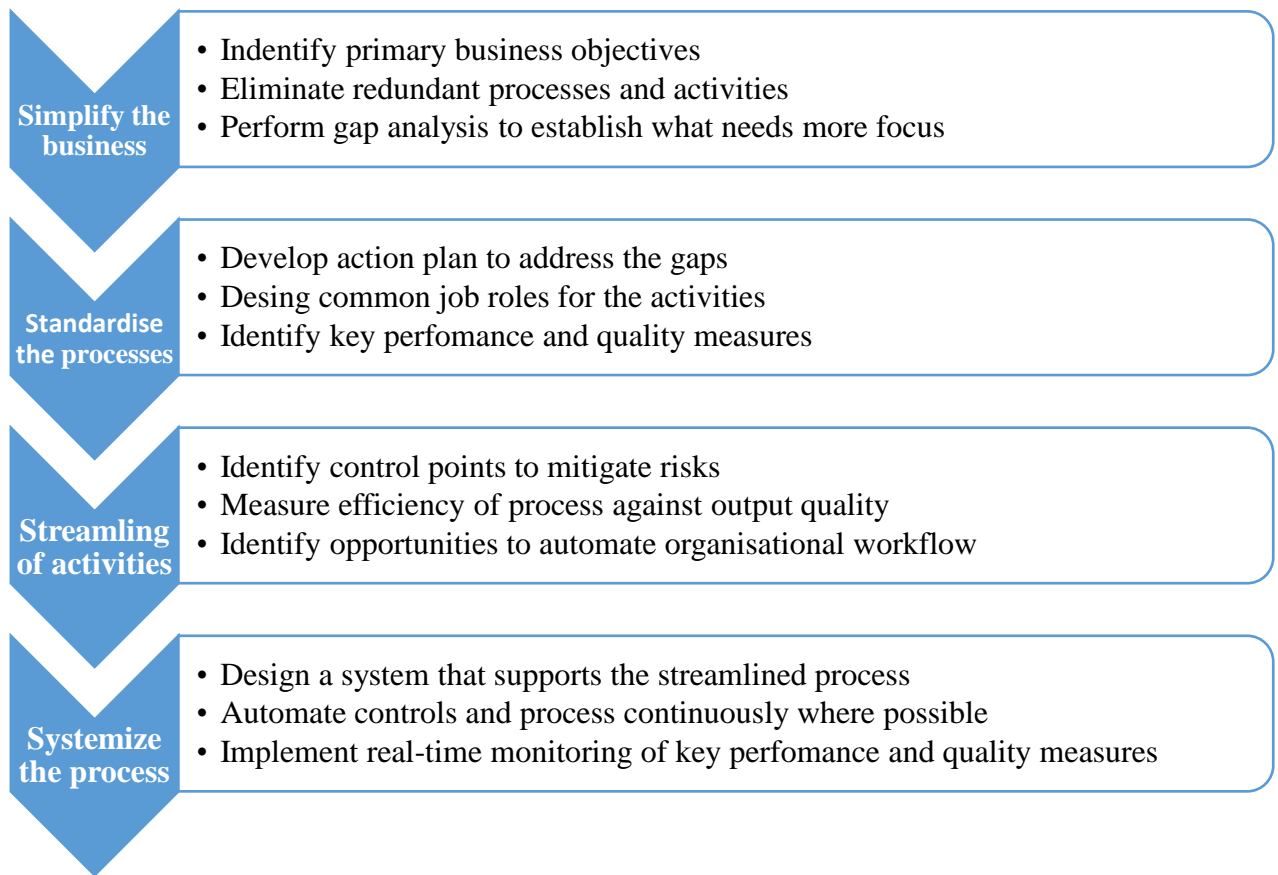


Figure 2.6: Key steps to successful shared services deployment

Source: Wheeler (2008, p13)

The first stage, the simplification of the business processes, is carried out to ensure that the business only considers the primary strategic activities while eliminating redundant activities. This allows management to identify gaps that need addressing. In consideration to that the adoption of the shared services model often paired with enormous change and transformation of current systems, the simplification of activities makes its adoption and design less complex. The second step, which ensues from the identification of gaps in the first stage, aims at standardizing processes. This requires the development of an action plan to address the identified gaps as well as the measures of key performance and quality in all the activities. The third stage, the streamlining of activities, takes the simplification of those activities further by identifying control points and making sure that the output quality is consistent with the efficiency of the processes. It is in this stage that management identifies the opportunities to automate organisational workflow in order to simplify activities further. Subsequent to the identification of automation opportunities, the fourth step would be to design a system that can support the streamlined process while at the

same time making sure that real time key performance and quality measures are in place. Following this general four-step procedure can help develop and implement an effective shared services model that is tailored for the organisation fittingly.

## **2.8 The opportunities and risks from HRSS**

Proponents of the shared services model often report numerous advantages that the system brings about to the organisations that choose to incorporate it into their structures. However, critics of HRSS have pointed out numerous risks that this system may pose to those same organisations, more so when the model is poorly designed (PriceWaterhouseCoopers, 2016). Some of the criticisms raised include:

- The system attempts to achieve the economies of scale in an unreasonable short time,
- Shared services generally fails,
- It often costs more than supposedly to save,
- Causes disruption to the flow of the service,
- Creation of waste, rework and waste,
- Resulting to failure to doing right for customer,

In other scenarios, while the system design might be perfect for a certain organisation, its employees may simply resist the change that it brings about. Based on the above criticism been raised the study then focused on finding their basis through investigation of opportunities and risks that really do exist. In this section, the opportunities and the risks that the HRSS model presents are discussed.

### **2.8.1 Opportunities from HRSS**

Companies have reported the quantifiable positive economies of scale from the use of shared services. PriceWaterCoopers (2008, p.9), for instance, foresaw a platform for exciting opportunities and challenges with such a concept. The assumption made was that, if combined with technology the future will see more of the similar models. This will in turn impact on how and where services are provided. In addition, it is envisaged that possibilities to successfully control costs for companies using shared services to be realised.

### 2.8.2 Risks posed by adopting HRSS

Despite the appeal that the shared services model seems to possess, there also are various risks that the model poses to an organisation that decides to adopt any form of the HRSS model. Though HRSS have successfully been implemented in places like China, however, according to Wei (2013), “the challenges are still eminent on information content and its management. These risks are exacerbated by today’s volatile economic environment and incidence of unforeseen events and may considerably affect the perceived and realized value of shared services, which will eventually lead to limited user satisfaction”.

Some of the risks posed by the model include the possible over-standardization of processes and systems as managers try to implement the model. It may also lead to increased system complexity (Su, Akkiraju, Nayak and Goodwin, 2009). This is even more probable if the responsible management lacks full understanding of the system or if managers try to incorporate tasks that would better be conducted at branch level. The likely result is the lack of operational flexibility, poor customer and employee satisfaction and the escalation of implementation costs. Also, while the shared services model is often viewed as a driver of change in an organisation, there is the risk that managers may give too much emphasis to selling products and insufficient attention to the content. A significant cause of this misdirected focus with arises from the possible loss of face-to-face contact which results to a depersonalized service.

The shared services model also involves the streamlining and reduction of decision-making depth in certain tasks and a simultaneous recentralization of other functions that were traditionally performed at branch level to the shared services centre. This might result in an unbalanced power concentration in the organisation as decision making power gradually becomes more concentrated in the shared services center (Su, Akkiraju, Nayak and Goodwin, 2009). In turn, service accountability may become unclear, communication may become ineffective in the organisation and employee morale may be dampened.

Devolving work to line managers may not be successful, especially when the adoption of the model results in the rejection of undesirable tasks upon them or if they have to perform some activities without prior training or ongoing support. The streamlining of tasks may even lead to losing skilling some administrative jobs to the point where they become extremely tedious to perform (Deloitte, 2014). As the model is introduced into an

organisation, there is high likelihood that the knowledge and experience of incumbent administrators in staffing new positions may be ignored and their previous work may be rendered valueless.

Coupled with the stripping out of operational tasks from the human resources function, the human resources managers may lose their *raison d'être* which, in turn, makes it more difficult to implement the model. Furthermore, for the shared services model to be successful, there needs to be a clear way of allocating resources to ensure efficient operation. However, deciding on who should the resources be allocated to, especially in a project organization environment, could be difficult using a more complicated model. There also is the risk associated with project based staff which may be misaligned to the business needs as a result to wastage of resources and the failure to see their work through to a realisation.

According to Cooke (2013, p212) the staff involved at the shared services centre may fail to recognize that the human resources function has a number of different customers to be convinced while senior management may only lend support to the concept in theory, but not in practice. That is, the human resource management may fail to realize that they need to make a strategic contribution in deed as well as in words. As such, this may create communication difficulties; especially where there are numerous discrete activities, each organisationally separate. The model, however, has a great potential only if could be effectively managed through recognising that personnel staff is reliant on being continuously informed of what is happening on the ground level.

In some cases, management may become too focused on the cost-cutting part of the shared services model while neglecting the fact that implementing such a model requires large-scale capital investment to get the right technological infrastructure. This is more prevalent in very large organisations with various distinct operations. It is also in large organisations where career development difficulties are experienced and where lower level staff in a shared services model often fails to build the expertise that allow them to fill more senior positions later. Therefore, there is great need for management to be careful when determining the best design and implementation of the model.

## 2.9 Impact of adopting HRSS

Organizational transformations can be unnerving to employees, particularly when changes are large. “The adoption of the HRSS by any organisation usually requires employees to adopt new ways of obtaining human resources assistance and discussing sensitive information”. This poses various risks to the organisation because when poorly managed, as with any other changes in any organisation, these changes may cause antipathy and opposition among the workforce (Jermier, Knights and Nord, 1994). In Ulbrich & Schultz (2014) the authors warn organisations against summarized several potential challenges during the IT Shared Services. Though reference is made to the IT fraternity, it is however relevant because of the potential for similar challenges being experienced by HR related Shared Services. This section looks at the likely impacts of adopting the HRSS system on both the low level employees in other departments and their line managers. The section also looks at the impact that HRSS systems have on the human resources staff.

### 2.9.1 Impact on employees

Literature reveals, among other things, the following as the sources of challenges experienced by employees during the roll out of shared services centres (Deloitte, 2015):

i. *Loss of face-to-face contact:*

The loss of personal contact may perhaps be one of the most critical disadvantages of restructuring the human resource function delivery by setting up a shared services centre. Branch employees lose their on-site human resources contact point, a necessary component of the working environment, especially in the case of problems that are personal and confidential. Employees, for instance, would rather discuss personal problems regarding challenges and issues that they might be experiencing with their superiors or with someone that they know is in an authoritative position as these discussions often involve some emotional component. The shared services model fails to address this emotional component that employees require for their work environment to be considered friendly and for them to feel cared for and valued.

ii. *Lack of clarity of ownership of human resources problems:*

When the reduction of operating costs is used as the sole reason for adopting the shared services model, the resulting removal of local human resources offices may result in a poorly defined reporting structure. As such, there might be high potential for confusion when it comes to ownership and problems that may occur within the human resources function. While employees may report their grievances to their line managers, it is problematic when the grievances involve the line managers. It might also be difficult in the case where the line managers are responsible for performance appraisal, which is usually the case. Some of the line managers involved in the system may also lack the knowledge, the inclination and the time to take over some of these human resources activities

iii. *Lack of employee representation:*

In addition to the loss of face-to-face contact, employee representation is one of the issues that may explain why employees resent the shared services model. The shared services centre managers are usually less inclined to advocate for the employees in the various peripheral branches and as such, employees may feel less valued and staff turnover may increase. Relatedly, industrial relations' procedures may have to be effected by line managers alone without the support of the human resources department as a norm. These line managers are compelled to carry out disciplinary actions in cases that would be better suited for the human resources department according to the disciplinary procedure. As such, the actions taken may be procedurally incorrect, resulting in expensive law suits. In addition, the absence of human resources personnel on-site, who only visit peripheral branches for critical events such as when someone is about to get fired, also gives a rather very negative image on the role of the human resources staff.

iv. *Negative perceptions towards the HRSS:*

Undeniably, the perceived effectiveness in operations that employees expect to accrue to the organisation after the adoption of the HRSS system is often negatively affected by the problems encountered when such a change takes place. "While service quality and delivery improvement are the main reasons why such a system as HRSS may be adopted, users in the organisation often assess service quality by comparing what they expect with the services they perceive to have received, not what has actually taken place". Usually, users' expectation of services

derives from the promise of improvement associated with the proposed change or the users' own view of what the services should be in comparison with the services they used to have (Domberger, 1998). "Thus, the personal problems that employees encounter during the setting up and the subsequent use of the model often results in negative perceptions as well as costly resistance towards the continued use of the model" (Maheshwanri & Vohra, 2015).

### 2.9.2 Impact on line managers

It is evident that the impact is not only experienced by employees. Managers, as service receivers as well, also experience challenges. These, according to Deloitte (2015) include:

i. *Work intensification:*

The apparent rationale of setting up and adopting the shared services model in any organisation is clearly to transfer those aspects of the human resources function that are often regarded as softer to be line management's role. However, such a step does not consider whether or not these line managers are open and welcome to the added responsibility. In principle, the adaptation of the shared service model should eventually result in line managers performing substantially reduced tasks, especially the more administrative human resources responsibilities. However, there are two factors that preclude such a development, resulting in line managers handling more of the tasks that, by the design of the shared services model, are supposed to be carried out by the shared centre staff.

There is an argument that arises from whether employees should be managed closely where they work and, therefore, it is the responsibility of the immediate line managers to carry out these tasks. There is a continuous realization that in reality, some of the smaller tasks may take longer to explain electronically and are easier for the line managers to do themselves. Thus, the absence of face to face human resources support structures resulting in work broadening for the line managers, which may in turn affect their performance against core objectives.

ii. *Waste of resources:*

Various critics of the shared service model argue that the adoption of the model in an organisation often results in the creation of a situation where the human

resources function is carried out by administrative assistants who possess no expertise in those tasks instead of the designated shared service centre staff. The result of such a scenario is the added costs and dispersed control, both aspects which the shared service model was adopted to curb or reduce in the first place (Ulrich, 1995, p23).

Line managers may also be faced with handling human resources issues and situations for which they received no training, more so with regards to the emotional component of the human resources function. Most of these line managers are highly technical, high level employees who got to their positions not because of the human resources abilities, but their actual jobs. As such, instead of performing the human resources tasks, their time would be used more effectively for other business matters.

iii. *Lack of interest and competence in human resources issues:*

Frequently, the shared services model requires line managers to perform tasks on-site that would be more fittingly performed by the human resources department in a traditional structure and delivery of the human resources function. However, some of these line managers may simply be indifferent to the human resources issues, or worse, avoid the issues altogether as they lack training in that area. Those who decide to avoid the issues, often do so by using the shared services centre as an excuse while some argue that these issues are beyond the scope of their job descriptions. Instead, they choose to focus on their primary function, resulting in their subordinates feeling less valued. However, there are those that attempt to address issues but with one major limitation, namely, these tend to focus on the hard, rather than soft, aspects of the human resources issues. Either way, a holistic approach to the delivery of the human resources function will not be achieved, leading to high employee turnover.

iv. *Dampened staff morale:*

The existing gaps in the human resources function delivery result to absence of moral support and the emotional component of the human resources function from their immediate managers, it is not surprising that employee's morale goes down

the drain. This becomes more harmful to the organisation if the disillusioned employees have some form of management responsibilities. Dehumanizing the human resources function often results in the employees feeling like the company does not care and also that the company does not appreciate that it is its people that drive the success of the organisation. Also, coupled with work intensification as discussed above, the taking up of additional human resources tasks by line managers in order to ensure that they progress in their careers, may limit the career opportunity for those who have good technical skills but lack the ability or the inclination towards people management. This is demoralizing and may result in high staff turnover if people feel that their line managers are poor people managers and they have nobody to turn to when they have problems.

### 2.9.3 Impact on the human resources staff

HR staff are said to be getting the fair share of the blows as a result of HRSS implementation as they are at the centre and all questions directed to them and answers expected from them too (Orhan, 2011). Typical impacts on HR staff include:

i. *Work organisation and skills requirement:*

The transition from the traditional human resources delivery functions to the shared services model does affect the human resources staff not only in how they experience and execute their work, but also in their career prospects. Usually, there is need to separate human resources staff into certain groups that deal with different levels of problems and enquiries. For employees who deal with transactional types of activities, the provision of routine information and basic problem solving form the core part of their activities and usually have limited discretion. “As such, employees end up being detached from where the business activities take place, resulting in a limited understanding of the business development and the totality of the human resources needs of the business. The training they receive is often only limited and only streamlined and limited on how to trace and process information quickly on the computerized human resource information system instead of any in-depth understanding of the rationale behind certain policies and the effectiveness of the whole human resource function (Orhan, 2011, p. 132)”.

ii. *Career implications:*

As alluded to above, lower level staff in a shared services model often fails to building the expertise that allow filling more senior positions later. This is proliferated by the way tasks are divided and streamlined which results in the shortage of opportunity for staff to develop their general human resources knowledge and business understanding. Thus, lower level staff usually gets it difficult to make a transition from their current level to a higher level with expanded decision-making capacity and responsibilities. It has been observed that it is nearly impossible for future newcomers to the human resources department to use lower level administrative jobs as stepping ladders to more professional and senior jobs. This is in part due to the absence of a career structure in the transactional shared services area that is responsible for facilitating growth and development which will enable people to develop and grow. While there is some human resources content, the dominant work is transactional which is barely linked to the professional element of human resources function.

iii. *Relationships with clients:*

The shared services model has often been disparaged for transforming the human resources function into a depersonalized function. The distanced relationship (both in terms of geography and psychologically) between the human resource staff and their clients; and the employees in other departments, may adversely affect their work. The human resources staff relocated to the shared services centre often experience a change of attitude and strained relationships from their previous colleagues. The strained relationship is often a result of the lack of trust between the employees and the shared services centre because when operations do not flow smoothly, the problem is often rooted in the shared services centre. In addition, the frequent organisational restructuring that usually occurs as managers try to effectively integrate the model triggers a greater need for human resources services. However, the same seemingly unending change makes it more difficult for human resources practitioners in the shared services function to effectively deliver the human resources function.

Evidently, implementing HRSS as a business strategy can become a complex exercise. This emphasizes the need for a well thought process, properly planned flow of events and

well conducted risk assessment prior an implementation of an effective and well integrated HRSS to support and render service that deals with employees' personal information, salaries, leave administration, and other functions in a professional, organized and timely manner. Therefore, the research aims at investigating the effectiveness of the HRSS in KwaZulu-Natal (KZN) Eskom Operating Unit with a population of approximately 2 250, servicing and providing with electricity to the amenities of KZN Province. Effective current and retired employee records, efficient payroll, seamless administration and HR records are imperative for the stability of the workforce and sustainability of the business. The entire employee population is spread across the KZN region and demarcated according to the Margate, Pietermaritzburg, Newcastle and Empangeni zones. This study is particularly necessary and important because Eskom business has for many years supported the business using traditional HR methods and relied more on manual document processing and invested little on technological software for HR functions.

## CHAPTER THREE

### Research Methodology

#### 3.1 Introduction

It is not always easy choosing the best method of conducting a study. It is a test that a researcher has to pass by considering different variables and making serious considerations. “Quantitative research is a means for testing objective theories by examining relationship among variables (Creswell 2009, p.4)”. Each study context may present with its own challenges which are to be surpassed for the success of the study. “Understanding the difference between qualitative and quantitative methods helps in choosing an appropriate design, balancing the two approaches, formulating the research questions and hypothesis, analyzing of the data, interpretation and presentation of the findings” (Eliot 2010, p.1).

This chapter will provide a step by step breakdown of the methodology recruited in conducting this study. In this chapter the overview of the research design and data collection method will be presented. Thereafter, the study setting and the study participants will be described. Essentially, there will be deliberation on the population of the study and the survey instrument implemented. Before the end of the chapter, there will be a discussion on issues of Reliability and Validity of the instrument selected and used in the study. The end of the chapter will conclude by addressing areas of the questionnaire administration and data analysis.

#### 3.2 Research Design

The study is quantitative in nature. Sekaran and Bougie (2013) describe research design as a strategy of gathering data and analyzing it for the purpose of linking it to the proposed study framework. These authors further elaborate on means of selecting among several available research strategies which, among others include “experiments, survey research, observation, case studies, grounded theory action research and mixed methods. Hence, the selected research design of this study is a correlational method”. The quantitative method is mainly about measurements and also expressed in terms of numbers.

The researcher aimed at determining the relationship between the employees' perceptions to the implemented Shared Services strategy at Eskom KZN. Strategically designed questionnaires were utilised in the survey to gather the data / information on the attitudes and opinions of the respondents. The questionnaire was designed with the aim of addressing four key dimensions. The main purpose of the questionnaire was to seek answers to the key questions of the study.

The selected research design is correlational. This type of study seeks to determine whether the change of one variable has an impact on another variable. This type of study mainly aims at determining the relationship between variables being studied. The variables are the perceptions based on the demographics, impact of the implementation of HRSS to the business and the employees, which exist between the implementation of the HRSS and the performance of the business thereon. The relationship could either be positive or negative. It is a general knowledge that the perfect correlation would almost never occur. The perfect correlation varies between  $-1.0$  or  $+1.0$  and its aim is to predict, or support theory and / or even to measure test- retest reliability. In this study the aim was to predict the causal factor of the perceptions on the success of the HRSS implemented in the business.

This exercise aimed at fulfilling the requirements of ensuring identification and development of research procedures for the purpose of conducting the study. The latter part dealt with the quality and effectiveness to satisfy the requirements of validity, accuracy and no biasness.

### **3.3 Study setting**

The study focused on the internal employees of Eskom Operating Unit in KZN. The purpose of targeting the KZN employees for the study was mainly due to its convenience. The study had to be conducted on employees with firsthand experience of the HRSS implementation. Eskom is a company producing 75% of energy and supplying it to the 95% of the South African consumers and to some of the Southern African Development Community (SADC) region. The output energy is generated from coal, water, wind and nuclear sources, most of which is by coal. Below is a high level organogram of Eskom Operating Unit in KZN.

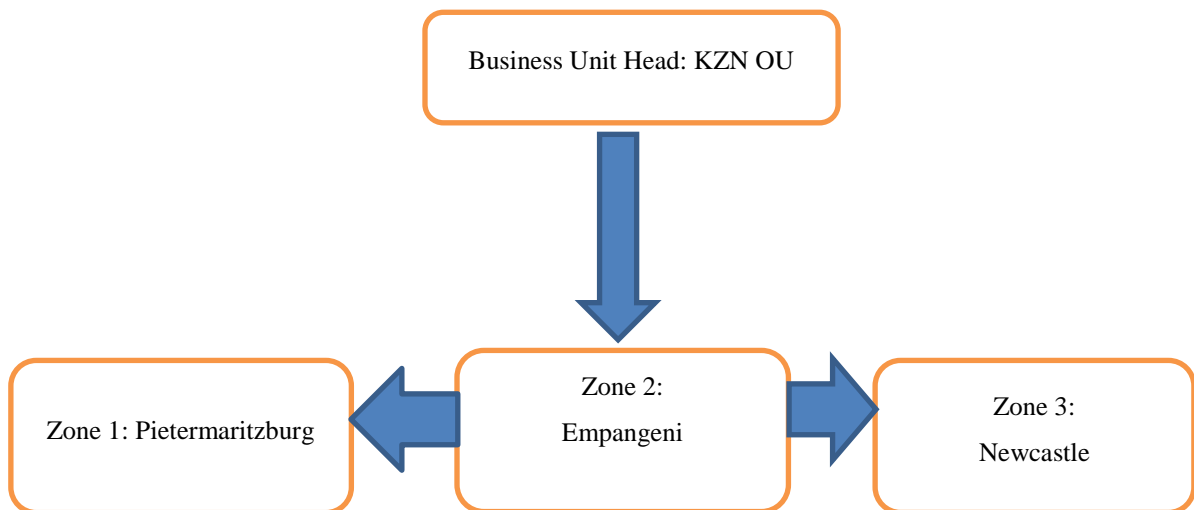


Figure 3.1: Organogram of the KwaZulu-Natal Distribution Operating Unit

The above organogram illustrates the layout of the KwaZulu-Natal Operating Unit at the time of conducting the research. The next section will further discuss the designations of the employees as subjects of the study.

### 3.4 Population and sample size

According to Eskom KZN HR database the employee population sat at of 2300 at the time of conducting the study. All of targeted population was part of the study. No sampling was done since the entire population of the study was targeted. This is also known as survey sampling. The population studied is the permanent employees of Eskom Holdings at KwaZulu-Natal. Survey sampling was implemented by the study. This option was informed by the nature of the method itself. This technique is probabilistic in nature as every member of the population has a potential probability to be included in the survey conducted. However, it is also argued that this technique is not excluded from biasness. Among other mentioned advantages for this technique is that it is less expensive to conduct (Chaudhuri & Stenger, 2005).

### 3.5 Description of Research instrument

The survey instrument that was used for data collection was a structured questionnaire (Appendix 2). Sekaran and Bougie (2013) define a questionnaire as a “preformulated written set of questions to which the respondents record their answers, usually within

rather closely defined alternatives to choose from”. The set standardized questions were then chosen as the method of collecting the respondents’ answers. This method has an advantage of ensuring consistency and avoids varying in the pattern of asking questions.

According to the same author, during the construction of a successful questionnaire, the following underlying principles need being taken into context:

- the way in which the questions are worded
- appropriateness of the content questions’
- the type of questions asked
- personal information questioned from the respondents.
- sequencing of the questions asked

The data collection method implemented was designed in the manner which sought to achieve easy understanding by both a researcher and respondents from any literacy background.

The constructs of the questionnaire contained four dimensions. Section A looked into the demographical information. This dimension aimed at answering all four dimensions of the study. The questions asked related to the demographics of the respondents like gender, race and salary scale.

Section B of the questionnaire aimed at seeking the feelings of the respondents for the understanding of processes and procedures. This dimension was aimed at addressing of objective One. The contents of the questions asked varied between asking about the feelings towards the management of leave records, recruitment process, and professionalism projected by HRSS staff. The total numbers of statement in the dimension were 8. For each statement a respondent was required to select what is more relevant to him or her by choosing from among the following; (strongly disagree, disagree, neutral, agree, or strongly agree).

Section C of the study aimed at deriving information from the respondents to address objective 2 i.e. whether the implementation of HRSS had a direct impact on the employee performance. The questions asked only gave either Yes or No.

Questionnaire Section D was aimed at sourcing information to address the causal effects of HRSS implementation and directly linked to objective 4 of the study. The respondents were asked to rank the 5 statements according to their order of importance. On a scale of 1 to 5, where 1 represented the least important and the maximum value of 5 represented the most important.

### **3.6 Data collection strategy**

Quantitative methodology was employed to conducting this study and data collected. Through the systematic and consistent administration of data collection through QuestionPro system, justification for the choice of collection method was based on the ease and simplicity of manipulating numerical data. Quantitative methodology has the following documented advantages:

- The purpose of quantitative research is to mainly to employ mathematical models or hypothesis related to the phenomenon being studied.
- It generates statistics through the use of large-scale survey research, using methods such as questionnaires
- Quantitative research refers to the systematic empirical investigation of social phenomena via statistical, mathematical or computational techniques.
- The administration of questionnaires is inexpensive and less time consuming in comparison to the Qualitative approach.
- “Quantitative approach is one in which the investigator primarily tries to determine cause and effect thinking, reduction to specific variables and hypothesis and questions, use of measurement and observation, testing of theories, employs strategies of inquiry such as experiments and surveys, and collects data on predetermined instruments that yield statistical data”, (Creswell 2003, p.145).
- The use of QuestionPro system facilitated the effective administration of questionnaires which were sent to the targeted audience with access to emails. The QuestionPro system ultimately produced the statistical report with ease for understanding.

### **3.7 Administration of the Questionnaire**

There are numerous ways to administer a questionnaire either personally or employing the technological options available. Hence the researcher chose to use QuestionPro software as

a tool to administer the questionnaire. QuestionPro is basically an online database that sends electronic mail invitations to a research population or sample of interest. Its advantages are participants respond in real-time and their response get entered directly into the database. Additionally, QuestionPro also has a built in analysis function which allows for the easy manipulation of data. It also manages errors as a respondent can do and re-do a question without scratching as it may be done on a hardcopy survey. This also avoids a questionnaire / response being deemed invalid because of unclear responses or multiple response where only one selection is required.

As just mentioned, QuestionPro software was used to administer the questionnaire. This proved to be an inexpensive and effective means of administering a questionnaire for the huge number of targeted respondents. The target audience was spread across the entire KZN. The process continued over two weeks. QuestionPro was set to sending out the questionnaire by emails on the 31<sup>st</sup> of May 2016 and closed after 15 days. A reminder was sent in between to pursue for more responses.

### **3.8 Validity, Reliability and Bias**

#### **3.8.1 Instrument Validity**

Inherently, reliability and validity are concerns in quantitative research. According to Terre Blanche et al. (2010), the test that lacks measurement reliability may cost the entire research project as it may lead to erroneous conclusions. This claim cannot be overemphasized as it illustrates the importance of validating the survey tool being used. “Reliability is a matter of whether a particular technique applied repeatedly to the same object would yield the same result each time. In other words, reliability concerns the extent to which an experiment, test or any measuring procedure yields the same results on repeated trials Baumgarten (2013)”. In line with Farndale et al. (2009), Liao et al. (2009), Takeuchi et al. (2009), Griensven (2012), Meijerink (2013) and Meijerink & Bondarouk (2013) the pretesting of the instrument was conducted with 6 Eskom interns. This pilot run was to test the reliability of the test to be implemented during the survey. During this exercise the loopholes were identified such as grammatical errors which were then corrected. Also, other questions were found to be confusing to respondents and other redundant. These were subsequently refined and / or eliminated.

### 3.8.2 Content Validity

While reliability focuses on the extent to which empirical indicators provide consistent results across repeated measurements, validity refers to whether the measuring instrument serves the purpose it is being used for (Klenke, 2015, p37; Rubin and Babbie, 2009, p88). More explicitly, validity concerns itself with the extent to which any measuring instrument measures what it is intended to measure and this has to be informed by the relevant theory, which is being examined. TerreBlanche et al. (2010) concur with the above explanation by saying that content validity's establishment is on determining the extent to which a tool reflects a specific domain of content. Generally, unlike reliability, validity is multi-faceted and is composed of mainly content validity, construct validity and face validity which are discussed briefly below.

Content validity depends on the extent to which an empirical measurement is truly representative of the content of the subject that is being examined (Jackson, Drummond and Camara, 2007, p24). Put differently, a test with content validity has items that satisfactorily assess the content being examined. For the purposes of examining whether the research instrument has content validity the researchers consult experts in the area being tested (Krishnaswamy, Sivakumar and Mathirajan, 2009, p265). In this context, for example, content validity refers to the extent to which the instrument enabled the researcher to evaluate the employees' perceptions on the implementation of the HRSS model. This was verified with the HRM at Eskom's KZN Operational Unit since they were more conversant with the issues pertaining to HRSS model. By the same token, the content validity of this research instrument was checked to evaluate whether its elements constituted adequate coverage of the employees' perceptions of the HRSS model and other issues that constituted relevant positions on work performance and satisfaction as a result of the HRSS model's implementation at the workplace. During the measure development, the researcher specified the content area covered by the phenomenon, designed a questionnaire relevant to all content areas and ensured representation of all constructs from each content area.

### 3.8.3 Face and Construct Validity

Unlike content validity, face validity is argued to have more to do with rapport and public relations than with actual validity. More specifically, face validity addresses whether or

not a test looks valid on its surface or whether the test looks valid to those who selected it and those who take it Mitchell and Jolley (2012). Analogous to content validity, face validity was measured by the HRM at Eskom's KZN Operational Unit. In juxtaposition to face validity, construct validity of a test assesses the extent to which a measuring instrument accurately measures a theoretical construct or trait that it was designed to measure McBurney and White (2009). Three important steps were followed during the measurement development as illustrated by Terre Blanche et al. (2010) and the steps are:

- to specify a set of theoretical relationships between constructs
- test these hypotheses empirically and
- interpret the pattern of relationships in terms of how they clarify the construct validity of the measure

#### 3.8.4 Biasness

There was no human element involved during the administration of the survey. The survey questionnaire was sent systematically. The administration of results was also performed using software. The analysis of results was achieved through statistical software. The purpose of such was to eliminate or even reduce the potential for biasness and to ensure a high level of credibility of the process. The implementation of the QuestionPro tool minimized, to a certain degree, the potential of biasness as it analyzed the data without the interference of the researcher. This is also referred to as 'contamination' (Cascio & Aguinis, 2005). Bias is thus an error which may occur unexpectedly and may be caused by a researcher during sampling, development of a questionnaire or during conducting of interviews. This error may also be presented in numerous other ways including observable judgmental bias through the Halo-effect, Recall Bias, Leniency and Severity and Central Tendency. Based on literature, the element of bias is mainly as a result of human involvement. During this research project the human involvement was minimal.

### 3.9 Ethical consideration

The Ethical clearance was granted to the researcher on the 13 May 2016 by the UKZN Research Ethics office after the extensive consideration on issues relating ethics (see Appendix 3). Ethical considerations were addressed through giving the informed consent to the respondents, ensuring that the questionnaire did not have questions that were offensive to other groups of the community with sensitive issues. The participation was

solely on a voluntary basis and confidential. This was ensured through not asking personal details of participants. The guarantee to such ethical commitments was given by a right to withdraw from participating by a respondent at any time when she / he felt uncomfortable.

### **3.10 Addressing of potential limits**

The pilot study was administered on 5 interns at Eskom business to determine any potential hindrances during the study. There were only two areas for the potential limitation that were identified and addressed prior dissemination of the questionnaire to the entire population. The first was potential limit was presented by the limited selection to only males or females under the gender category. Other respondents felt not comfortable with choosing any from the two options because of their sexual orientation. Therefore, such potential limit was eradicated by adding “Other” as a third option. Essentially, during the survey that potential challenge was eradicated.

The second potential limit emanated from Question 9 based on its nature of rating sequence. The expectation was that there should have been no repetition of selected values as each value represented a certain weight. To circumvent such limitation, further clarity was made on the questionnaire. Eventually, during the survey, no limits of that nature were experienced.

### **3.11 Presentation of data**

It follows that the use of a particular type of graph could be determined by the nature of data. That is to say, the use of a particular graph depends on whether the data is discrete or continuous and the format in which the data is given (i.e. grouped or ungrouped). Discrete data can be numeric but it can also be categorical. In contrast, continuous data is not restricted to defined separate values, but can occupy any value over a continuous range (Santer and Duffy, 2012, p191). Discrete data can be displayed in bar charts, bar-line graphs or pie charts, whereas continuous data is best displayed in histograms. The following section elaborates on the graphs that were employed in this study and justification of why they were appropriate for this study.

Firstly, the study compared the employees’ perceptions on the implementation of HRSS model among males, females and other categories; hence the pie charts were most

appropriate since they present data as part of a whole. In this context, a pie chart enabled the researcher to depict the number of males, females or other that provided a particular response in proportion to the total respondents in the sample.

Secondly, the study compared perceptions on implementations of HRSS model between employees designated in different age and level of pay-scale categories. For example, the age categories in years were grouped as follows: 18-24; 25-34; 35-44; 45-54; 55-64; and >65 whereas the level of pay-scale was segmented as follows: T05-T08; T/L/P 09-T/L/P13; and P/S/M14-P/S/M18. Against such a backdrop, bar and pie charts were employed because they were appropriate for the purposes of presenting grouped continuous discreet variables. That is, pie charts were found to be appropriate for depicting frequency versus continuous or nearly continuous variables such as age groups or salary ranges in this context.

Thirdly, the study sought to evaluate the extent to which employees perceived the HRSS model implementation using the 5-point Likert scale explained in the section above. To this end, bar graphs were employed for this purpose since bar graphs are appropriate to compare categories, for instance, strongly agree or neutral responses.

### **3.12 Summary**

In this chapter the research design was outlined whereby the target population was identified. The population of interest consisted of permanent employees domiciled at Eskom's KZN Operation Unit. Thereafter, QuestionPro software was employed to distribute, capture and analyse the self-administered survey. Subsequent to the collection of the data, descriptive analysis, and correlation analysis were employed to test the set hypotheses. The findings from the current study will be presented in the following chapter.

## CHAPTER FOUR

### Results and Discussion

#### 4.1 Introduction

This chapter presents the summary of the empirical findings of the study achieved through the gathering of primary data from the targeted population. The data collected was statistically analysed using SPSS software and is presented using graphs, tables and then discussed. The results are presented according to different sections which mainly address the objectives of this study conducted. Descriptive statistics in the form of frequencies, percentages and cross tabulation tables are used to present the results that address the different variables. Inferential statistics are presented as correlations and Chi-square values.

#### 4.2 Demographics

This section will detail further the demographic characteristics of the respondents who participated in this study. Demographic data provides a further detailed consideration of the setting in which the research took place, as well as the common variables which will be contrasted with the key variables relating to the research questions. A total of 181 respondents responded to the demographic questions sent to the total 2300 population.

##### 4.2.1 Gender

Table 4.1: Gender Distribution

Respondents Gender	No. of Respondents	Percentage
Male	114	63%
Female	65	36%
Other	2	1%
Total	181	100%

It is evident from Table 4.1 that the largest number of respondents (63%) was males and the female respondents comprised of only 35% of the sample.

#### 4.2.2 The Respondents Ethnic Group

Table 4.2: Ethnic group of the respondents

<b>Ethnic Group</b>	<b>No. of Respondents</b>	<b>Percentage</b>
<b>African</b>	<b>123</b>	<b>67%</b>
<b>Coloured</b>	<b>10</b>	<b>6%</b>
<b>Indian</b>	<b>20</b>	<b>11%</b>
<b>White</b>	<b>28</b>	<b>16%</b>
<b>Total</b>	<b>181</b>	<b>100%</b>

It is also evident from Table 4.2 that the largest race group of respondents (67%) was African followed by Whites (16%); Indians represented 11 % and Coloureds 6 % of the respondents.

#### 4.2.3 The Respondents Age Group

Table 4.3: Age group of the respondents

<b>Respondents Age Group</b>	<b>No. of Respondents</b>	<b>Percentage</b>
<b>18 years to 24 years old</b>	<b>8</b>	<b>4%</b>
<b>25 years to 34 years old</b>	<b>87</b>	<b>48%</b>
<b>35 years to 44 years old</b>	<b>48</b>	<b>26%</b>
<b>45 years to 54 years old</b>	<b>24</b>	<b>14%</b>
<b>55 years and above</b>	<b>14</b>	<b>8%</b>
<b>Total</b>	<b>181</b>	<b>100%</b>

It is evident from Table 4.3 that the age group from 25 years to 34 years old represented the majority (48%) of the respondents, the age groups 35 years to 44 years old represented 26% of the respondents, the age groups 45 years to 54 years old represented 14% of the respondents, the age groups 55 years and above represented 8% of the respondents, and the age groups 18 years to 24 years represented 4% of the sample.

A cross tabulation table was utilised to demonstrate the relationship between the respondent's ethnic group and their age. Table 4.4 illustrates the cross tabulation between the respondents ethnic group and age.

Table 4.4: Cross tabulation between ethnic group and the age of respondents

		Respondents Age					Total
		18 to 24	25 to 34	35 to 44	45 to 54	55 and above	
Ethnic Group	African	3%	40%	19%	4%	1%	67%
	Coloured	2%	2%	2%	1%	0%	7%
	Indian	0%	3%	4%	2%	2%	11%
	White	1%	3%	2%	4%	5%	15%
	Total	6%	48%	27%	11%	8%	100%
<b>n=181</b>			<b>p&lt;0.01</b>		<b>X<sup>2</sup> = 64.64</b>		

It is evident from Table 4.4 that a relationship  $p<0.01$  exists between the ethnic group of respondents and their age. In the age group from 18 to 24 years old, 3% were Africans, followed by 2% who were Coloureds and 1% who were white respondents. The age group from 25 to 34 years old, the majority (40%) was Africans, 3% each were Indians and Whites followed by 2% who were Coloureds. The majority (19%) of age group from 35 to 44 years old were Africans, followed by 4 % of Indian respondents, 2% each were Coloureds and Whites. The age group of the respondents from 45 to 54, 4% each were Africans and Whites, 2% were Indian and 1 % was coloured. The age group 55 years old and above, 5% were Whites, 2% were Indians and Africans followed by 1% Coloureds. The report by Deloitte (2015) showed an increasing trend of employees participating on issues that impact their work lives. This phenomenon is phrased as “employees taking charge” such an observation is evident in this presentation of results with a significant participation of 48% by younger age group of 25-34.

#### 4.2.4 The Respondents Highest Education Level

The respondents were requested to select their highest level of education. Their responses as presented in Figure 4.1

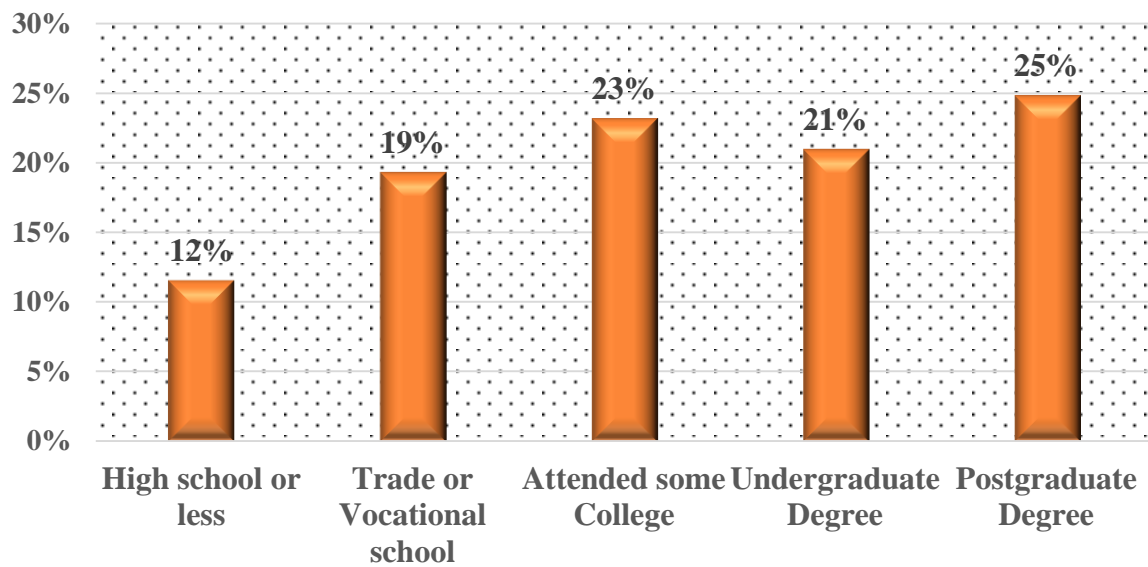


Figure 4.1: Highest Education Level

It is evident from Figure 4.1 that the majority of respondents (25 %) had a post graduate degree, followed by 23 % of respondents who had attended some college, 21% of respondents had an undergraduate degree, 19% of the respondents had a trade or vocational school qualification and 12% of the respondents had a high school qualification or lower. A Cross tabulation table was utilised to demonstrate the relationship between the respondent's age and their work service. The responses according to education level is similar to the findings of a study conducted where the correlation between the level of education and participation was found (Kumar & Parumasur, 2013)

#### 4.2.5 The Pay Scale Level of Respondents

The respondents were further asked to indicate their pay scale group level from the options available. Their responses are as presented in Figure 4.2

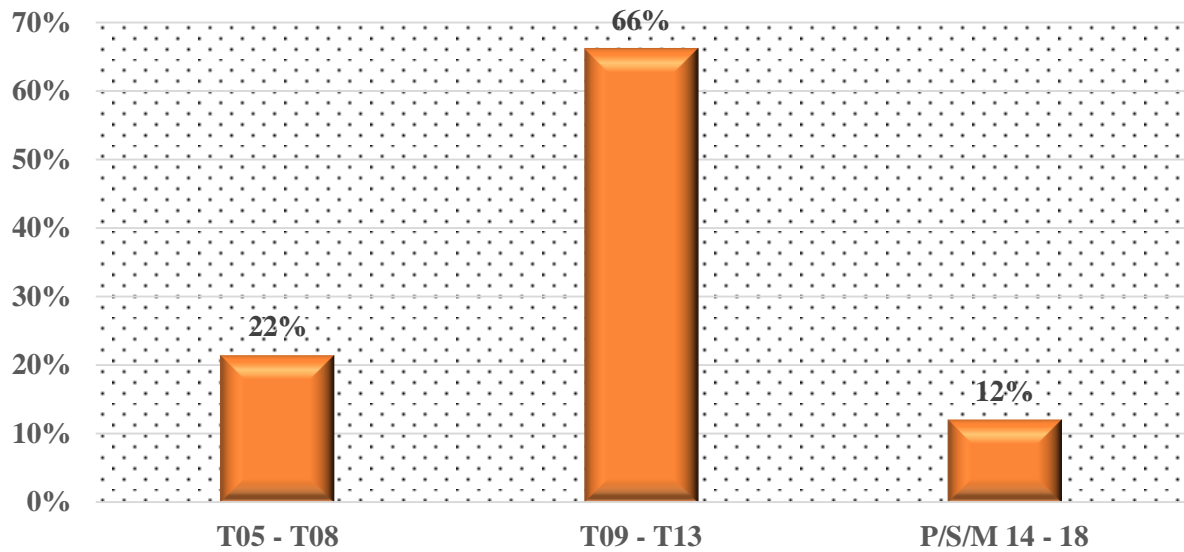


Figure 4.2: Pay Scale Group Level

It is evident from figure 4.2 that the majority of respondents (66 %) were in pay level T09 to level T13, followed by 22 % who were in pay level T05 to level T08. The 12% of the remaining respondents were in position level P/S/M 14 to level 18.

Table 4.5: Cross tabulation between Education and pay scale group level of respondents

		Pay Scale Group Level			
		T05 - T08	T09 - T13	P/S/M 14 - 18	Total
Education	High school or less	9%	2%	1%	12%
	Trade or Vocational school	2%	17%	0%	19%
	Attended some College	8%	14%	1%	23%
	Undergraduate Degree	2%	16%	3%	21%
	Postgraduate Degree	2%	16%	7%	25%
	Total	23%	65%	12%	100%
n=181		P<0.01		X <sup>2</sup> = 81.18	

It is evident from Table 4.5 that a relationship ( $p \leq 0.01$ ) exists between the education and the pay scale level of respondents. The pay scale level from T05 to T08, 9% had high school or less education, 8% had attended some college, 2% had a trade or attended a vocational school, 2% had an undergraduate degree followed by another and 2% with a post graduate degree. The pay scale level from T09 to T13, 17% had a trade or attended a vocational school, 16% each had both an undergraduate or post graduate degree; and 14 % attended some college while the remaining 2 % of respondents had a high school or lower education. The majority (7%) of pay scale group level P/S/M 14 to 18 had post graduate degrees, followed by 3 % of respondents who had undergraduate degrees and 1 % each attended some college or had high school or less education. Literature supporting this finding confirm that employees with some tertiary education experience some degree of job satisfaction compared to counterparts without, (Ghazanfar, et al., 2011)

### 4.3 Objective one: To determine whether the employees' demographical variables have a direct impact on their perceptions about the effectiveness of HRSS.

#### 4.3.1 Ethnic Group vs Leave Records Comparisons

Table 4.6: Cross tabulation frequency between Ethnic Group and leave records of respondents

		I am happy with my leave records?					
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total %
Ethnic Group	African	7	7	19	57	33	67.95
	Coloured	0	2	2	2	4	5.52
	Indian	0	0	7	11	2	11.04
	White	1	2	11	10	4	15.47
	<b>Total</b>	<b>8</b>	<b>11</b>	<b>39</b>	<b>80</b>	<b>43</b>	<b>100</b>

It is evident from Table 4.6 that the majority (67.95%) of all the four race groups of respondents disagreed and strongly disagreed that they were happy with their leave records. There is no other literature to support this finding. It is unique to this study and

therefore adds to the knowledge in the field. The study conducted by Deloitte on (Deloitte, 2015) found that employees were not happy with leave records managed by HRSS, this could be the similar finding from the study.

#### 4.3.2 Gender vs Leave Records Comparisons

Table 4.7: Cross tabulation frequency between Gender and leave records of respondents

		I am happy with my leave records?					
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total %
Gender	Male	6	8	27	44	29	62.98
	Female	2	3	12	35	13	35.91
	other	0	0	0	1	1	1.10
	<b>Total</b>	8	11	39	<b>80</b>	<b>43</b>	<b>100</b>

It is evident from Table 4.7 that the majority (67.95%) of both male and female genders of respondents disagreed and strongly disagreed to a question assuming they were happy with their leave records. This observation asserts the existing employees' spirit identified by Deloitte (2015) in the public sector for standing up to addressing issues at work. It is unique to this study as it is an increasing trend.

#### 4.3.3 Age vs Leave Records Comparisons

Table 4.8: Cross tabulation frequency between Age and leave records of respondents

		I am happy with my leave records?					
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total %
Age	18 years to 24 years old	0	2	2	3	1	4.42
	25 years to 34 years old	6	7	15	36	23	48.06
	25 years to 34 years old	1	1	11	23	12	26.52

	<b>45 years to 54 years old</b>	1	0	6	13	4	13.26
	<b>55 years and above</b>	0	1	5	5	3	7.73
	<b>Total</b>	8	11	39	<b>80</b>	<b>43</b>	<b>100</b>

It is evident from Table 4.8 that the majority (67.95%) of age groups of respondents disagreed and strongly disagreed that they were happy with their leave records. The high level of dissatisfaction exists with the majority of respondents as this is a correlation to the findings by Deloitte (2015). It is unique to the study and therefore adds to the body of knowledge in the field.

#### 4.3.4 Ethnic Group vs Personal Data Comparisons

Table 4.9: Cross tabulation frequency between Ethnic Group and improved accuracy of personal data records of respondents

		<b>I am happy with the improved accuracy of personal data records?</b>					
		<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Total %</b>
<b>Ethnic Group</b>	<b>African</b>	8	18	47	36	14	67.95
	<b>Coloured</b>	0	0	7	2	1	5.52
	<b>Indian</b>	3	3	8	5	1	11.05
	<b>White</b>	2	7	11	7	1	15.47
	<b>Total</b>	13	28	<b>73</b>	<b>50</b>	<b>17</b>	<b>100</b>

It is evident from Table 4.9 that the majority (40.33%) of race groups of respondents were neutral. However, a total of 37% race groups disagreed and strongly disagreed that they were happy with the improved accuracy of personal data records. The importance of record keeping is emphasised as it assist organisations to make important decisions according to (Wise, 2008).

#### 4.3.5 Gender vs Personal Data Comparisons

Table 4.10: Cross tabulation frequency between Gender and improved accuracy of personal data records of respondents

		I am happy with the improved accuracy of personal data records?					
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total %
Gender	Male	10	18	39	34	13	62.98
	Female	3	10	34	15	3	35.91
	other	0	0	0	1	1	1.1
	<b>Total</b>	<b>13</b>	<b>28</b>	<b>73</b>	<b>50</b>	<b>17</b>	<b>100</b>

It is evident from Table 4.10 that the majority (almost 50%) of gender representation of respondents were neutral. However, a total of 37% male and female respondents disagreed and strongly disagreed that they were happy with the improved accuracy of personal data records.

#### 4.3.6 Age vs Personal Data Comparisons

Table 4.11: Cross tabulation frequency between Age and improved accuracy of personal data records of respondents

		I am happy with the improved accuracy of personal data records?					
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Age	18 years to 24 years old	0	2	3	1	2	4.42
	25 years to 34 years old	8	10	32	27	10	48.06
	25 years to 34 years old	2	11	22	11	2	26.52
	45 years to 54 years old	2	2	12	6	2	13.26
	55 years and above	1	3	4	5	1	7.73
	<b>Total</b>	<b>13</b>	<b>28</b>	<b>73</b>	<b>50</b>	<b>17</b>	<b>100</b>

It is evident from Table 4.11 that the majority (40.33%) of age representation of respondents were neutral. However, a total of 37 % age groups of respondents disagreed and strongly disagreed that they were happy with the improved accuracy of personal data

records. The literature show the importance of personal accuracy being important for age groups and the business as a whole, (Wise, 2008).

**4.4 Objective two: To determine whether is there direct relationship between the employees’ perception about Shared Services based on their understanding of processes and procedures used by HRSS**

According to Robbins (2002) traditional functions of HR is planning, organizing, leading and controlling. The innovation of the function of HR has moved to other roles which includes motivating, disciplining, managing conflict, staffing, training and among other new trending concepts such as Human Resources Shared Services (HRSS). According to Moller (2011), organisations are continuously realising the benefits and value of implementing Shared Services. Over the decades of such a stated strategic move, there still exists the challenge of the effective implementation process. This observation is also attested by Reilly (2000). Accordingly, perceptions towards the HR Shared Services align individual performance to business objectives of the organisation.

**4.4.1 Contentment with Leave Records**

The respondents were asked to indicate if they were pleased with their leave records. Their responses are presented in Figure 4.3

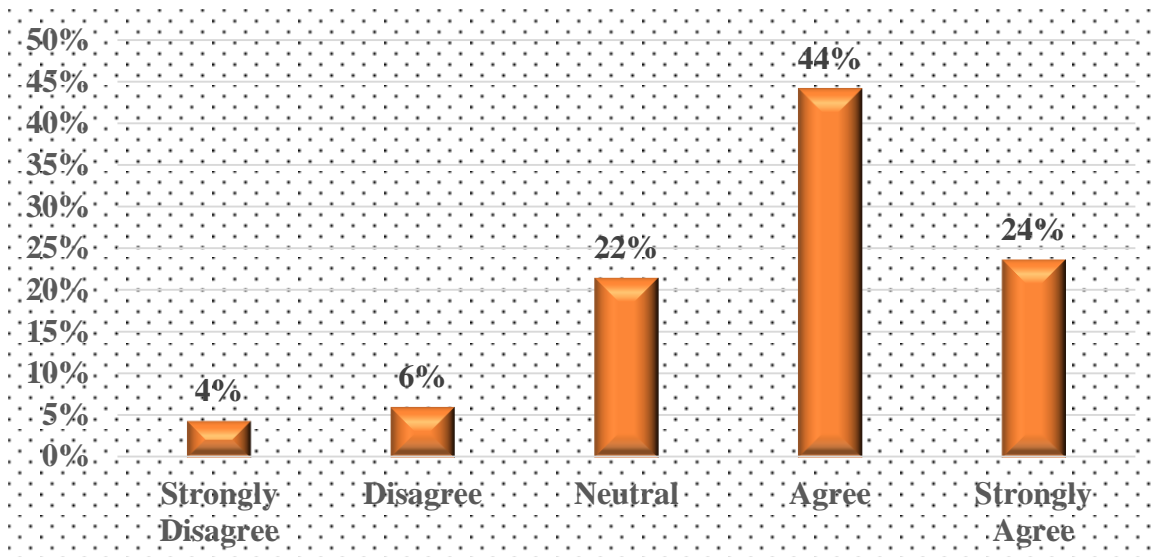


Figure 4.3: Contentment with Leave Records

It is evident from Figure 4.3 that the majority (44%) of respondents agreed and 24 % of respondents strongly agreed that they were pleased with their leave records. Twenty-two percent of the respondents remained neutral. Respondents (6%) disagreed and 4% strongly disagreed that they were pleased with their leave records. Domberger (1998) argues that while service quality and delivery improvement are the main reasons why HRSS may be adopted, users in the organisation often assess service quality by comparing what they expect with the services they perceive to have received, not what has actually taken place. The study supports the argument of Domberger (1998).

#### 4.4.2 Pleased with Monthly Overtime Payment

The respondents were asked to indicate if they were pleased with their monthly overtime payments. Their responses are presented in Figure 4.4.

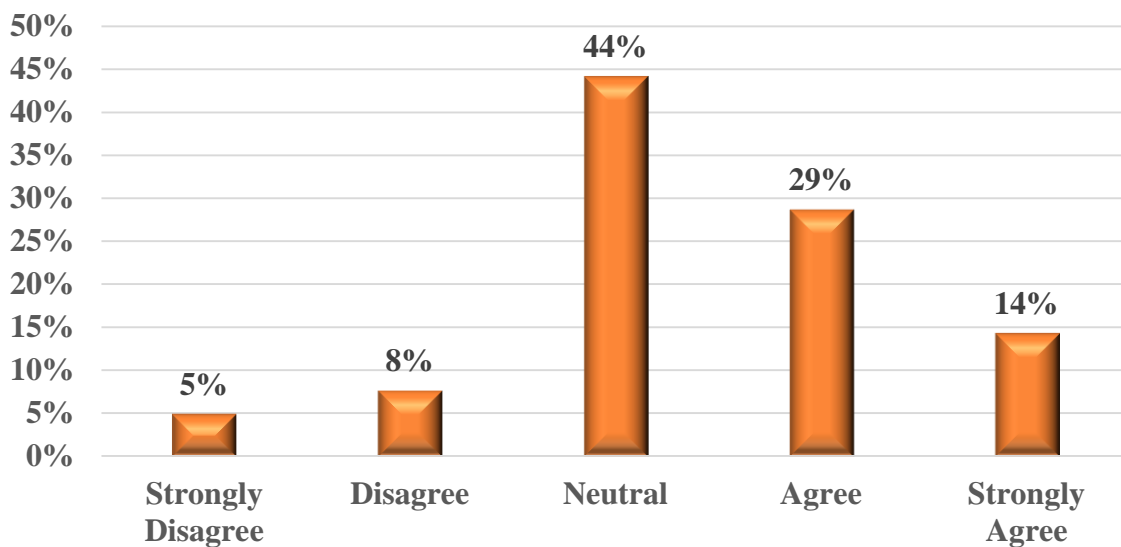


Figure 4.4: Monthly Overtime Payment

It is evident from Figure 4.4 that the majority of respondents (44%) remained neutral, 29% agreed and 14% of respondents strongly agreed that they were pleased with their monthly overtime payments. Respondents (8%) disagreed and 5% strongly disagreed that they were pleased with their monthly overtime payments. A study carried out by Hewitt (2009) found that the element of complement is also the gist of discussion as HRSS is seen as complementing HR function towards being a strategic service provider. This move by companies has been triggered by the shift of the business needs that showed that the companies are moving towards the globally coordinated approaches to HR programme

design and service delivery whereas some already have achieved certain levels of standardization and realized efficiencies in HR, as the global study revealed. The finding of the study is similar to that of Hewitt (2009) in that respondents stated their opinions about the service received through HRSS.

#### 4.4.3 Handling of Recruitment by HRSS

The respondents were asked to indicate if they were satisfied with the way recruitment was handled by HRSS. Their responses are presented in Figure 4.5

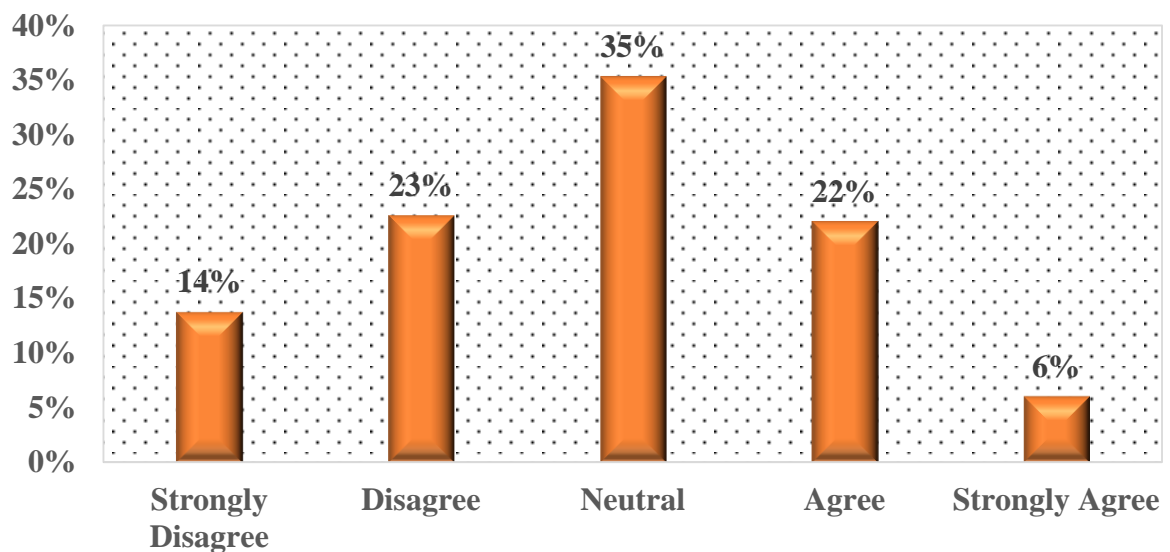


Figure 4.5: Recruitment Handling

It is evident from Figure 4.5 that 35% of the respondents remained neutral, 23% disagreed and 14% respondents strongly disagreed that they were satisfied with the way recruitment was handled by HRSS. Respondents (22%) agreed and 6% strongly agreed that they were satisfied with the way recruitment was handled by HRSS. According to Domberger (1998), users' expectations of services derives from the promise of improvement associated with the proposed change or the users' own view of what the services should be in comparison with the services they used to have. Thus, the personal problems that employees encounter during the setting up and the subsequent use of the HRSS model often results in negative perceptions as well as costly resistance towards the continued use of the model. The finding of the study supports the view of Domberger (1998) in that respondents found the recruitment service as negative.

#### 4.4.4 Selling of Leave Using the HRSS System

The respondents were asked to indicate if they were happy selling their leave using the HRSS system. Their responses are presented in figure 4.6.

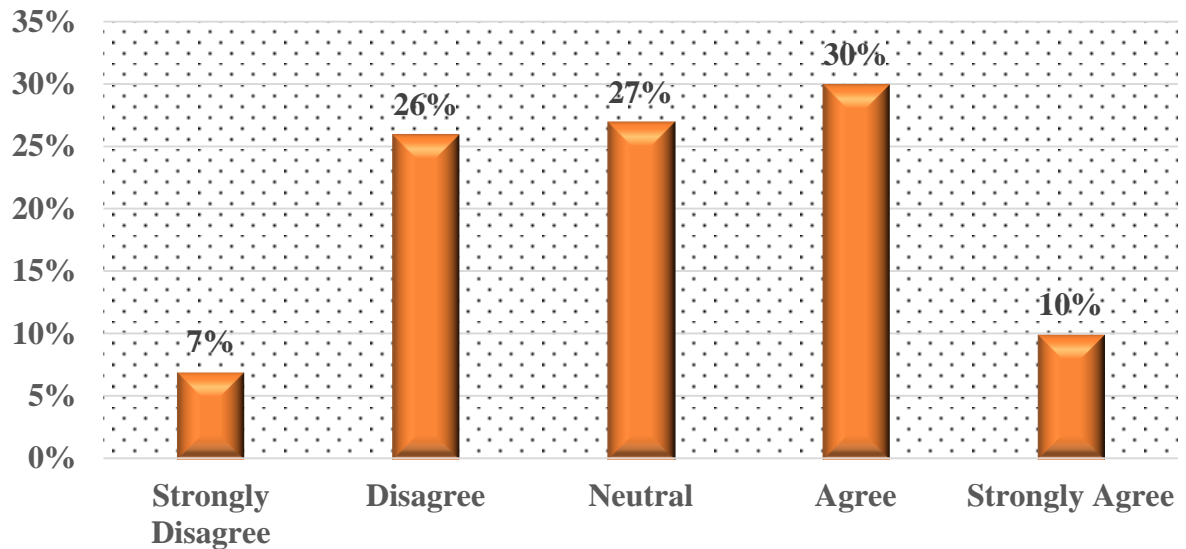


Figure 4.6: Selling of Leave

It is evident from figure 4.6 that the majority (30%) respondents agreed and 10% of the respondents strongly agreed that they were happy selling their leave using the HRSS system. Respondents (7%) strongly disagreed and 26% disagreed that they were happy selling their leave using the HRSS system. Respondents (27%) remained neutral. There is no other literature to support this finding. It is unique to the study and therefore adds to the body of knowledge in the field.

#### 4.4.5 Response Time Taken by HRSS

The respondents were asked to indicate if they were pleased with the time it took HRSS to respond back to them. Their responses are presented in Figure 4.7.

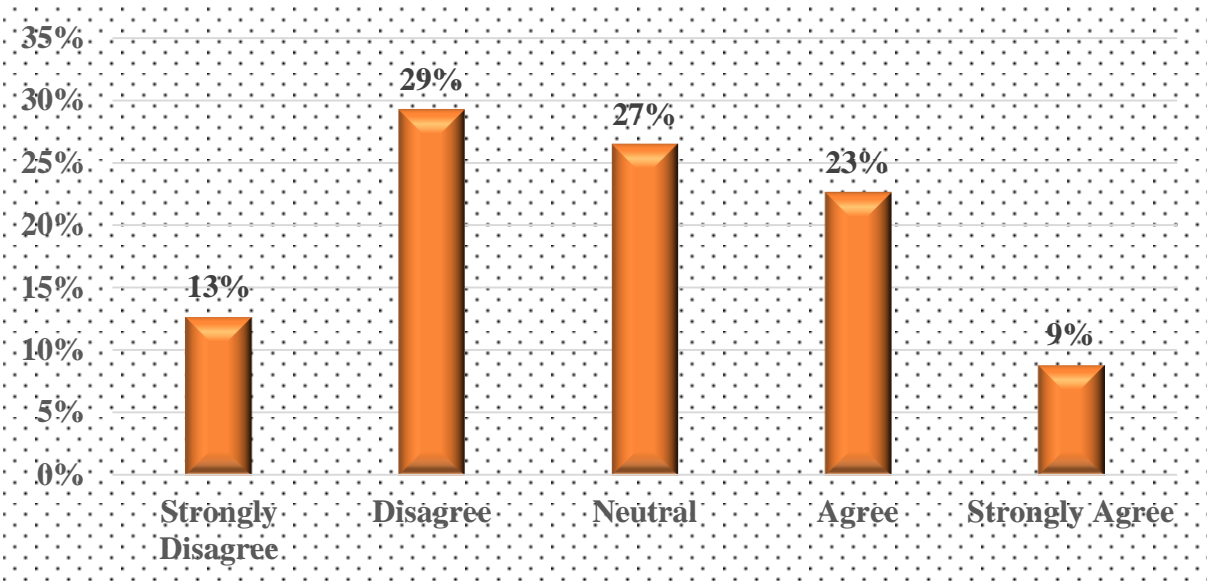


Figure 4.7: Response Time

It is evident from Figure 4.7 that 29% respondents disagreed and 13% respondents strongly disagreed that they were pleased with the time it took HRSS to respond back to them. Respondents (27%) remained neutral. Respondents (9%) strongly agreed and 23% agreed that they were pleased with the time it took HRSS to respond back to them. According to Cooke (2013), human resource management may fail to realize that they need to make a strategic contribution in deed as well as in words. As such, this may create communication difficulties; especially where there are numerous discrete activities, each organisationally separate. The findings of the study support the view of Cooke (2013) and findings of (Deloitte, 2011).

#### 4.4.6 Improved Accuracy of Personal Data Records

The respondents were asked to indicate if they were content with the improved accuracy of personal data records. Their responses are presented in figure 4.8.

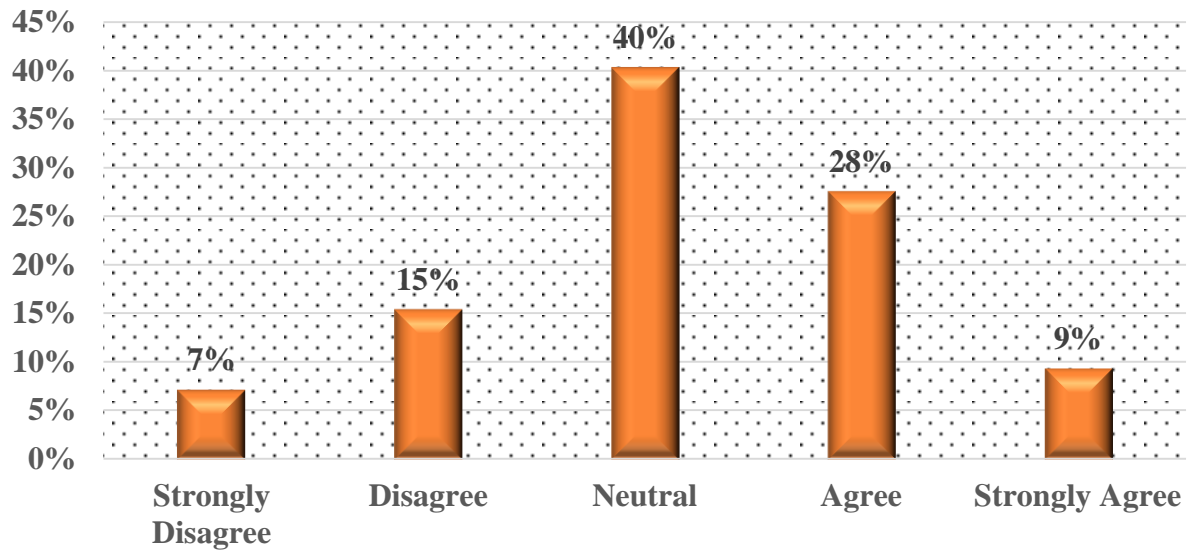


Figure 4.8: Personal Data Records

It is evident from Figure 4.8 that 28% of respondents agreed and 9% strongly agreed that they were content with the improved accuracy of personal data records. Respondents (40%) remained neutral. Respondents (7%) strongly disagreed and 15% disagreed that they were content with the improved accuracy of personal data records. Ulbrich & Schultz (2014) state that implementing HRSS as a business strategy can become complex, which emphasizes the need for a well thought out process, properly planned flow of events, and well conducted risk assessment prior to implementation of the effective and well integrated HRSS to support and render service that deal with employees' personal information, salaries, leave administration, and other functions in a professional, organized and timely manner. This statement is supported by findings of Ulbrich & Schultz (2014)

#### 4.4.7 Level of professionalism shown by HRSS staff.

The respondents were asked to indicate if they were pleased with the level of professionalism shown by HRSS staff. The responses are presented in Figure 4.9.

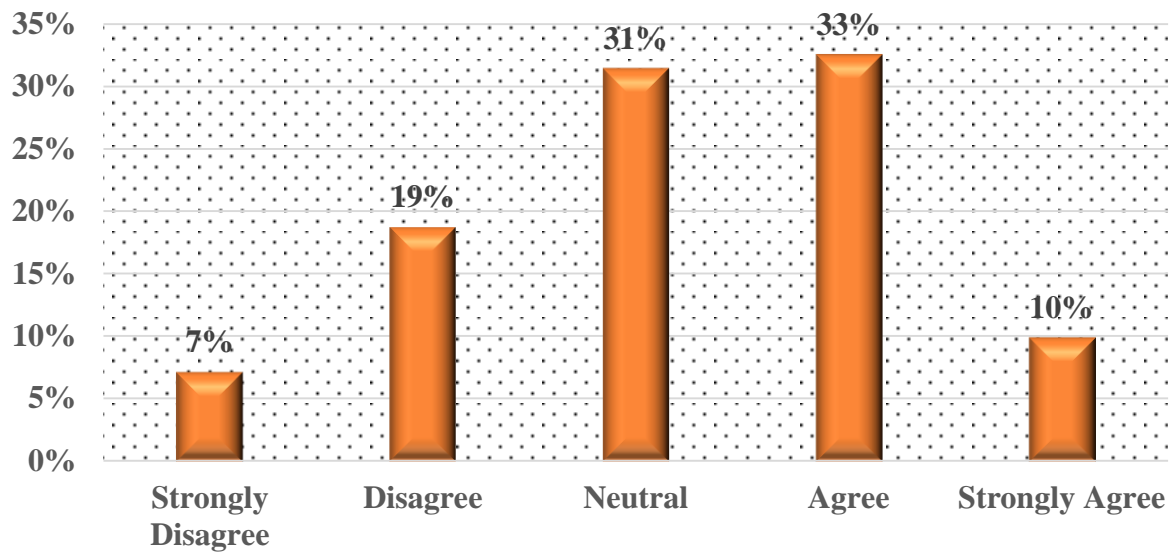


Figure 4.9: Level of professionalism

It is evident from Figure 4.9 that 33% respondents agreed and 10% of respondents strongly agreed that they were pleased with the level of professionalism shown by HRSS staff. Respondents (31%) remained neutral. Respondents (7%) strongly disagreed and 19% disagreed that they were pleased with the level of professionalism shown by HRSS staff. Essawi & Tilchin (2013) state that a strong shared services resource pool that is committed to customer service and continuous improvement is linked to the shared services personnel to provide a complete service to their clients, the employees. The findings of the study support the statement of Essawi & Tilchin (2013).

#### 4.4.8 HRSS Consultants Understanding Respondents Needs

The respondents were asked to indicate if they were happy with the way HRSS consultants understood their needs. Their responses are presented in figure 4.10.

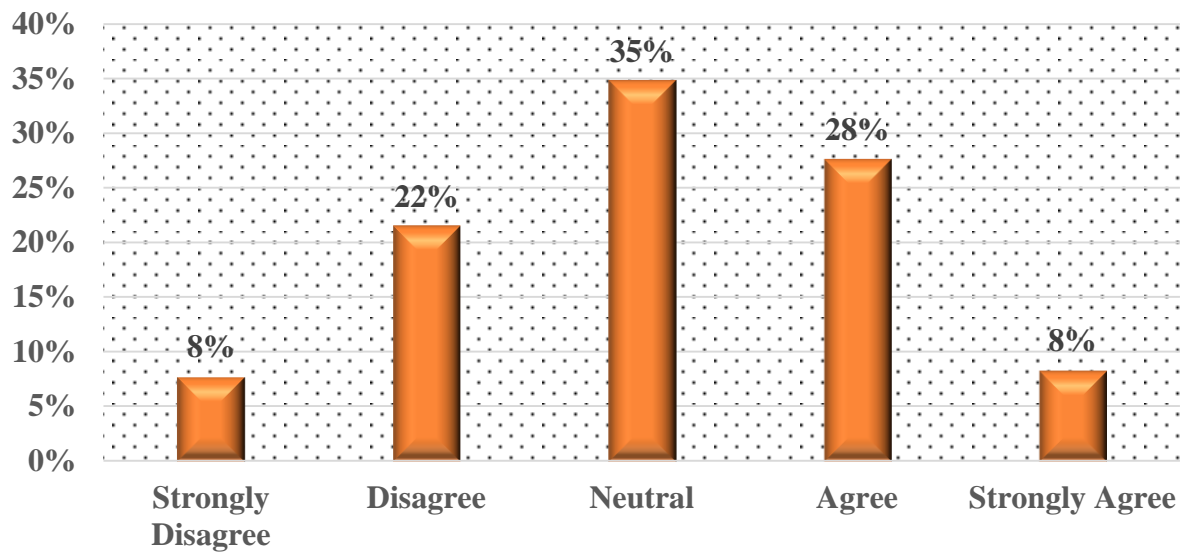


Figure 4.10: Understanding Needs

It is evident from Figure 4.10 that 28% respondents agreed and 8% respondents strongly agreed that they were happy with the way HRSS consultants understood their needs. Respondents (35%) remained neutral. Respondents (8%) strongly disagreed and 22% disagreed that that they were happy with the way HRSS consultants understood their needs. According to Cooke (2013), the staff involved at the shared services center may fail to recognize the human resources function and customers’ needs. The findings of the study support the view of Cooke (2013).

**4.5 Objective three: To identify the impact on employees’ work performance levels caused by the employees’ perception of Shared Services**

Gospel and Sako (2010) describe HRSS as the provision or delivery on the human resources function by one part of the organisation, the shared service center, where that service had previously been found in more than one part of the organisation. Srikanth (2013) argues that according to the advocates of the HRSS model there are various benefits that can accrue from using such a model. Benefits include the reduction of costs, improved service delivery and quality, simplification of processes through the sharing of knowledge and best practices and the facilitation of change and better alignment of organisational processes and new business environments. Accordingly, the HRSS has a direct impact on the employees’ performance levels.

#### 4.5.1 Improvement in Performance Management

The respondents were asked to indicate whether their performance management had improved since the implementation of HR Shared Services. Their responses are presented in Figure 4.12

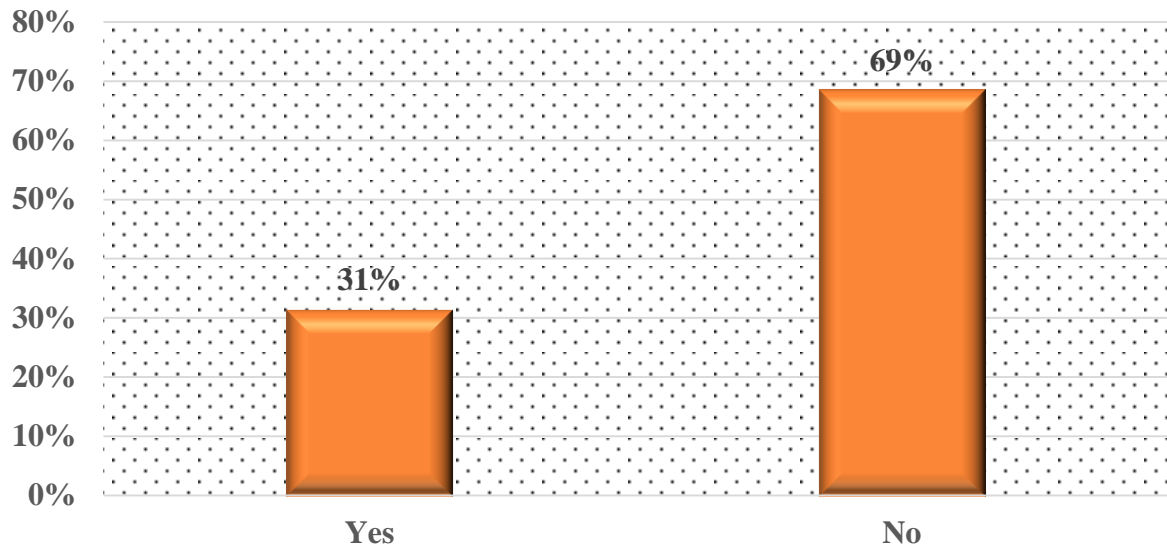


Figure 4.11: Performance Management

It is evident from Figure 4.11 that the majority (69%) indicated no, that their performance management had not improved since the implementation of HR Shared Services while 31% respondents indicated yes that their performance management had improved since the implementation of HR Shared Services. According to Srikanth (2013), standardization of HR processes, redefinition of roles and responsibilities, performance goals for professionals, measurement of Key Performance Indicators (KPIs), the right technology to manage employees effectively and linking the KPI to support the service delivery model are key success factors of HRSS. The findings of the study are contrary to the view of Srikanth (2013).

#### **4.6 Objective four: to determine whether improvement on the HRSS implementation process would boost both employee work life and Eskom as the business**

According to Reiley (2000), the underpinning philosophy of shared services is the split of transactional and transformational work activity which signalled a new paradigm shift for the human resources function. The Global perspective report presented by Deloitte (2012)

and Deloitte (2014), asserts the seismic shift in the global business landscape, which has seen the human resource function transforming into a more strategic role by helping organisations handle their changing workforce demographics, globalization, new working styles and new technologies.

#### 4.6.1 The ranking of Improving HRSS

The respondents were asked to rank according to the level of importance of what could be done by Eskom to improve HRSS from the scale of 1- (1 being the most important and 5 the least important). Their responses are presented in Figure 4.12 in mean values.

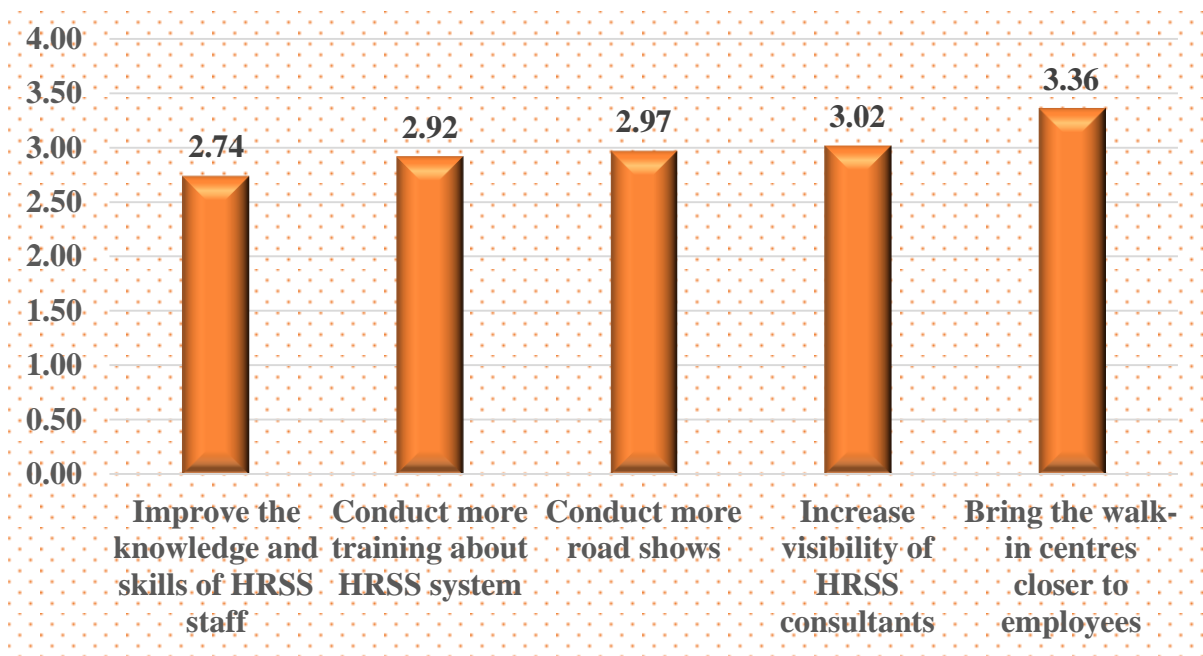


Figure 4.12: Improvement of HRSS ranked from the most to the least important

It is clear from Figure 4.12, which is based on mean values that the respondents indicated that the most important improvement area for HRSS was to bring the centres closer to employees. These are followed by increasing the visibility of HRSS consultants, conducting more road shows, conduct more training about the HRSS system and, improve the knowledge and skills of HRSS staff. A similar study carried out by Akkiraju, Nayak & Goodwin (2009) on the risks posed by the HRSS model concluded that there is likely loss of face-to-face contact that produces a depersonalized service, the streamlining and reduction of the decision-making service creates unclear accountability thus communication may become ineffective in the organisation and employee morale may be

dampened. The study further found that as the HRSS model is introduced into an organisation, there is high likelihood that the knowledge and experience of HRSS staff may be deficient as the new model may ignore their previous work skill. This is critical because for the shared services model to be successful there needs to be a clear way of allocating resources to ensure efficient operation. Cooke (2005) states that effective communication within the organisation is also vital and if there is proper communication between the shared services staff, the line managers and their employees then effective implementation can be achieved. This study supports the statements of Cooke (2005) and Akkiraju, Nayak & Goodwin (2009).

#### **4.7 Summary**

The significant findings of this study are that the HRSS was ineffective in motivating employees and creating an environment for performance improvement. Although there were some positive feelings about the HRSS, the negative perceptions outweighed the positive outcomes of the study. There was strong evidence that employees perceived the HRSS as not flexible to their requirements as HR consultants did not understand their needs. The other significant factor was that employees did not buy into the outcomes of the HRSS as there was lack of communication within the structures of the organisation about the implementation of the HRSS and its advantages. The findings have proven that effective communication of the HRSS and proper change management plays an integral role in ensuring employee motivation and trust in the HR system. The following chapter concludes this study by providing with recommendations and comments on the study limitations.

## CHAPTER FIVE

### Conclusions and Recommendations

#### 5.1 Introduction

In the present context of globalization, employing organisations and their environments have become increasingly complex. Managers in these organisations face growing difficulties in coping with workforces that may be spread across various countries, cultures and business units. The Human Resources Shared Services model, often referred to as the HR Shared Services assures both cost reductions and improvements to HR service delivery. The central notion behind the Shared Services model is that staff, activities and resources are centralized in a semi-self-directed business unit, while the control over this business unit is decentralized in the organisation. Although companies have numerous reasons for setting up a HRSS, the main reason for setting up a HRSS is to consolidate the activities and resources across different parts of the organisation forming a centralised unit. The HRSS is further perceived by organisations as a ‘one-stop-shop’ for employees with the purpose of helping employees with questions and issues thereby eradicating the need for redirecting employees to different locations in the organisation.

Research has shown that various factors play a role in the creation of value for both the organisation and the employee. The HRSS plays a critical role in the process of value creation for employees. Employees’ usage of the HRSS is expected to increase their HR specific knowledge and in turn improve their perceptions about the HRSS. Furthermore, employees and the HRSS are interdependent because the centralized aspects of the HRSS model requests for input and control of the employee. This means that the employee is ultimately responsible for providing information about the HRSS for its improvement. Without feedback from the employee, the centralized benefits of the HRSS model would fade and thus impede the realisation of the HRSS model’s benefits.

It is vital that the HRSS is effective and for that reason the administrative personnel’s activities must be viewed as a tool for supporting and motivating staff. A rather distinct reason for introducing the HRSS concept is to improve the quality of the HR delivery. This chapter focuses on the findings of the research study, its limitations, recommendations arising from it and a suggestion of future studies that could be undertaken in the same field.

## **5.2 Key findings and conclusions**

The main objective of the study was to determine employees' perceptions towards Shared Services practice. More explicitly, the study set out to determine the perceptions about the effectiveness of HRSS, assess the relationship between employees' perception towards HRSS and their respective demographic variables. The study further explored the impact on employees' work performance levels as a result of their perception towards Shared Services and whether improving the HRSS implementation process would enhance employee work life and the organisation's business functions.

The review of the literature indicated concern over the implementation of the HRSS and its ability to consider employees' requirements and improve organisational performance. The literature further revealed that the HRSS should be able to fit within the organisation's culture. The system should be suitable for the real ability and organisation's situation. The exploration of the stages of the implementation of the HRSS model attributes the success of SS implementation to strong project management, senior level support, effective communication, strong change management and a phase approach to implementation.

The main research question and sub research questions were shaped so that they were aligned with the objectives of this study. The results have shown that there are various factors impacting on the employees' perception on the HRSS and that there have not been enough efforts made by Eskom to effectively act to address the shortcomings of the HRSS which was a significant factor in the employees' acceptance and satisfaction of HRSS system outcomes.

### **5.2.1 Objective one**

The results for objective one indicate that employees' perceptions towards HRSS, as per their respective demographic variables, are negative. Employees are not aware about the purpose of the HRSS as they were not involved during the implementation process. Additional findings identified that employees had varied feelings about the administrative role of the HRSS and its accuracy for record keeping.

### **5.2.2 Objective two**

Based on the findings of objective two, it can be argued that the major challenge faced by Eskom is to get the buy-in from employees to accept the independence of the HRSS.

Employees had the lack of understanding with regards to policy and procedures that were aligned to enhance performance. It is evident from the study that employees' needs were not understood by HR consultants. There was lack of understanding about the HRSS in relation to staff support and HR administration activities.

### 5.2.3 Objective three

It is clear from the findings of objective three, that Eskom has a challenge of getting the buy-in from employees to accept and support the HRSS. There are indications that the HRSS did not improve employees' performance of their jobs. Additional findings indicated that the HRSS is not effective in its value proposition of HR service delivery.

### 5.2.4 Objective four

Given the findings presented under objective four, it is evident that employees' understanding of the HRSS is a complex problem. The study has proven that employees are not pleased with the functioning of the HRSS. It is also evident that employees had a negative outlook towards the HRSS. Employees perceived the HRSS as ineffective in addressing their needs and require immediate improvement of the HRSS especially the technical skills of the staff.

This summary of the results and findings of the study suggests that the objectives of the study have been achieved and that the study should provide significant and valuable information to Eskom. The results of this study could be employed to develop a strategy to improve the current HRSS. The tangible findings presented by the study would assist Eskom to implement effective interventions to avoid failure of HRSS and rendering a company not realising the return on investment.

## **5.3 Recommendations to improve the current situation**

The recommendations proposed are based on the findings of the study, the review of relevant literature and discussions.

### 5.3.1 Employee engagement

It is evident from the results of the study that the involvement of employees during the

development and implementation of the HRSS was one of the major aspects in the study. However, there appears to be inadequate involvement of employees within the organisation because most respondents reported the lack of employee engagement to be a major concern and one that was negatively affecting the HRSS. According to Barndollar, *et al.* (2014) effective communication and senior level support are some of the key elements important during SS implementation. Therefore, management should plan to set a foundation for an effective HRSS by encouraging commitment and understanding through effective communication and involvement of employees during the HRSS development.

Eskom should therefore make available a mechanism for employee engagement in understanding the purpose and objectives of the HRSS and also get feedback on the effectiveness of the HRSS.

### 5.3.2 Improve the knowledge and skills of HRSS Staff

It is evident from the result of the study that HRSS did not have the required skills to support employees by understanding their needs. Ulrich (1995) argues that the training received by SS staff is often only limited and more focused on how to trace and process information quickly on the computerized human resource information system instead of an in-depth understanding of the rationale behind certain policies and the effectiveness of the whole human resource function. Eskom should provide more training for HRSS staff with more focus on policy and the effectiveness requirements of SS in order for them to have a more professional approach to address employees' queries and needs, so that employees buy into the HRSS.

### 5.3.3 Managing Change

It is evident from the findings of this study that employees did not fully understand the HRSS system. They also indicated that their needs were not understood. This can be attributed to the change from the decentralised HR system to the centralised HRSS system. Creasey (2007) argues that employees may resist the change, or worse, sabotage the whole system. Change management is the process, tools and techniques aimed at managing people towards achieving the specific outcome. Therefore, any change effected to the processes, systems and organisational structures will somehow have implications on people and it should be effectively managed. Eskom should develop and implement an

effective change management process and communicate to employees how the HRSS will benefit them and also the implications the new system would have on the organisation.

#### 5.3.4 Establishing walk in centres closer to employees

It is evident from the findings of the study that employees did not buy into the HRSS. Respondents reported that they preferred support centres closer to their business units. A study carried out by PriceWaterhouseCoopers in 2008 found that the incorporation of the shared service model into an organisation's structure involved the setting up of shared service centers. The study discussed three distinct shared services models that organisations seem to prefer. The centers-of-excellence model was one of the models that involved the establishment of centers-of-excellence, where specific business processes are positioned in different locations based on a company's strongest concentrations of experience and expertise. Eskom should therefore make available walk in centres closer to employees' business units for improved employee engagement, and HR support.

#### 5.3.5 Eskom should also consider the following:

- Providing sufficient training and education about the HRSS system and provide adequate engagement with employees.
- Improving the quality of the HR delivery with the intention of enhancing customer satisfaction.
- Improving the supply of information to employees, both on process and content.
- HRSS should avoid a low profile, fire-fighting role and seek to become an explicit, high profile contributor at the strategic level, well integrated with the business and demonstrably adding value.
- Independent input can be extremely helpful for developing an appropriate and credible HRSS system. Contracted HRSS specialists can play a very useful role by providing an external opinion on the soundness of the evaluative enterprise.

#### 5.4 The limitations of this study

- The low response rate experienced in this study was a concern. Follow-up e-mails were utilised to encourage responses. These e-mail follow-ups did lead to a higher response rate than that which was initially received. Even so, a higher response rate

would potentially have led to more statistically significant results.

- The collected statistics were limited to Eskom Offices in KZN.
- The study also focused on a selected South African organisation, and this presents a limitation in that the findings cannot be generalized to other organisations, government departments and private sector industries in South Africa.
- It is quite evident that the topic of the HRSS has been extensively studied abroad. However, there is limited research data on the topic in South Africa. The literature reviewed in this study somehow became limited in dealing with the subject matter of SS in detail.

### **5.5 Recommendations for future studies**

Due to the limitations experienced by this study some characteristics and key concepts could have been missed. The following possible studies could be performed to assist in addressing current issues in the implementation of HRSS:

- As the research study was limited to Eskom offices in KZN, the other units within Eskom nationally should be researched and their results compared to the findings of this study.
- Future research should examine a rather larger population; this could investigate the effectiveness of the HRSS implementation across a wider industry and encompass more than just one organisation. This would give the research findings more validity and credibility.
- The findings of the study could also be used to expand the body of work and literature on employee perceptions of the HRSS system.
- Research in more diverse business sectors, with a broader focus on other organisational processes and systems and a larger sample, could help give a more holistic view of the phenomenon of employee perceptions of the HRSS.

### **5.6 Summary**

The research conducted achieved the objectives of this study which was to determine whether perceptions on Eskom KZN employees existed towards the implementation of HRSS within the province and confirmed indeed that employees in the organisation have a negative perception of the HRSS system. It has also been proven that that employee perception on the effectiveness of the HRSS is influenced by the professionalism of SS

staff, the knowledge and skill of SS staff; and the quality level of service they receive. It has further been proven that there is lack of communication and employee understanding about the HRSS function and those employees were not involved during the development process of the HRSS. It has also been shown that the HRSS system is ineffective as it does not address staff needs nor improve their performance in the workplace. The HRSS, therefore, needs to be improved in order to have realistic ideals since employees of an organisation need a sound HRSS support system so that they can exercise their maximum energies towards the realization of the organisations objectives and goals.

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-

# Survey questionnaire

**Objective 1 – Demographical variables and their impact on perception about HRSS**  
**SECTION A: Demographics**

1. Choose your Gender:    Male  
    Female

2. Which category best describes your age:

18 - 24

25 - 34

35 - 44

45 - 54

55 - 64

65 - above

3. What is the level of your pay-scale?

T05 – T08

T/L/P 09 – T/L/P13

P/S/M14 – P/S/M18

4. What is the Highest level of education received

Tick	
	High School or less
	Trade or Vocational school
	Attended some College
	Undergraduate College Degree
	Graduate Degree

**Research objective 2 – Employee perception on HR Shared Services**  
 Rate your level of satisfaction based on the following statements:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
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I am happy with my leave records					
I am happy with my monthly overtime payments					
I am happy with the way how recruitment is handled by HRSS					
I am happy with selling leave using the HRSS system					
I am happy with the time it takes HRSS to respond back to me					
I am happy with the improved accuracy of personal data records					
I am pleased with the level of professionalism shown by HRSS staff					
I am happy with the way HRSS consultants understand my needs					

**Research objective 3 – Determining the impact on performance**

**Since the implementation of HR Shared Services, has your performance management improved?**

Yes	No
-----	----

**Objective 4 - In the order of importance, please tick what could be done to improve HRSS**

**Where 5 = more important      1 = least important**

1. Conduct more road shows,
2. Conduct more training about HRSS systems for the employees,
3. Improve the knowledge and skills of HRSS consultants,
4. Increase visibility of HRSS consultants to the employees,
5. Bring the walk in centers close to the employees,

In the space provided below, please suggest other things to be done towards improving HRSS if not listed above:



To: University of KwaZulu-Natal  
Graduate School of Business and Leadership

Re: Gatekeepers letter

This letter serves as a confirmation that Yvonne Cellinhlambia Cele (212548413) has been granted a permission to conduct a survey within the Eskom offices and sites as part of her thesis for the MBA Course

**Topic: Evaluating the KZN Employees' perception on the effectiveness of HR Shared Services in Eskom**

The survey will be conducted on Eskom KZN employees using questionnaires.  
The permission is granted under the following conditions:

1. Each employee will voluntarily participate on the survey.
2. Data collected will be used for educational purpose only and will only be shared with UKZN Graduate School of Business and Leadership and Eskom Holdings.
3. Eskom may request for the copy of the report from the institution once completed.

Kind regards,

Name : Charles Ndlovu

Designation : Manager – Human Resources HRBP

Contact Number : +27 31 710 5242

Email address : Charles.ndlovu@eskom.co.za

Signature

Date:

19/01/2016



19 May 2016

Mrs Yvonne Cellinhlanhla Cele (Mobika) (212548413)  
Graduate School of Business & Leadership  
Westville Campus

Dear Mrs Cele,

Protocol reference number: HSS/0485/016M

Project title: Evaluating the KwaZulu-Natal (KZN) employees' perceptions on the effectiveness of HR Shared Services at Eskom: KZN Operating Unit

Full Approval – Expedited Approval

With regards to your application received on 09 May 2016. The documents submitted have been accepted by the Humanities & Social Sciences Research Ethics Committee and **FULL APPROVAL** for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Muhammad Hoque  
Cc Acting Academic Leader Research: Dr E Mutambira  
Cc School Administrator: Ms Zanina Bullyraj

Humanities & Social Sciences Research Ethics Committee

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Founding Campuses: Edgewood Elwam College Natal School Pietermaritzburg Westville

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