Faculty of Cognitive Sciences and Human Development

KNOWLEDGE SHARING EXPERIENCE AMONG EMPLOYEES IN A SHARED SERVICE CENTRE IN MALAYSIA

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This declaration is made on the 25th day of AUGUST 2020.

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Date submitted   Name of the student (Matric No.)

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ABSTRACT

In this boundaryless era, many organizations aimed to be the learning organization. Therefore, knowledge sharing as the focus of organizational learning, is important in every organization especially in shared service centre as the business process is more centralised and localised. This study aimed to explore the knowledge sharing experience among employees in a shared service centre in Malaysia. A qualitative and case study method was conducted and six- phase framework analysis was used to make thematic analysis. The result showed that the views of employees on knowledge sharing shaped by employees' perspectives on knowledge sharing, employees' understanding on advantages of knowledge sharing, employees' difficulties when sharing knowledge, and employees' expectations after knowledge sharing. It is also found that there were two types of knowledge shared by employees in shared service centre which were explicit knowledge and tacit knowledge. In this study also found that the methods of knowledge sharing in shared service centre were employees share knowledge to organizational databases, employees share knowledge in formal interactions, employees share knowledge in informal interactions, employees share knowledge within communities of practice and employees used technology to share knowledge. More future research needed to be conducted to overcome the limitations in this study, research gaps and literature gaps of knowledge sharing in shared service centre.

Keywords: knowledge sharing, shared service centre, types of knowledge, methods of knowledge sharing

ABSTRAK

Dalam era tanpa sempadan ini, matlamat bagi banyak organisasi adalah menjadi organisasi pembelajaran. Oleh itu, perkongsian pengetahuan sebagai fokus bagi pembelajaran organisasi, adalah penting dalam setiap organisasi terutama di pusat khidmat kongsi kerana proses perniagaan lebih melokalisasikan dan memusatkan. Kajian ini bertujuan untuk meneroka pengalaman perkongsian pengetahuan dalam kalangan pekerja di pusat khidmat kongsi di Malaysia. Kaedah qualitative dan kajian kes telah diaplikasikan dan rangka kerja enam fasa telah diaplikasikan untuk membuat analisis bertema. Hasil kajian menunjukkan bahawa pandangan pekerja mengenai perkongsian pengetahuan telah dibentuk oleh perspektif pekerja terhadap perkongsian pengetahuan, pemahaman pekerja terhadap kelebihan perkongsian pengetahuan, kesukaran pekerja apabila berkongsi pengetahuan, dan jangkaan pekerja selepas perkongsian pengetahuan. Hasil kajian juga mendapati bahawa terdapat dua jenis pengetahuan yang dikongsi oleh pekerja di pusat khidmat kongsi, iaitu pengetahuan eksplisit dan pengetahuan 'tacit'. Dalam kajian ini juga mendapati bahawa kaedah perkongsian pengetahuan di pusat perkhidmatan kongsi adalah pekerja berkongsi pengetahuan kepada pangkalan data organisasi, pekerja berkongsi pengetahuan dalam interaksi rasmi, pekerja berkongsi pengetahuan dalam interaksi tidak rasmi, pekerja berkongsi pengetahuan dalam komuniti amalan dan pekerja menggunakan teknologi untuk berkongsi pengetahuan. Kajian yang selanjutnya perlu dijalankan untuk mengatasi batasan dalam kajian ini, jurang penyelidikan dan jurang sastera bagi perkongsian pengetahuan di pusat khidmat kongsi.

Kata kunci: perkongsian pengetahuan, pusat khidmat kongsi, jenis pengetahuan, kaedah perkongsian pengetahuan

CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF STUDY

Nature of Shared Service Centre

In an IT-enabled, boundaryless world, many professional activities were managed at anytime and anywhere. Thus, many organizations started to house the activities under one roof for certain departments by establishing the shared service centre (SSC).

Shared service centre centralises the organizational activities, but at the same time response to local business needs (Janssen & Joha, 2006). Shared service centre involves in-sourcing corporate activities by establishing a new business unit to deliver services to in-house customers (Sparrow & Braun, 2008). This centre holds the activities for selected departments, either the entire firm or a geographical area or particular business division.

The principle of the shared service centre was the customers determine to get which services from the centre instead of the function determine to deliver which services. Shared service centre was also designed to deliver the best service at the lowest cost to internal customers. In shared service centre, the organisational form typically starts with the consolidation of transactional activities such as benefits management, payroll, and pensions (Farndale et al., 2009). The longer term goals of shared service centre are to create the centres of expertise in the regular activities such as recruitment and selection, training, performance management and transformational activities such as strategic HRM, change management and knowledge management (Farndale et al., 2009). These experts shared a common base of

knowledge to ensure the corporate transparency and consistency. Besides, different managers play different roles throughout the transactional to transformational activities (Lepak et al., 2005).

History of Shared Service Centre

In the late 1980s, the share service emerged within accounting functions in North America as the outsourcing was a high cost service but lack of appropriate external providers (Davis, 2005). General Electric was the first company to introduce their shared service centre in 1984 to strengthen their accounting functions and reach the economies of scale (Davis, 2005). The in-house model was then introduced to maximise efficiencies and enhance service quality through centralize a function in a location to service multiple business units. The slower expansion of shared service centre across Europe due to national differences in culture, currency, and language however their use is increasing and including different levels of activities (Davis, 2005). It is lower cost transaction processing, has corporate-wide systems to give decision support, and a coordinated way to wider the strategic activities (Forst, 1997).

In the early 1990s, the shared service in US firms was adopted by European and Asian organisations (Davis, 2005). Early shared service centre provided accounting and finance functions (Ulbrich, 2006), and more recently, it started to involve other functions such as IT services, human resource, customer service, and procurement.

According to Cacciaguidi-Fahy et al. (2002), 60% entrepreneurs from the Fortune 500 list had shared service centre in their structures. Over the next eleven years, the shared service centre coverage increased significantly. According to Bondarouk (2014), the Fortune 500 companies

that used the shared service for at least one function, reached 85%. It showed clearly that the shared service centre was adopted on a widespread scale.

Knowledge Sharing

Knowledge management was the process to capture, share, develop, and use the knowledge efficiently. Knowledge sharing was one of the important components of the knowledge management system.

Knowledge sharing relates to other knowledge processes including knowledge transfer, learning, distributed and knowledge creation (Fayard & Metiu, 2014). It also included sharing experience, practices, procedures, and the way of doing things. Hence, it can increase the capability of employees to create something new and solve a problem.

Knowledge sharing plays an important role in social interaction process in organizations (Van den Hooff et al., 2012). It can occur at individual, group, or organizational levels. Knowledge sharing consists of both knowledge donation and knowledge collection at the individual and group level (Van den Hooff et al., 2012). Knowledge donation required the motivation of employees to communicate with colleagues willingly, while knowledge collection involved consultation with colleagues to learn from them. Other than that, knowledge sharing at the organizational level is aimed to transform individual knowledge into organizational knowledge (Lin, 2007). Thus, it is important to capture, organize, reuse, and transfer the experience-based knowledge which exists within the organization and letting that knowledge accessible to all employees (Lin, 2007).

The knowledge sharing content can be work or education related knowledge, which was aimed to create value for community of practices. For example, we meet people working on a

similar subject as us or sharing the same problems, we shared with them to find the better solutions.

In knowledge sharing, it can express the knowledge formally such as oral form like lectures, in written form like in books, guidelines or at the professional forum like ResearchGate. Besides, the social virtual world offered different shared functions advances the knowledge sharing to social networking, online communities, and instant messaging where participants may connect and share useful knowledge in a casual platform (Zhang et al., 2014).

Knowledge sharing included formal, non-formal and informal learning outcomes. These outcomes include information, conclusions, experience, developed skills and competences. Knowledge sharing needs both individual and team knowledge, and the transformation of individual knowledge into team knowledge can be promoted by using the social media platforms (Razmerita et al., 2014). Hence, lack of effective knowledge sharing, organizations may not be able to link the experts' critical knowledge, skills, and abilities to perform the complex work.

Some companies have found that their financial investments in knowledge management system had increased their sales and save the costs (Webster et al., 2008). However, many companies still assumed that employees will automatically share knowledge, and as a result, these companies failed to receive the expected benefits (Webster et al., 2008). According to Babcock (2004), Fortune 500 companies are estimated to lose at least $31.5 billion per year due to the employees failing to share knowledge.

Knowledge Sharing in Shared Service Centre

Organizations faced challenges to operate at lower cost while improving the quality of their business processes. Thus, shared service is promoted as an effective model to reduce cost,

increase quality, and create new capabilities in an organisation (Cacciaguidi-Fahy et al., 2002). However, the implementation of shared service centre also brought the difficulties to the employees and organization. As an example, the employees could be sad as they lost the authority under the new structure. In addition, the employees in global centre who provided shared service from the central location might felt difficulties in treating business units as customers. In fact, switching to a shared service centre required employees to develop new skills, more flexible and emphasize on customer service.

The main reason to deploy the shared service centre is to lower the decentralization costs besides improve the quality and professionalism of business support processes (Van der Linde et al., 2006). Thus, knowledge sharing was one of the important strategies to sharpen the employees' capability and increase the professionalism to face these challenges. Hence, the management needed to ensure the employees have the capabilities to share the knowledge in the shared service centre.

Other than that, implement shared service centre involved the uses of new technologies such as in-house learning technologies and expert system. Therefore, the knowledge sharing was a significant training topic to help the new joiners to understand the functions of technologies or system. However, the shared service centre normally used competency-based training to determine and fill skill gaps, but they neglected the importance of knowledge sharing in the training. For example, the managers of the business units only developed the professional skill needed in the shared service centre, understood how to fulfil customers' demands and the value of their services to their business but they lacked of opportunities to learn the knowledge or experience from the senior.

Grant (1996) stated that the basic role of organisations is to integrate the specialist knowledge in individuals into goods and services. However, in the literature, it showed insufficient communication skill, customer orientation and knowledge sharing from experienced leaders are the challenges that shared service centre need to overcome to have useful knowledge integration. In addition, these challenges not only influence human resources, as well as influence the organization to struggle in obtaining and protecting other tangible or intangible resource (Ghobadian et al., 2009).

In short, knowledge sharing is very important for organizations as it enable them to develop their competencies and skills to reach a stable competitive advantage (Feiz et al., 2017). Thus, one party applies the competences such as knowledge and skills to benefit another are important to create value in the complex service industry like shared service centre (Vargo et al., 2008).

1.1 PROBLEM STATEMENT

There is limited research focus on shared service centre (Howcroft & Richardson, 2012). Previous literature has focused on the motivations and drivers for shared service centre and its performance issues (Herbert & Seal, 2012; Joha & Janssen, 2010). Even though the literature mentioned that the adoption of the shared service centre as an outsourcing model is increasing, but little is known about the roles of shared service centre in knowledge sharing across the organizational limits (Vieru & Arduin, 2016). In fact, outsourcing is a knowledge-based activity but efficiently sharing and integrating knowledge is a key challenge (Kien, Kiat & Periasamy, 2010).

Shared service centre had the control on own organization's hierarchy as well as retaining knowledge and skills that benefits to organizational design (Herbert & Seal, 2014). However, this kind of organizational changes may cause employees feeling anxious, especially employees need to adopt different ways to receive and share their knowledge from global centre to the local centre. When poorly managed, these organizational changes are likely to cause resistance among the workforce as well as stimulate worry and jealous. (Jermier et al., 1994).

According to Herbert and Seal (2014), tacit knowledge might lose because shared service workers remoted from frontline workers although the systems are used to explicit the knowledge and the workers in shared service centre are able to continue to service client and independent of knowledge embedded within individuals. Although explicit knowledge into the system was good for organization daily operation, but the loss of sharing tacit knowledge might cause the organization to loss the valuable experience and knowledge in organizational development. The local organisations might not obviously affect by the loss of tacit knowledge, but it affects the

shared service centre on the information flows from global centre to different local centres. Thus, sharing tacit knowledge was important for the shared service centre in designing the organizational development plan. Hence, it was important to explore the types of knowledge that employees share in this new organizational structure.

Another essential issue in shared service centre was the processes were standardized. According to Paagman et al. (2015), when an organisation introduces their shared service centre, the business processes are centralized and moved away from the original place of the service delivery so the processes are separated from the local people, expertise and knowledge might be loss. Paagman et al. (2015) mentioned that additional time and effort to collect the necessary information is needed to solve the local issues and may cause the costly mistakes. For example, consolidate the emergency response call centres in New Zealand cause some emergency responses being sent to the wrong address due to lack of local knowledge (Paagman et al., 2015). Hence, the local problems may not be settling and cause the local people lose confidence in the service provided and establish their own new infrastructures to solve the problems. Besides, shared service centre played an important role to the performance and the competitiveness of the organisation. In this way, although the shared service centre as cost centre, its contributions to competitiveness and performance of the organization are recognized. Thus, knowledge sharing became one of the important methods to make sure the processes were standardized in every local centre.

As Esteban Carril revealed that shared service centre needs to develop a complete global knowledge management strategy as the data management is a value-added process for organization to use the knowledge in their business process outsourcing provider platform to organize, control, update and enhance company knowledge (Kirk, 2014). Hence, this research

was important to explore the knowledge management strategy in shared service centre because it should closely link to the constant changes occurring in technology and processes and the people in the organizations who perform related roles.

The contribution of IT in shared service centre had also changed the way of knowledge sharing, traditional working environment, and job scopes for certain position. Hence, the effective knowledge sharing was important to maximize the mutual performance of the organizational units in shared service centre. As mentioned by Ulbrich and Schulz (2014), a key challenge related to shared service centre is the communication between IT and non-IT employees. Although communication problems seem different from knowledge sharing, but there was a link between communication and knowledge management challenges. As reported by Ulbrich and Schulz (2014), IT staff hide behind their technical jargon during information exchanges with organizational units. Therefore, knowledge sharing become an essential skill for delivering IT services since the organizational units in shared service centre need to understand the needs of each other to provide suitable IT services (Vieru et al., 2019).

Besides, the business consultants who promote the shared service concepts as a business model provides the basis of negative perceptions that shared service is just another word for staff retrenchment and centralisation (Van der Linde et al., 2006). In spite of that, the shared service centre had created more flexible working environment and benefits for the public, but the industry still facing the problem of sourcing and retaining suitable talent with the right qualifications and communication skills, and right attitude. Thus, it was important to understand how the organizations ensured the knowledge sharing was carried out in the shared service centre when facing the high turnover rate of the employees. Besides, the workers had better choice and freedom to manage their own career development such as working as freelance or contingent

workers. Hence, the organisation should look for how knowledge can be shared better in this flexible working environment by exploring the views of employees deeply.

Knowledge sharing was the most significant process among the knowledge management cycle as it was the foundation for effective knowledge management. Hence, organisations must utilize the knowledge exists in employees' minds to increase their competitive advantage. At the same time, organisations need employees' supports to share their knowledge with other employees within the organisations (Lin & Hwang, 2014). Thus, it was important to understand the interest of the employees when sharing knowledge in shared service centre to provide them a suitable and convenient sharing platform.

Davenport and Prusak (1998) mentioned that transmitting information is not enough to share knowledge. This means that sharing information is not equal to sharing knowledge. Hence, understanding how shared service centre received the knowledge and shared the knowledge from the global centre to the local centres was important for supporting the knowledge-based activity of the shared service centre in Malaysia. Moreover, the outcomes of the knowledge sharing can also determine the efficiency of the service quality provided in every local centre to ensure the success of the shared service centre and decrease the turnover rate in shared service centre.

Furthermore, the past researchers have also highlighted that fostering knowledge sharing behaviour in organisations is not an easy task. According to Wagenaar (2006), it showed that the difference in employment conditions and cultural differences cause shared service centre to face the trouble in shifting staffs from an organisation unit to the centres. These barriers block knowledge sharing in shared service centre as different employees bring own culture to the organisation. Although organizations take many efforts in encouraging the knowledge sharing

behaviour, employees are still hesitant to share knowledge. In fact, the willingness to share knowledge in shared service centre is important to help the organization to overcome the diversity and cultural different issue.

Besides, the knowledge sharing was a factor to determine how the shared service centre can be successfully transformed and achieved their future goals. Thus, employees as the asset of the organizations were important to help the organizations to reach the goals through the formal coordination and role distribution. This was due to the organizational goals can only be achieved when the employees can apply the knowledge into the real working environment after the knowledge sharing sessions.

There were lots of research on knowledge sharing in recent years. For example, there were past research focus on medical practitioners (Razzaque et al., 2013), public sector employees (Paagman et al., 2015), teachers (Chen, 2011) and students (Ślusarczyk, 2017). However, the focus on shared service centre was only found in a pilot study (Hoong et al., 2012). Hence, this research aimed to bridge the literature gaps by focusing on employees in the shared service centre in Malaysia.

Moreover, the studies reviewed were conducted mostly based on quantitative method which cause less information can be explored in the employees' view as it fails to discover deeper underlying areas and explanations. Besides, this method was limited in investigation of concrete, statistical relationships, which may lead to researchers overlooking broader themes and relationships that can indirectly influence the research outcomes. For example, a study from Razmerita et al. (2016) measured the motivational factor that affect the knowledge sharing behaviour and the primary focus was on the individual and organizational factors. However, the

study did not explore the methods that employees prefer to share knowledge and what types of knowledge that employees share. In data analysis, it may lead the researcher to focus only on numbers and loss the surprising or big-picture information that can benefit the research.

Besides, a research conducted by Ślusarczyk (2017) amongst students shows insufficient knowledge about functioning of shared service centre and workplaces offered by shared service centre. In fact, shared service centre is recognized as a good place for students to start a career and gaining experience (Ostoj, 2016). Thus, the researcher is inspired to carry out this research to increase the awareness of the public and provide more different information to the students.

The knowledge sharing is important in shared service centre but it discussed mostly in the U.S. and European literature. This cause the result may not be used globally or else it may cause undesirable effect on the suitability and outcomes of the knowledge sharing. Thus, more needs to be known about the knowledge sharing experience of employees in shared service centre especially in Malaysia, a multicultural and multi-ethnic country.

The purpose of this study is, therefore, to explore the knowledge sharing experience of employees in a shared service centre in Malaysia.

1.2 RESEARCH OBJECTIVE

To explore the knowledge sharing experience among employees in a shared service centre in Malaysia.

1.3 RESEARCH QUESTIONS

1. What are the views of employees on knowledge sharing in a shared service centre in Malaysia?

2. What are the types of knowledge that employees share in a shared service centre in Malaysia?

3. How do employees share knowledge in a shared service centre in Malaysia?