

Role of Organisational Culture When Shaping a Shared Service Organisation
Into a Lean System

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Abstract

The importance of managing organisational culture for the sustainable implementation of lean systems in shared services is of increasing interest to researchers and practitioners. The current state of research demonstrates that companies have failed to establish a sustainable lean system with a virtuous continuous cycle of improvements. People and conflicting organisational cultures are conceived as the predominant reasons for lean failures.

This study explains and explores the interdependencies of organisational culture and lean systems in captive shared services with regard to their potential of sustained performance and competitiveness. Hence, the research identifies the organisational cultural attributes and types that are addressed by a lean system, explores how culture management happened during a lean system implementation, and challenges the sustainability of the implemented lean system.

So far, research has looked into the topics of organisational culture, shared service organisation, and lean system in isolation. This study is original as it synthesises all 3 topics. As this research places organisational culture influenced by leadership at the centre of its investigation, it critically applies not only Cameron and Quinn's competing values framework (CVF), but also Martin's 3 perspectives of culture as well as a synthesis of different relationship frameworks demonstrating the link between leadership, organisational culture, and organisational performance. This study is ground breaking as it critically looks at lean systems and their sustainability through the lens of organisational culture.

Drawing on an in-depth case study conducted in a shared service organisation (SSO) of a global service company, this investigation applied a

critical realist-based mixed-methods approach with a variety of primary data collection techniques. Different types of secondary data were used, also for the purpose of triangulation. A critical realist approach to thematic analysis was used to identify relevant stratified, institutional mechanisms.

By applying a critical realist worldview, this research offers a multilevel understanding of the dynamics, contradictions and complexities when establishing a lean system. As a result, the study reveals that the implementation of lean systems in the service industry is not a linear approach as each instance and stage of culture management is unique. This multidimensional, culture-oriented interpretation, based upon pioneering empirical evidence from a global service company's SSO, extends and deepens the understanding of the dynamic contradictions and complexity of lean system implementation that both constrain and enable organisational change.

Key words: culture, shared services, lean, performance, leanness, lean sustainability, visual management, Competing Values Framework, leadership, mixed-methods, critical realism, culture management, continuous improvement.

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Without the contribution of all these people (including those who have already passed away) and their faith in me, this academic work would not have reached fruition.

Dedication

This work is dedicated to my eternal flame of inspiration Annemarie Ruckebier (OStD) and my husband and soul mate Oliver Küppers, who provides me with constant energy to fulfil my purpose in life.

Author's Declaration

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas.

Any views expressed in the thesis are those of the author and in no way represent those of the University.

Signed _____ Date _____

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List of Abbreviations

AR	Accounts Receivables
BPO	Business Process Optimisation
CCO	Control Centre Outsourcing
CVF	competing values framework
EBSCO	database Business Sources Complete
E-KAD	European Key Account Desk
FHO	Finance and HR Operations
FTE	full-time equivalent
GBS	Global Business Services
HR	human resource
HRM	human resource management
KPI	key performance indicator
OC	Outsourcing Control
RBV	resource-based view
SLA	service-level agreement
SHRM	strategic human resource management
SOP	standard operating procedure
SSC	shared service centre
SSO	shared service organisation
TPS	Toyota Production System
TQM	total quality management
UK	United Kingdom

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Chapter 1: Introduction

As companies face the constant challenge to compete effectively (Withers, Williamson, & Reddington, 2010), they are supposed to find ways to improve their organisational performance by increasing their customers' satisfaction and managing their business at lower costs at the same time (Miskon, Bandara, Fiert, & Gable, 2009). The consequence of this constant challenge has been that "within business and industry, the past two decades have seen many organisational changes and the introduction of new working practices including delayering, rightsizing, business process reengineering and outsourcing" (Lambert, Herbert, & Rothwell, 2013, p. 2).

The operational model of in-house (i.e., captive) shared services offers companies a way to reduce administrative costs and to improve quality (Bangemann, 2005) in order to foster competitiveness (Rau & Helbing, 2014b). With shared services, administrative functions, once performed as non-core activities in separate business units, are centralised and used by those units as internal customers. Shared services have become increasingly popular (Miskon et al., 2009). In 2010, 28 of the 30 companies listed on the DAX German stock index had shared service organisations (SSOs) with one or more shared service centres (SSCs) in different locations worldwide ("Shared-Service-Center", 2010). In 2011, most companies were either in the process of considering a captive SSO or continuing to migrate their decentralised back-office tasks to regional centres or to a global hub-and-spoke model (Deloitte Consulting, 2011). Ideally, companies that implement shared services enjoy significant cost savings by standardising procedures and by creating economies of scale, which implies a strong focus on a one-time improvement of financial performance (Bangemann, 2005). However, according to Atkinson (2004), these one-time "hits are easily imitated by

competitors and equally large improvements can be made” by implementing a lean system “in the spirit of ‘relentless improvement’ rather than ‘quick fix’ cost reductions” (p. 21). Despite modern and future trends like outsourcing, the implementation of global SSOs, the establishment of integrated business centres and virtual SSOs (Bangemann, 2005; Rau & Helbing, 2014a), companies with captive shared services have recently attempted to introduce lean systems in their SSOs based on the assumption that, with a virtuous continuous cycle of improvements, sustained organisational performance is achievable, which in turn enables the captive SSO to compete effectively with external providers.

However, companies have had problems to maintain momentum of the cultural change after the initial lean implementation (Jørgensen, Matthiesen, Nielsen, & Johansen, 2007) with less than 10% of United Kingdom (UK) production organisations having realised sustainable lean systems (Bhasin, 2012). Although little research is available on what constitutes the critical implementation elements for a sustainable lean system (Arlbjørn & Freytag, 2013; Papadopoulou & Özbayrak, 2005), the current state of the literature conceives people and conflicting organisational cultures as the predominant reasons for lean failures (Bhasin, 2012, 2013; Bicheno & Holweg, 2009; Saurin, Marodin, & Ribeiro, 2011). In order to foster lean sustainability the underlying philosophy and principles need to be embraced by firms instead of viewing lean systems only from a tool perspective (Alves, Dinis-Carvalho, & Sousa, 2012).

As lean systems have their origin in production, academic investigation of the explicit implementation of lean systems in a pure service context has remained relatively limited and often includes confusing and contradictory outcomes (Buzby, Gerstenfeld, Voss, & Zeng, 2002). Only very few in-depth studies on shared services are available (Howcroft & Richardson, 2012; Schulz & Brenner, 2010),

particularly with respect to their organisational culture. By understanding lean systems as an sociostructural and cultural system (Bhasin & Burcher, 2006; Hasle, Bojesen, Jensen, & Bramming, 2012), which intends to form a (lasting) learning organisation (Alves et al., 2012; Bhasin & Burcher, 2006; Bicheno, 2008; Garvin, 1992; Hasle et al., 2012) based on continuous improvement (Imai, 1997) and systems thinking (Seddon, 2005; Seddon & Caulkin, 2007; Zokaei et al., 2010), this investigation generated empirical evidence of the organisational culture in a captive SSO (Deloitte Consulting, 2011; Forst, 1997; Goh, Prakash, & Yeo, 2007; Grant, McKnight, Uruthirapathy, & Brown, 2007) that has shaped itself into a lean system. As the study concentrates on organisational culture influenced by leadership as a vital element to shape organisational culture, it critically applied Martin's (1992, 2002, 2004) three perspectives of culture and Cameron and Quinn's (1999) competing values framework (CVF) while taking different relationship frameworks (Birdi et al., 2008; Harris & Ogbonna, 2001b; Ogbonna & Harris, 2000) into account, demonstrating the association between leadership, organisational culture, and organisational performance.

As a consequence, the main research purpose of this study was to explore and explain the role of organisational culture in a captive SSO shaped as a lean system. Hence, this study aims first to identify the organisational cultural types and attributes that are addressed by the implementation of a lean system in a captive SSO; second to explore how culture (change) management happened; third to challenge the sustainability of the implemented lean system. As a result, this study was guided by three research questions specifically:

1. What aspects of organisational culture are influenced when introducing a lean system in a captive SSO?

2. How is organisational cultural change managed when shaping a captive SSO into a lean system?
3. To what extent is it feasible to achieve the organisational cultural change objectives of a lean system implementation?

In line with critical realism as the research philosophy, a single case study was chosen as its research strategy, conducted as a third-person inquiry given the fact that the researcher was employed by the case organisation until the end of 2012 and was responsible for establishing a lean system. A captive finance SSO of a global service company was chosen as the case organisation, with its departments and services acting as embedded cases. As to the nature of the organisation, this global service company can be categorised as a company generating revenue of 40 to 60 billion Euros per year and having a workforce of 300,000 to 500,000 employees. In general, the use of the operational model of shared services offers companies a flexible and scalable back office organisation (Rau & Helbing, 2014b) in order to foster competitiveness for themselves and their customers.

In order to unearth the generative mechanisms (like human resources [HR] policies and practices) and structures (like the SSO's set-up as cost centre) underlying the phenomena (Dobson, 2002), the different meanings people attach to the phenomenon of *captive SSO as lean system* had to be deciphered. Therefore, a multilevel study was chosen to provide the capability for discovering the underlying generative mechanisms and structures. In order to conduct such a multilevel study, purposive sampling was applied with different specifications (hierarchy and expertise level) resulting in three samples: (a) executives and managers, (b) lean implementation experts, and (c) SSC employees.

A critical realist-based mixed-methods approach (Jung et al., 2009) with a variety of data collection techniques was applied. So, primary qualitative data were collected in 15 semi structured one-to-one interviews with lean implementation experts, executives, and managers, in combination with two focus groups conducted with 15 SSC employees. Furthermore, different types of secondary data were applied to comprehensively answer the research questions, to understand the case, and for the purpose of triangulation. For the analysis of the data, a thematic analysis was applied as a qualitative method to interpret the meaning of the qualitatively collected primary data (G. Guest, MacQueen, & Namey, 2012), in which an embedded approach at service level was supportive in generating a stratified and differentiated analysis. To reveal the stratified ontology, two critical realist approaches were applied in the data analysis, namely Hurrell's (2014) view on mixed-methods research in critical realist ontology and Vincent and Wapshott's (2014) framework for interpreting the data.

Although the researcher was employed by the case organisation, the researcher's role in this case study was non-interventionist (since the researcher was not acting as a change agent) but highly interactive and collaborative.

The study contributes to theoretical and empirical knowledge. As to its contribution to theoretical knowledge, this study was original as it synthesised organisational cultural theory, shared services, and lean systems, thereby critically applying organisational cultural models in combination—like Cameron and Quinn's (1999) CVF and Martin's (1992, 2002, 2004) three perspectives of culture—as well as considering a synthesis of different relationship frameworks (Birdi et al., 2008; Harris & Ogbonna, 2001b; Ogbonna & Harris, 2000) demonstrating the link between leadership, organisational culture, and organisational performance.

By applying a critical realist worldview, this study offers a multilevel understanding of the dynamics, contradictions, and complexities when establishing a lean system. The study reveals that the implementation of lean systems is not a linear approach, as each instance and stage of culture management is unique. As to its contribution to empirical knowledge, this study created pioneering empirical evidence in the research area of the shared services industry and on lean systems applied in the service industry (like Abdi, Shavarini, & Hoseini, 2006; Piercy & Rich, 2009; Swank, 2003), thereby extending and deepening the understanding of the dynamic contradictions and complexity of lean system implementation in a captive SSO that both constrain and enable organisational change. As the present study perceives shared services as a separate service industry (Dastmalchian, Lee, & Ng, 2000; Gordon, 1991), it contributes to the discussion on cultural characteristics typical for this industry. Moreover, this study contributes to the discussion on operationalisation constraints of lean systems (Atkinson, 2004; Hanna, 2007) as well as on lean sustainability in the literature by focusing on culture (change) management (Bhasin, 2012, 2013; Bicheno & Holweg, 2009; Saurin et al., 2011). However, the approach of this study differs from the literature on lean sustainability by placing organisational culture influenced by leadership at the centre of its investigation.

In order to ensure clarity of understanding, four key terms have to be made explicit:

1. The term *lean system* is understood as a sociostructural and cultural system (Bhasin & Burcher, 2006; Hasle et al., 2012) intending to shape a (lasting) learning organisation (Alves et al., 2012; Bhasin & Burcher, 2006; Bicheno, 2008; Garvin, 1992; Hasle et al., 2012) based on continuous

improvement (Imai, 1997) and systems thinking (Seddon, 2005; Seddon & Caulkin, 2007; Zokaei et al., 2010).

2. *Lean services* demonstrate the implemented lean (services) practices as high-performing work practices in a service environment.
3. The term *leanness* in this study describes the sustainability of the implemented lean system in the case organisation measured as the level of continuous improvement culture (as continuous improvement is seen as one crucial element in sustaining lean)
4. *Cultural agency* is the exercising of the capacity to shape and influence organisational culture (e.g., policy design and implementation) rather than the role holders per se.

The present dissertation is divided into seven chapters (see Table 1).

Table 1

Structure of the Study

Chapter	Name of the chapter	Intention of the chapter
1	Introduction	To elucidate the importance of the problem, to put the study into context, and to introduce the basic components of the study.
2	Literature Review	To understand the already existing body of knowledge in the areas of interest for the study. Narrative review on organisational culture, shared service organisation, and lean system concluding in the study's conceptual framework.
3	Methodology and Methods Review	To present and critically assess the research approach used for the present study. Furthermore, the explanatory framework based on critical realism is introduced.
4	The Case	To introduce the case organisation; thereby considering the embedded cases.
5	Findings	To elucidate the three themes that emerged in the findings: (a) cultural differentiation during the shared service centre's maturity phases, (b) cultural actors' agency on organisational culture, and (c) leanness of the implemented lean system. All findings are portrayed in a lean impact framework.
6	Discussion	To discuss the findings with those of the literature. This chapter consists of six sections, discussing the three themes that emerged in the findings from different perspectives.
7	Conclusions	To conclude on several aspects: (a) the research aim and outcome, (b) the contribution to knowledge, (c) managerial application, and (d) further research.

Chapter 2: Literature Review

A narrative literature review was chosen in order to understand the already existing “body of knowledge” (Tranfield et al., 2003, p. 208) in the areas of interest for the study (see Appendix A for further information regarding the choice of methodology for the Literature Review). These topics are organisational culture, SSO, and lean system because the present study investigates the role of organisational culture when shaping an SSO into a lean system. These three areas are of particular interest for the researcher because no empirical evidence to date combining all three topics could be found in the core bibliographic database Business Source Complete (EBSCO) and the Internet page Google Scholar. Furthermore, the present study satisfies the researcher’s personal interest driven by her professional background and experiences.

2.1. Organisational Culture

The topic of organisational culture received extraordinary attention in the late 1970s, when publications appeared claiming that organisational culture is the core competency for an organisation to influence organisational performance (Zhang & Li, 2013). The increased interest in the topic among practitioners was mainly triggered by the successes of Japanese companies in those times (Martin, Frost, & O’Neill, 2004). Thus, it is not surprising that publications in the 1980s “were managerially oriented and written primarily for executive and M.B.A. audiences” (Martin et al., 2004, p. 7). In those publications, authors argued that executives could shape a strong and unified organisational culture

by articulating a set of “corporate” values, perhaps in a vision or mission statement. If those values were reinforced consistently through formal policies, informal norms, stories, rituals, and jargon, in time almost all employees would allegedly share those values. This would supposedly set up a domino effect: higher commitment, greater productivity, and ultimately, more profits. (Martin et al., 2004, p. 7)

This cultural approach was labelled “value engineering” (Martin et al., 2004, p. 7) “as most such research offers prescriptions and techniques for generating value consensus.” This approach is elucidated further in a later subsection of this chapter on the integration perspective. During the 1980s, several articles were published by scholars like Fombrun, Tichy, and Devanna (1984) in the field of human resource management (HRM) starting to link business strategy to HRM. Hence, proponents of strategic human resource management (SHRM) began to introduce the idea that an organisation needs to integrate the “external fit” (i.e., strategic view) with an “internal fit” (i.e., focus on organisational behaviour) in order to be successful (D. Guest, 2011, p. 4). Other scholars like Walton (1985) emphasised a need for a shift from organisational behaviour control to commitment. Within the same time period, Peters and Waterman (1982) identified “successful organisations that seemed to apply the ‘high commitment’ HRM principles” (D. Guest, 2011, p. 4). Overall, this was the beginning of SHRM as a philosophy that put managing culture at the centre of organisational success, following its central idea of viewing labour as an asset (Salaman, Storey, & Billsberry, 2005).

The origin of the topic of organisational culture. Although the experienced renaissance of the topic organisational culture was driven by managerially oriented publications, the topic itself can be traced back to a “less practitioner-oriented origin” (Martin et al., 2004, p. 6). Looking back to the period of 1950 to 1970, the research in the field of organisational psychology began to focus more on groups and organisations (Schein, 1990). With this increasing emphasis on work groups and entire organisations, concepts were required to describe a whole social unit based on patterns of norms and attitudes. These concepts relied on systems theory (Schein, 1990), which is also one of the underlying basic

concepts of lean systems. Due to the growth of management and business schools, the field of organisational psychology grew as well. "As concerns with understanding organizations and inter-organizational relationships grew, concepts from sociology and anthropology began to influence the field" (Schein, 1990, p. 110). Thus, most of the academic literature on organisational culture can be traced back to a few key anthropologists (Allaire & Firsirotu, 1984; Ouchi & Wilkins, 1985; Smircich, 1983).

In Allaire and Firsirotu's (1984) literature review on theories of organisational culture, multiple schools of thought in cultural anthropology are investigated to understand their diversity and complexity. In their review, Allaire and Firsirotu draw the main distinction between theorists who perceive culture as interconnected in the social or sociocultural system and theorists who perceive culture as a conceptually separate, ideational system. This is congruent with Smircich's (1983) review on concepts of culture and organisational analysis. Smircich distinguishes between the view that culture is something an organisation has, as an organisational variable (i.e., functionalist paradigm), and the view that culture is something an organisation is, as a root metaphor (i.e., interpretive view). Figure 1 reveals the multiple schools of thought in cultural anthropology, which are highly influenced by the theorist's assumption, stances, and emphases (Allaire & Firsirotu, 1984; Ouchi & Wilkins, 1985; Smircich, 1983).

As the intention of the literature review was to gain an understanding about the underlying concepts and theories that are relevant for the areas of interest, Allaire and Firsirotu's (1984) concepts of culture from anthropology are not further elucidated. However, it should be highlighted that the four existing schools of thought, which see culture as an ideational system, confirm Smircich's (1983) distinction of culture as a root metaphor, whereas the groups (synchronic and

diachronic) that perceive culture as a component of the social system concur with Smircich's distinction by viewing culture as an organisational variable (also known as functionalist paradigm). Overall, according to Allaire and Firsirotu, when studying culture, the adoption of a definition of culture implies a commitment to conceptual assumptions as well.

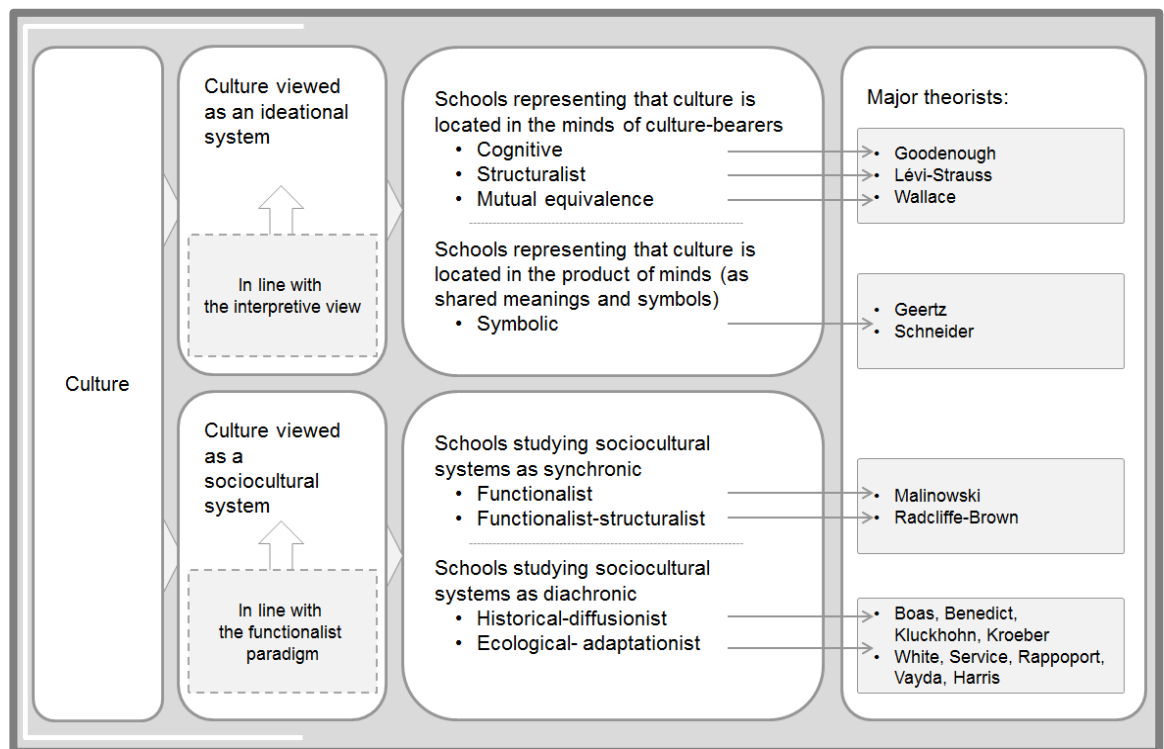


Figure 1. Concepts of culture from anthropology. Derived from “Theories of Organizational Culture,” by Y. Allaire and M. E. Firsirotu, 1984, *Organization Studies*, 5, p. 196.

The concept of culture was combined with the study of organisation (Smircich, 1983). Hence, researchers' different assumptions, stances, and emphases when viewing organisational culture influence how they perceive organisations (Smircich, 1983). Therefore Smircich (1983) argues “What we are seeing with the linking of culture and organization is the intersection of two sets of images of order: those associated with organization and those associated with culture” (p. 341).

As to the view that culture is something an organisation has (i.e., organisational variable, sociocultural system, functionalist paradigm),

organisational culture is conceived as a purposeful instrument and an adaptive mechanism (Allaire & Firsirotu, 1984; Smircich, 1983). To give one example, in the functionalist-structuralist school of thought, culture acts as an adaptive mechanism uniting individuals into social structures in an organisation that is viewed as a “system with goals, purpose, needs, in functional interaction with their environment” (Allaire & Firsirotu, 1984, p. 200). As to the view that culture is something an organisation is (i.e., root metaphor, ideational system, interpretive view), culture can be perceived as an “epistemological device to frame the study of an organisation as social phenomenon” (Smircich, 1983, p. 353), which means that language, symbols, and stories are seen as devices or auxiliary means that form meanings. Therefore, organisations are considered as “a particular form of human expression” (Smircich, 1983, p. 353). Language, symbols, myths, stories, and rituals “are not taken as cultural artefacts, but instead as generative processes that yield and shape meanings and that are fundamental to the very existence of organization” (Smircich, 1983, p. 353).

Smircich’s (1983) work can be seen as the basis for the debate whether managing organisational culture is feasible. Whereas the functionalist paradigm offers the perspective to argue that culture is amenable to manipulation, the interpretive view of culture represents a limited potential for culture management (Brook & Pioch, 2006) as long as the organisation is not in an upheaval (Martin & Meyerson, 1988).

The different perspectives of organisational culture. Examining the existing literature on organisational culture suggests that organisational culture is one of the most popular concepts in the fields of management and organisational theory (Ogbonna & Harris, 2000). However, there is still limited agreement as to how culture should be defined (Pioch & Gerhard, 2014), scoped, and

conceptualised (Jung et al., 2009). Although different organisational disciplines (like marketing, accounting, finance, and HRM) have adopted the concept of culture and applied multiple approaches in their research on organisational culture, little theoretical synthesis has unravelled the perceived conceptual entanglement (Harris & Ogbonna, 2002). Hence, the multiplicity of different perspectives on organisational culture demonstrates a kind of paradigm war. Martin et al. (2004) describes this as the king of the mountain game, where “one king or queen's temporary triumph at the top of a sand pile is rapidly superseded by the reign of another would-be monarch, until a succession of short-lived victories and a plethora of defeats leave the pile flattened” (p. 4). As the different perspectives on organisational culture are important for the discussion of the findings, they are examined in more detail below.

The integration perspective: Is the senior management the main shaper of organisational culture? As authors of publications in the 1980s argued that executives are able to shape a strong and unified organisational culture, the studies that were carried out during this period applied a value engineering view (Martin et al., 2004). These studies were written from an integration perspective and represented Smircich's (1983) functionalist paradigm on culture as a critical organisational variable. Therefore, “integration studies are characterized by a pattern of consistency of interpretations across types of cultural manifestations, organization-wide consensus, and clarity” (Martin et al., 2004 p. 8). This freedom of ambiguity occurs because senior management articulates a set of espoused values, which are assumed to generate organisation-wide value consensus (Martin, 2004). Early organisational studies applying this integration perspective (e.g., Pondy, Frost, Morgan, & Dandridge, 1983; Schein, 1986)

demonstrate that organisational culture has multiple manifestations. Martin et al. (2004) identified these as follows:

Espoused values (sometimes called content themes when enacted values are inferred from behavior); formal practices (written policies that govern organizational structures and rules); informal practices (such as unwritten norms about appropriate behavior or proper decision making procedures), stories about employees, rituals such as Christmas parties and retirement dinners, organization-specific jargon, humor, and the effects of decor, dress norms, interior design, and architecture. (p. 8)

Many researchers who embrace the integration perspective have defined culture “as the patterns of interpretation underlying these various manifestations” (Martin et al., 2004, p. 8). Thus, it is not surprising that Schein (1984) defines organisational culture as

a pattern of basic assumptions—invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration—that has worked well enough to be considered valid, and therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. (p. 9)

Although Schein (1984), as a researcher in organisational psychology, does not mention the term *organisational culture* in his definition, he implicitly refers to a culture of a group because of the organisational cultural roots in the field of organisational psychology. Schein’s (1984) definition also includes the aspects of external adaptation and internal integration. As to the external adaptation, Schein (2010) points out that organisational culture exists in a broader context of macrocultures (such as national culture and corporate culture) and subcultures (e.g., within function). As it was neither the intent of the literature review nor of the findings to study the influence of national cultures and of corporate culture on organisational culture, only a few insights are given.

As to corporate culture, it seems that the terms *corporate culture* and *organisational culture* are often applied interchangeably. Whereas corporate culture can be perceived as externally (customer and shareholder) oriented,

organisational culture can be understood as internally (employee) focused (Cornelissen, Haslam, & Balmer, 2007). This differentiation is derived from the debates about the distinction between corporate and organisational identity (Pioch & Gerhard, 2014) as shown in Cornelissen et al.'s (2007) research on social, organisational, and corporate identity with organisational identity perceived as a "system of shared meanings" (p. S3) and corporate identity as a "projected image" (p. S3). Consequently, organisational culture and corporate culture seem to be intertwined, and neither can be fully examined without understanding their interrelationship. Although the corporate cultural influence was not investigated further, organisational culture will be discussed in context, which means the macro and meso levels were analysed in order to understand the organisational culture at the micro level (Hurrell, 2014).

As to national culture, several researchers (Gerhart, 2008; Gerhart & Fang, 2005; Nelson & Gopalan, 2003) have argued that the influence of national culture on organisational culture is modest, although this view is contrary to that of other researchers (Minkov & Hofstede, 2011) claiming that national culture is a major factor. However, with regard to the influence of a specific industry on organisational culture, Gordon (1991) found out that an "organisational or corporate culture is strongly influenced by the characteristics of the industry in which the company operates" (p. 396). Therefore, the nature of a specific industry influences organisational cultures within defined parameters. This notion implies that companies in a certain industry have some common cultural characteristics typical for a specific industry, a standpoint confirmed by Dastmalchian et al. (2000).

Dastmalchian et al. (2000) investigated the impact of national culture, industry, organisational climate, and leadership on organisational culture by

applying Cameron and Quinn's (1999) CVF and by covering multiple organisations in Canada and South Korea of multiple industries (like manufacturing and finance). Dastmalchian et al. found the industry factor to be more influential than the national culture on organisational culture, and "national culture tends to have a stronger differentiating influence on organizational climate and leadership than does industry" (p. 408). As the SSO can be perceived as a specific industry (see the subsection on Cultural characteristics typical for the shared services industry), Gordon's (1991) and Dastmalchian et al.'s views were further considered in the present study. The consideration of industry specifics in organisational cultural studies and their impact on cultural change confirms Ogbonna and Harris (2002) view. After studying four international organisations of the hospitality industry located in the UK, Ogbonna and Harris (2002) stated, "Researchers [should] incorporate greater emphasis on ... macrocultural factors into their studies of organisational cultural dynamics" (p. 49).

According to Schein's (1984) definition, culture seems to be actively shaped by a group but also learned, which indicates that culture can be superseded as well (Schein, 1990). This implies that dysfunctional parts can be unlearned and substituted by new learning. Yet, organisational culture also can be taught to team members who have just joined the team or organisation, which represents a kind of socialisation effect. Schein (1990) further argues that a shared history is a prerequisite for an organisation to allow a culture to form, which is congruent with Allaire and Firsirotu's (1984) conceptual framework demonstrating the sociostructural and the cultural system in their framework (shown in Appendix B, Figure B2).

Schein's (1984) definition is the basis for his model of organisational culture, consisting of three distinct levels: artefacts, espoused values, and

underlying assumptions. Visible artefacts are observably and verbally identifiable elements in an organisation, like architecture, dress code, and offices. Artefacts are hard to decipher accurately, as they do not show what kind of meaning they have to the organisational members (Schein, 1990). Espoused values are stated values and rules of behaviour of the organisation that are represented by the organisation internally but also externally (e.g., values published on the home web page of the firm). Shared tacit assumptions can be described as the beliefs, perception, thoughts, and feelings that are deeply embedded, taken for granted, and usually unconscious (Schein, 2010).

This understanding is in agreement with Martin et al.'s (2004) view defining culture "as the patterns of interpretation underlying these various manifestations" (p. 8). According to Schein (2010), an organisational cultural change is successful when the basic underlying assumptions have been adapted to the new way of doing things. Whereas shared basic assumptions constitute the essence of culture (as described in Schein's (1984) definition above), visible artefacts and espoused values influence this ultimate source of values and beliefs, but can be articulated by the top management. Hence, Schein's (1984) definition represents the view that culture is amenable for manipulation.

However, there is still little evidence on the success of intended change programmes (Brook & Pioch, 2006). Wilkinson, Redman, Snape, and Marchington (1998) take up this issue, as they recommend enforcing behavioural compliance through rigorous target setting, which means compliant behaviour has to be incentivised.

Overall, most integration studies focus on a "value engineering" approach by "claiming that culture can be managed or that 'strong' cultures can lead to increased commitment, improved productivity and performance" (Martin et al.,

2004, p. 11). This implies that an organisation-wide cultural change can be introduced and steered by the leaders of an organisation (Meyerson & Martin, 1987). This view concurs with Schein's (1984, 1990) opinion that culture can be actively shaped and learned. As culture is tacitly defined "in terms of consistency, organization-wide consensus, and clarity" (Martin et al., 2004, p. 11), the integration perspective portrays an organisation as a monolith, based on the underlying assumption that ambiguity is excluded. This underlying assumption is driven by the understanding that all organisational members "are said to share in an organization-wide consensus" (Martin, 1992, p. 12). Consequently, the integration perspective can be pictured as harmony. The integration perspective is in line with the normative HRM perspectives claiming that "'high commitment' HRM principles" (D. Guest, 2011, p. 4) promote organisational performance without taking conflicting perspectives of employer and employees into account.

The integration perspective and the resource-based view: What is the relation between organisational culture and sustainable performance?

Considering organisational culture in the context of strategic management, the integration perspective underpins Collins and Porras's (2005) functionalist approach who argue that strong cultures are the crucial factor for a firm's financial performance. This statement addresses the resource-based view (RBV), which describes that, despite close competition in the market, competitive advantages exist due to a company's unique bundle of resources and capabilities (Barney, 1986; Peteraf, 1993; Wernerfelt, 1984). In order to sustainably perform and compete, companies' resources and capabilities have to be valuable, rare, inimitable, and not substitutable. Thus, the RBV describes not only how the competitive advantage can be achieved but also how it can be sustained over time (Eisenhardt & Martin, 2000). Organisational culture with its unique quality is thus

perceived as a powerful source of generating competitive advantages (Ogbonna & Harris, 2000). In the field of HRM, researchers have considered the RBV as well, linking SHRM to superior organisational performance with a focus on the “investment in human resources” (D. Guest, 2011, p. 5).

In the 1990s, a sizable proportion of researchers (e.g., Denison, 1990; Gordon & DiTomaso, 1992; Lim, 1995) assessed the impact of organisational culture on organisational performance resulting into different relationship models, which will be elucidated in more detail as they underpin the study’s conceptual framework.

Yet, as Ogbonna and Harris (2000) stated, “Overall, the literature on organizational culture is rich and diverse” (p. 770). Thus, they conducted several empirical research studies on the influencing factors of organisational performance (like SHRM, organisational culture, and leadership) in a sizable portion of organisations of multiple UK-located industries (see Harris & Ogbonna, 2001a, 2001b; Ogbonna & Harris, 2000). In one of their empirical research studies, Harris and Ogbonna (2001b) combined the previously separately viewed relationships of SHRM and organisational performance and of market orientation and organisational performance to investigate the link between SHRM, external-oriented culture, and organisational performance. Harris and Ogbonna (2001b) found both external-oriented culture (organisational culture with a market orientation) and SHRM to improve organisational performance, but SHRM to be only indirectly linked with organisational performance. This means that SHRM is directly associated with the external-oriented culture, which, in turn, has a direct influence on organisational performance.

Harris and Ogbonna’s (2001b) empirical outcome is congruent with findings of Birdi et al. (2008), who provided empirical evidence on the impact of dedicated

HRM practices (such as empowerment¹, training, and teamwork²) and operations management practices (such as total quality management [TQM] and lean production) on organisational performance. In their longitudinal case study of various manufacturing companies located in the UK, they found that empowerment and training in particular promoted organisational performance, whereas teamwork enhanced the effects. Thus, the applied HRM practices support the RBV (Birdi et al., 2008). Although Birdi et al. do not consider organisational culture, they admit, “Organizational culture or effective leadership can lead to both higher organizational performance and HRM practice in use” (p. 492). Furthermore, Birdi et al. provided empirical evidence that lean production, understood as an operations management practice encompassing dedicated HRM practices, also impacts organisational performance. They further argued that other operations management practices like TQM do not support the RBV, as they can be easily imitated by competitors due to their lack of SHRM practices (Birdi et al., 2008). This argument confirms R. Thomas, Marosszeky, Karim, Davis, and McGeorge’s (2002) statement that TQM can be viewed as the predecessor of lean production. Consequently, an implied assumption is that lean production understood as SHRM practices supports the RBV (Barney, 1986; Barney, Wright, & Ketchen, 2001).

A leader in the integration perspective is perceived as the main shaper of the organisational culture (Schein, 1992). Therefore, Ogbonna and Harris (2000)

¹ Empowerment to be understood as “passing considerable responsibility for operational management to individuals or teams (rather than keeping all decision-making at the managerial level)” (Birdi et al., 2008, p. 480).

² Teamwork to be understood as “placing employees into teams with their own responsibilities and giving them the freedom [autonomy] to allocate work among team members (rather than having everyone work as individual)” (Birdi et al., 2008, p. 480).

also investigated the linkage between leadership, organisational culture, and organisational performance. Their empirical study applied a more refined understanding of the influencing factors of leadership and organisational culture, since Ogbonna and Harris (2000) used Burns's (as cited in Bass, 1999) leadership styles of transformational and transactional leaders as well as Cameron and Quinn's (1999) CVF. Assuming that leadership style has an impact on the HRM practices in use and thus on the effectiveness of the HRM implementation, their study emphasises a specific perspective on SHRM. Considering that the CVF includes the external-oriented culture, which has been researched by Harris and Ogbonna (2001a, 2001b) as well, the application of the CVF offers an enhanced and specific perspective on organisational culture, which was also appropriate for the present study. Ogbonna and Harris (2000) found that leadership style is indirectly associated with performance because the leadership style influences the organisational culture, which, in turn, has an impact on organisational performance. This outcome corroborates the assumption that leadership can be viewed as a specific style of SHRM. Harris and Ogbonna (2001b) concluded that the "development of market orientation is partially dependent on the appropriate strategic management of the human resource facilitating the development of an appropriate organizational culture" (p. 164). Considering that the leader is perceived as the main shaper of the organisational culture (Schein, 1992), Ogbonna and Harris' (2000) empirical evidence showed that only the transformational leadership style (described as supportive and participative) has a positive impact on external-oriented organisational cultural types like market (external-oriented culture with focus on competition) and adhocracy (external-oriented culture with focus on innovation). Furthermore, only these external-oriented organisational cultures have a strong and positive impact on

organisational performance. Hence, according to Ogbonna and Harris (2000), “Innovative and competitive cultures account for nearly a quarter of the variance in organizational performance” (p. 782).

Schimmoeller (2010) also studied the relationships between leadership styles and organisational culture by applying Cameron and Quinn’s (1999) CVP and Burns’s (as cited in Bass, 1999) leadership styles and conducting an exploratory survey in various companies of multiple industries in different countries. Schimmoeller found “a significant positive correlation between both transformational and transactional leaders in both clan and adhocracy [innovative] cultures” (p. 136), which are both flexibility-oriented cultures. However, transformational leaders were not found in hierarchy cultures as control-oriented culture. Synthesising Schimmoeller’s and Ogbonna and Harris’s (2000) findings leads to the conclusion that transformational leaders in adhocracy cultures have an indirect positive impact on organisational performance. Ogbonna and Harris’s (2000) as well as Schimmoeller’s findings corroborate Barney’s (1986) RBV on organisational culture as a source of sustainable competitive advantage as long as the culture is adaptable to external contingencies.

Despite the empirical evidence that SHRM and a specific leadership style is associated with organisational culture (in particular external-oriented culture), which positively impacts organisational performance, it cannot be taken for granted that a high-performance organisation has a committed workforce. Cushen and Thompson (2012) empirically researched in a high-technology organisation the effects of (normative) HRM practices on the commitment of employees in a high-performance company. As organisational culture (i.e., the group perspective) is the focus of the present study, commitment (i.e., the individual perspective) was

not further investigated. Therefore, Cushen and Thompson's findings were not further considered.

As to how organisational culture can be managed, Ogbonna and Harris's (2000) findings imply that managing culture requires focus on leadership style. Although Schein (2010) highlights that leadership and organisational culture are fundamentally interdependent, it has to be concluded that the focus of a company should be on the promotion of transformational leaders in order to shape an external-oriented organisational culture, which promotes organisational performance. Therefore, Ogbonna and Harris (2000) suggest working on changing the leadership style rather than on the management of culture, as a change in leadership style appears to be easier to achieve. This suggestion is congruent with McGregor's theory X (as cited in R. Thomas et al., 2002) arguing that beliefs and attitude inadvertently can affect others' behaviour. A particular focus on executive behaviour is set by Hammer and Champy (1993, as cited in Detert, Schroeder, & Mauriel, 2000) who state that executives are responsible to foresee any cultural change issues and even have to manage any obstacles. Figure 2 reveals the different relationship frameworks as described above, which were further considered for the present study.

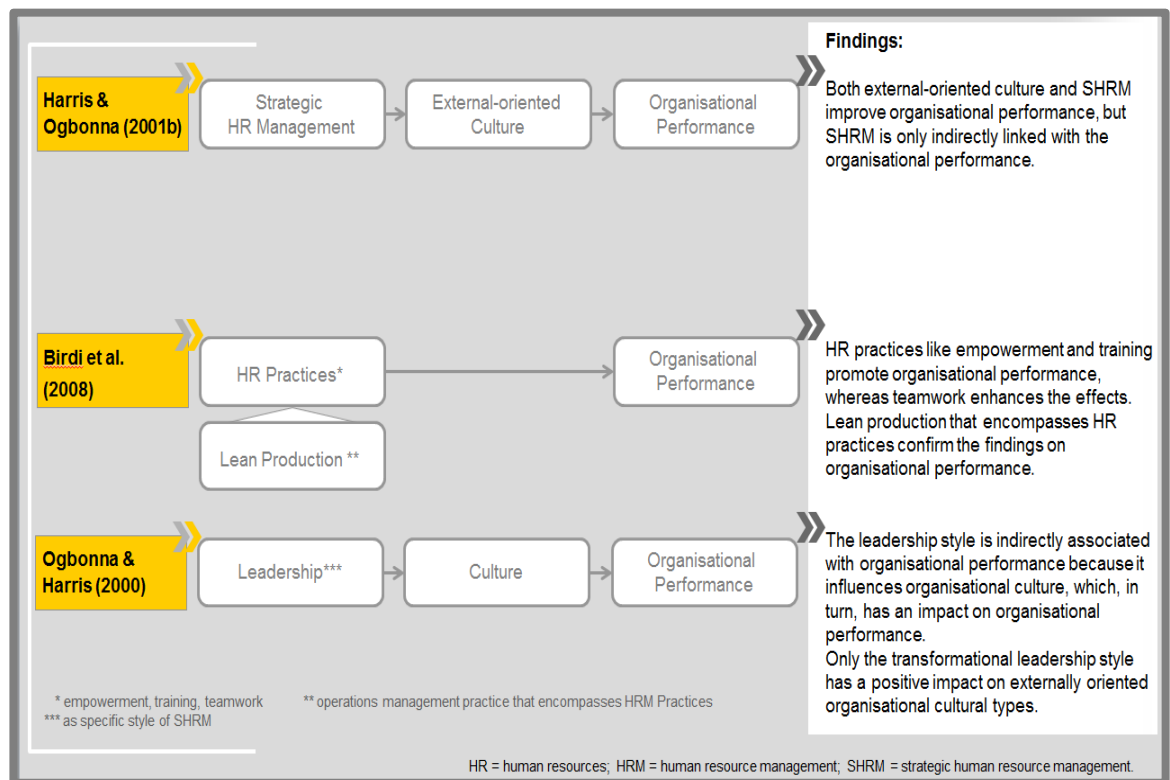


Figure 2. The different relationship frameworks. Sources: “The Impact of Human Resource and Operational Management Practices on Company Productivity: A Longitudinal Study,” by K. Birdi et al., 2008, *Personnel Psychology*, 61, 467–501; “Strategic Human Resource Management, Market Orientation, and Organizational Performance,” by L. C. Harris and E. Ogbonna, 2001b, *Journal of Business Research*, 51, 157–166; “Leadership Style, Organizational Culture and Performance: Empirical Evidence From UK Companies,” by E. Ogbonna and L. C. Harris, 2000, *International Journal of Human Resource Management*, 11, 766–788.

The differentiation perspective: Is culture homogeneous? More or less

at the same time when the integration research began to emerge, another group of researchers started to investigate organisational culture. This second group’s emphasis was on the depth of understanding and on the material manifestations of culture and was labelled the differentiation perspective (Martin et al., 2004).

Differentiation studies are “sensitive to inconsistencies between stated attitudes and actual behavior, between formal practices and informal norms, between one story and another, and—most important—between the interpretations of one group and another” (Martin et al., 2004, p. 13). Thus, it is not surprising that

differentiation studies tend to consider more the environment and in particular its influence on the organisational cultures (Martin, 2004).

Differentiation research acknowledges the existence of subcultures within an organisation. Subcultures represent cultural groupings in the whole organisation and can be determined by those groupings (Martin et al., 2004). As cultural change occurs within one or more subcultures, changes can be characterised as being incremental, whereas innovations are mainly driven by the environmental pressures on the organisation (Martin, 2004; Meyerson & Martin, 1987). As there is an implied assumption that the environment is segmented, the different subcultures within the same organisation may perceive change in different ways (Martin et al., 2004). When managing cultural change, a predictable and organisation-wide control is viewed as unlikely to achieve (Meyerson & Martin, 1987).

Overall, from the differentiation perspective (Martin, 1992) organisations are a collection of “overlapping, nested organizational subcultures” (p. 83), represented horizontally in functions and occupations or vertically in hierarchies. These subcultures coexist in relationships of intergroup harmony, conflict, or indifference. Although organisation-wide inconsistency exists between the different subcultures, consensus occurs within subcultural boundaries. Thus, any ambiguity is channelled outside the subculture. Like the integration perspective, the differentiation perspective represents Smircich’s (1983) view on culture as a crucial organisational variable.

The fragmentation perspective: Can culture be managed at all?

Whereas the integration perspective portrays organisational culture as a harmony by “banning ambiguity from the cultural stage,” and the differentiation perspective applies the picture of conflict by “relegating ambiguity to the interstices between

subcultures” (Martin, 2004, p. 10), a third perspective joined the king of the mountain game. This third perspective was labelled the fragmentation perspective (Martin, 1992; Meyerson & Martin, 1987). The fragmentation perspective allows multiple interpretations of the manifestations of a culture. Therefore a “lack of consistency, lack of consensus, and ambiguity are the hallmarks of a Fragmentation view of culture” (Martin et al., 2004, p. 16). Considering that consensus is neither organisation-wide nor specific to a given subculture, “consensus among individuals is transient and issue-specific, producing short-lived affinities that are quickly replaced by a different pattern of affinities, as a new issue draws the attention of a different subset of cultural members” (Martin et al., 2004, p. 16). Hence, the power to influence and shape culture is dispersed at all levels of hierarchy and across the organisation, which means across all organisational members independent of their hierarchical level. The fragmentation perspective views ambiguity as the essence of culture in organisations (Martin, 2004). From the fragmentation perspective, culture looks “like a room full of spider webs, constantly being destroyed and rewoven” (Martin, 2004, p. 10). This indicates that culture has no stable state or specific point of origin.

As change is mainly triggered by the environment and in a constant flux, fragmentation studies offer only a few guidelines for the active control of the change process (Martin, 2004). Furthermore, managing cultural change appears to be difficult, if not unfeasible, because all organisational members “constantly change and are changed by the cultures they live in” (Meyerson & Martin, 1987, p. 642). Although there are views that culture cannot be managed at all (see, for example, Gagliardi, 1986), White, Browning, and Bajer’s (2014) case study demonstrates that cultural change is feasible. This outcome is in line with Harris and Ogbonna’s (2000) case study results on the reaction of employees to cultural

change. Harris and Ogbonna's (2000) research, conducted in two UK retailing organisations, highlights that "in some circumstances, modifications to employee values are possible, albeit difficult and unpredictable" (p. 333). Harris and Ogbonna's (2000) study supports Martin et al.'s view that multiple interpretations of the manifestations of a culture exist because employees of the same organisation can perceive the organisational culture differently. This view implies that cultural change is difficult but feasible with intense involvement of the different organisational members and understanding of their different views.

However, evidence on intended cultural change programmes is still limited (Brook & Pioch, 2006). Based on the description of the fragmentation perspective above, this perspective represents Smircich's (1983) view on culture as a root metaphor, which implies a limited potential for culture management (Brook & Pioch, 2006). When applying the fragmentation perspective, one should be sceptical about the assumption that "culture (or subculture) is defined by strongly shared values, singular clear interpretations, and a coherent, predictable set of norms and behaviors" (Martin et al., 2004, p. 18). Thus, ambiguity needs to be acknowledged in order to avoid creating an "oversimplified, clearly outlined, cartoonish portrait of a culture that fails to capture the complexity, flux, and contradictions that characterize life in contemporary organizations" (Martin et al., 2004, p. 18).

The three-perspective theory of culture. The king of the mountain game was in full swing when researchers were claiming intellectual dominance of their own standpoints. However, the next move happened when bringing the different perspectives under a single framework, conceptualised as complementary parts of a metatheory. According to Martin (1992, 2002, 2004), any organisational culture consists of components confirming all three perspectives. Following Martin's

(1992, 2002, 2004) view, elements of all three perspectives become visible if an organisation is investigated in depth. However, researchers usually have a home perspective, which makes it easy for them to access a specific perspective (Martin, 1992). Nevertheless, Martin (2002) suggests studying organisational culture from all three perspectives because a broader and deeper understanding emerges. As the three-perspective framework can be viewed as a metatheory, it can be conceived as a “lens for seeing cultures in their complexity” (Martin et al., 2004, p. 32). Figure 3 displays the three perspectives as described above.

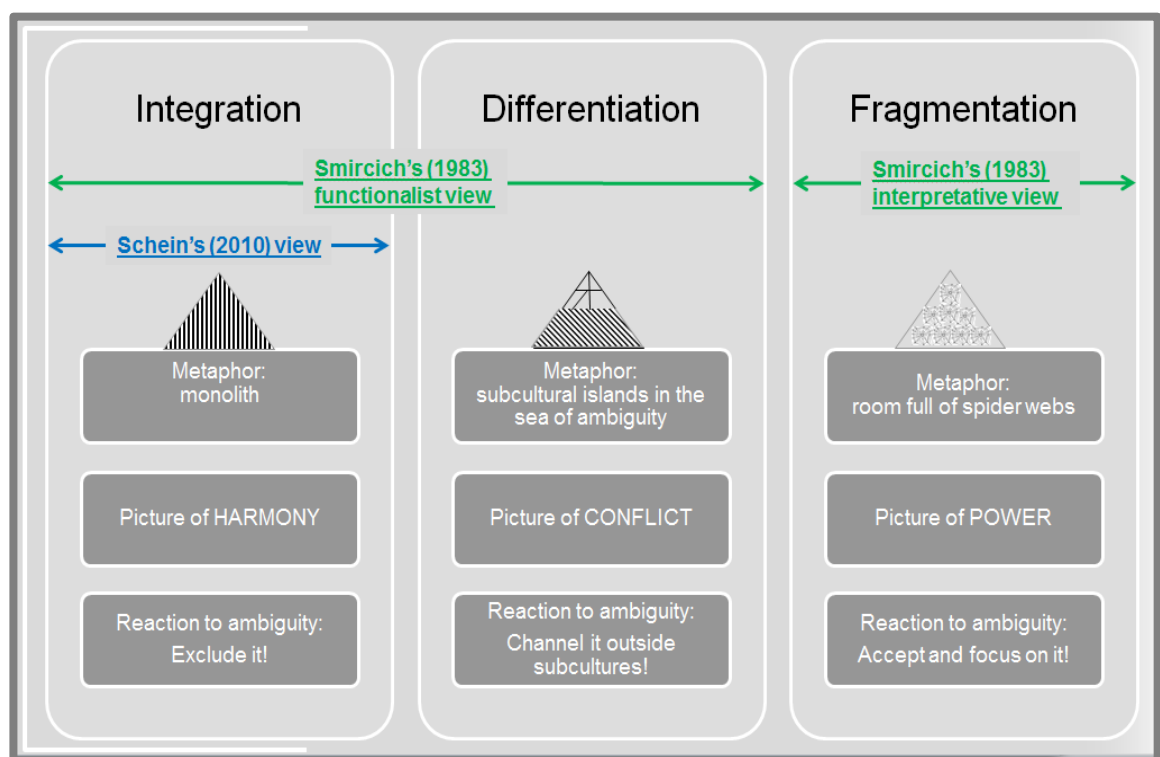


Figure 3. The three-perspective theory of culture. Sources: Cultures in Organizations: Three Perspectives, by J. Martin, 1992, New York, NY: Oxford University Press, p. 13; Organizational Culture: Mapping the Terrain, by J. Martin, 2002, Thousand Oaks, CA: SAGE, p. 146; “Cultural Change: An Integration of Three Different Views,” by D. Meyerson and J. Martin, 1987, Journal of Management Studies, 24, p. 633; Organizational Culture and Leadership (4th ed.), by E. H. Schein, 2010, San Francisco, CA: Jossey-Bass; “Concepts of Culture and Organizational Analysis,” by L. Smircich, 1983, Administrative Science Quarterly, 28, 339–358.

Martin’s (1992, 2002, 2004) three-perspective theory of culture was further developed by Harris and Ogbonna (1998) and Ogbonna and Harris (2002) when they found the prevalence of a perspective is directly associated with the

hierarchical position of an organisation's member, an aspect that was considered in this study as well. Whereas employees prefer the fragmentation perspective, managers experience culture from an integration perspective or even from a differentiation perspective, if they "have to bridge different elements of an organisation" (Brook & Pioch, 2006, p. 103).

Assessment of organisational culture. Although the metatheory created a realignment in the king of the mountain game (Martin et al., 2004), another debate started on how the concept of organisational culture should be explored and assessed (Jung et al., 2009). This debate is reflected in the multiple nature and characteristics of the identified instruments, which offer dimensional, typological, quantitative, and qualitative approaches, as well as several combinations of them (Jung et al., 2009). Approximately 70 instruments for exploring and assessing organisational culture could be identified (Jung et al., 2009). Whereas the dimensional approaches offer the advantage of focusing on predefined cultural variables of particular interest (e.g. innovation, job satisfaction), the typological approaches apply predefined types of organisational culture (Jung et al., 2009). As the focus of this study is not on specific cultural variables, but rather on organisational culture overall, for investigation a typological approach was used. As Cameron and Quinn's (1999) CVF is viewed as "one of the most influential and extensively used model in the area of organizational culture research" (Yu & Wu, 2009, p. 37) and was also applied in this study, the CVF is explained in detail.

The CVF can be traced back to R. Quinn and Rohrbaugh (1983), who investigated indicators of organisational effectiveness. In their study of managerial effectiveness criteria, R. Quinn and Rohrbaugh devised two main underlying value dimensions, control versus flexibility and internal focus versus external focus (see

Figure 4), which classify four models. Each model contains “a different set of effectiveness criteria” (Yu & Wu, 2009, p.38). R. Quinn and Rohrbaugh termed the four models as the human relations model, open system model, rational goal model, and internal process model. Later, Cameron and Quinn (2006) called these four models the four organisational cultural types: clan, or human relations model; adhocracy, or open system model; market, or rational goal model; and hierarchy, or internal process model (see Figure 4). In the present study, the nomenclature introduced by Cameron and Quinn (2006) is used.

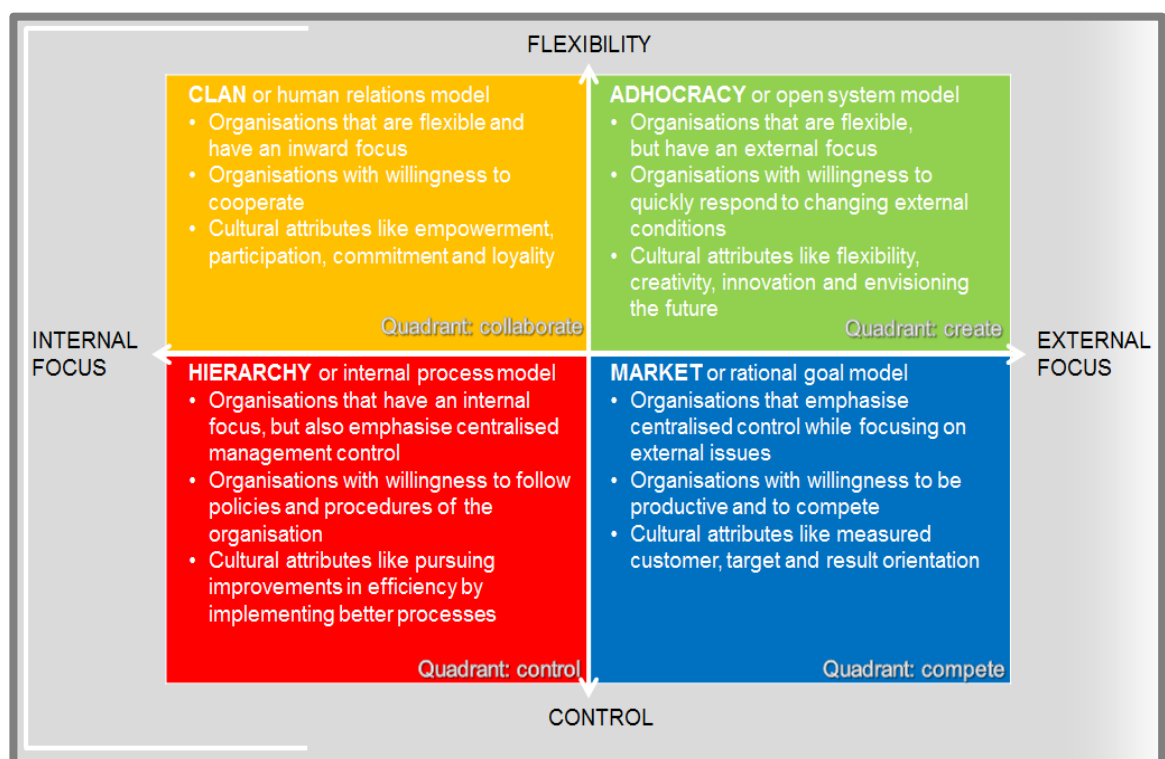


Figure 4. Competing values framework. Derived from *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework*, by K. S. Cameron and R. E. Quinn, 1999, Reading, MA: Addison-Wesley.

According to Büschgens, Bausch, and Balkin (2013), “Organizations’ value systems generally cannot be classified distinctly in one quadrant” (p. 767). This confirms R. Quinn, Hildebrandt, Rogers, and Thompson’s (1991) view that the CVF “portrays [the four cultural types] as mutually existing in real systems” (p. 217). This is also congruent with Zhang and Li’s (2013) opinion that any company

has a combination of these four cultural types, but with different intensities. As a result, cultural types are not viewed as alternatives.

However, Büschgens et al. argue that organisations show emphasis “on one or two” of the quadrants (p. 767), as the four quadrants represent competing values (hierarchy vs. adhocracy and clan vs. market). “Each quadrant is competing with, or is contradictory to, the quadrant of the diagonal” (Dastmalchian et al., 2000, p. 391). Cameron, Quinn, DeGraff, and Thakor (2005) highlight that due to lean production, the competing cultural types can be strengthened at the same time; “Toyota is one the few companies that has demonstrated an ability to pursue several directions simultaneously” (p.32). This interesting finding was considered in the present study when analysing the organisational culture of the case SSO.

According to Lincoln (2010), “One culture is not necessarily better than the others. The proper culture for each organization depends on the organization’s industry and strategy” (p. 5). Moreover, R. Quinn and Cameron’s (1983) longitudinal case study shows evidence on changes in the emphasis on the competing value quadrants over the organisation’s life cycle of an organisation (see also Cameron, Quinn, DeGraff, & Thakor, 2006). This demonstrates “the potential of the model in diagnosing and predicting organizational cultural change” (Yu & Wu, 2009, p. 39).

The CVF has been applied in research not only to generate an enhanced and specific perspective on organisational culture (like Harris & Ogbonna, 2001a, 2001b) but also to investigate the influence of national culture, industry, organisational climate, and leadership on organisational culture (like Dastmalchian et al., 2000) and also to study the impact of organisational culture on organisational change initiatives, as mentioned by Yu and Wu (2009). “For

example, many published studies that deal with the implementation of total quality management (TQM) almost exclusively acknowledge the importance of cultural factors on the success or failure of the venture” (Yu & Wu, 2009, pp. 39–40). One of these examples is Detert et al.’s (2000) synthesis research on organisational culture and TQM, thereby creating a framework to link organisational culture and organisational change initiatives like TQM. Detert et al.’s research shows that TQM fosters to a certain extent all four cultural types as well.

Although the CVF is used as quantitative model for research on organisational culture (Kwan & Walker, as cited in Yu & Wu, 2009), it was qualitatively applied in this study as a reference model to determine the organisational culture impacted by a lean system implementation. The Western origin of CVF is not an issue for the present study, as the phenomenon was investigated in a European SSO or SSC, although the CVF has already been applied in an Asian context as well (Büschgens et al., 2013; Yu & Wu, 2009).

As to quantitative approaches, most researchers use self-report questionnaires when exploring organisational culture (Jung et al., 2009; Martin et al., 2004). However, “organisational culture studies have traditionally adopted a qualitative research paradigm, in contrast to a quantitative paradigm that favours empirical ‘facts’” (Jung et al., 2009, p. 1092). This is in line with Schein (1990), who argues that interviews are supposed to be useful to get an understanding of how people think and feel, whereas questionnaires and survey instruments are less useful due to their predefined dimensions. Although qualitative culture researchers are not in agreement on the importance of in-depth understanding of cultural manifestations (Martin et al., 2004), the implied advantage of a qualitative research is the ability to identify structures through the patterns shown by individual behaviour (Morey & Morey, as cited in Jung et al., 2009). As both

approaches exhibit strengths and weaknesses, Jung et al. (2009) suggest combining them as a mixed-methods research approach, which was applied for the present study as well.

Implication for the present study. When reflecting on the king of the mountain game, it can be concluded that organisational culture management is and is likely to remain a controversial and complex field. However, the topic of organisational culture offers flexibility for researchers on how to explore it.

Therefore, the present study views organisational culture from three different perspectives (Martin, 1992, 2002, 2004). As a consequence, the integration, differentiation, and fragmentation perspective was considered in the discussion of the findings. This was driven by four aspects discussed in the previous sections:

1. A multilevel study that includes different views from all hierarchy and expertise levels provides the opportunity to understand the phenomenon from different angles (D. Guest, 2011; Harris & Ogbonna, 2000, 2002). This is also in line with the researcher's commitment as a critical realist "to a stratified and differentiated social ontology" (Reed, 2009, p. 431).
2. It was assumed that each interviewed organisational member would share his or her home perspective on the organisational cultural manifestations (Martin, 1992), which is most likely within the individual's hierarchical position (Harris & Ogbonna, 1998; Ogbonna & Harris, 2002). Hence, the adoption of a three-perspective view appeared to be essential in order to comprehensively collect all these different perspectives. This approach underpins the researcher's preference for an "intensive, rather than extensive, research strategy, and design" and "its engagement in retroductive analysis" (Reed, 2009, p. 431).

3. An SSO needs to be considered in the environment in which it is embedded, suggesting that an SSO or SSC may be a nested culture itself. Thus, Hurrell's (2014) approach of conducting "multiple levels of analysis" (p. 241) was applied (elucidated further in the chapter Methodology and Methods) in order to help the researcher to understand the phenomenon in a context in which "certain mechanisms may or may not operate" (p. 263).
4. Focusing only on one dimension would imply a reduction of the study's explanatory power, which would not be in line with the researcher's "commitment to the concept of explanatory critique" (Reed, 2009, p. 431).

Overall, following Martin's (1992, 2002, 2004) suggestion to study culture from all three perspectives seemed to be advisable as the intention of the study was to get a broad and deep understanding of the organisational culture of the SSO or SSC.

As the SSO is a particular area of interest for this study, Gordon's (1991) and Dastmalchian et al.'s (2000) views were taken forward to discuss if the SSO or SSC culture has common cultural characteristics typical for the shared services industry. Thus, the present study followed Ogbonna and Harris's (2002) recommendation to incorporate industry specifics in organisational cultural studies. Other macrocultures like the influence of the national culture and the corporate culture on organisational culture were not taken forward.

The researcher takes the stance that cultural change itself is feasible but difficult and requires a focus on the perception of all organisational members (Hammer & Champy, 1993, as cited in Detert, et al., 2000; Harris & Ogbonna, 2000, 2002; Martínez-Jurado, Moyano-Fuentes, & Jerez Gómez, 2013; R. Thomas et al., 2002; White et al., 2014). Hence, placing the perception of the organisational members at the centre appeared to be crucial but was only

considered during the data collection process, and not as an impact analysis on individuals. This means that aspects like commitment (Cushen & Thompson, 2012) were not investigated.

Assuming that shaping an SSO into a lean system is a cultural change and knowing that there is little evidence on the success of intended change programmes (Brook & Pioch, 2006), the study further discusses if the change was successful by considering Schein's (2009) three levels of culture. Also Wilkinson et al.'s (1998) opinion that for behavioural compliance a rigour target setting is required was taken forward when analysing the data.

Moreover, different relationship frameworks (Birdi et al., 2008; Harris & Ogbonna, 2001b; Ogbonna & Harris, 2000; see Figure 2) were considered in order to build the conceptual framework for this present study. These relationship frameworks provide a reference for reflection when shaping an SSO into a lean system (see Figure 2). Hence, the implied assumptions are that lean production / services understood as SHRM practices (Birdi et al., 2008) supports the RBV (Barney, 1986; D. Guest, 2011; Lucas & Curtis, 2006) and that leadership can be viewed as a specific style of SHRM (Harris & Ogbonna, 2001b; Ogbonna & Harris, 2000).

As to the assessment of organisational culture, Cameron and Quinn's (1999) CVF was considered as it was demonstrated to work in the context of Ogbonna and Harris's (2000) relationship framework and is seen as a prominent model for organisational culture research (Yu & Wu, 2009). Therefore Cameron and Quinn's (1999) CVF was applied as reference model to qualitatively investigate the organisational culture and its evolution over the organisation's life cycle (Cameron et al., 2006; Lincoln, 2010; Zhang & Li, 2013). In particular, the impact of lean on the CVF (Büschgens et al., 2013; Cameron et al., 2005; Detert

et al., 2000) was of interest for the present study. Finally, Jung et al.'s (2009) recommendation to use a mixed-method approach influenced the choice of the applied methodology.

2.2. Shared Services and Organisational Culture

The concept of shared services. Shared services can be traced back to the early 1990s when large, decentralised companies started to think about opportunities to reduce their administrative costs, which are in general labour cost intensive (Rau & Helbing, 2014a, 2014b). Thus, they centralised administrative functions (e.g., transactional processes like accounts payable) that were previously performed as non-core activities in separate business units into a dedicated internal unit, which sells the service back to the business units (Min, 2008). From a shared services perspective, these business units act as internal customers and are assumed to focus on their core competencies (Minnaar & Vosselman, 2011; Rothwell, Herbert, & Seal, 2011). Howcroft and Richardson (2012) conducted field research in multiple (partially multifunctional) but mainly captive SSCs of companies that belong to various industries. Howcroft and Richardson state that shared services can be viewed as a “reorientation within companies from departments to functions and from jobs to roles whereby similar tasks are identified, standardized and brought together in centres dedicated to back office activities” (p. 113).

A sizable portion of the literature (Davis, 2005; B. Quinn, Cooke, & Kris, 2000; Ulbrich, 2003) demonstrates that the shared services concept was developed and introduced in the United States, first in the finance function of organisations (Maatman, Bondarouk, & Looise, 2010; Miskon et al., 2009). During the 1990s, the concept was applied to other business functions like information technology, procurement, and HRM (Reilly, 2000; Strikwerda, 2006; Ulrich,

Younger, & Brockbank, 2008). According to a survey of 270 practitioners in the management field of shared services (Deloitte Consulting, 2011), the finance function continues to be the process area most often moved into shared services, whereas finance and HR are the most commonly paired function areas in an SSO.

Shared services have become increasingly popular (Miskon et al., 2009). In 2010, 28 of the 30 companies listed on the DAX German stock index had shared service organisations (SSOs) with one or more shared service centres (SSCs) in different locations worldwide (“Shared-Service-Center”, 2010). Despite its worldwide presence, it has to be stressed that there has been limited academic discussion and hardly any in-depth studies on shared services (Howcroft & Richardson, 2012; Schulz & Brenner, 2010). This lack of empirical evidence may be a consequence of the aspect that shared services are viewed as “a concept from practice that gets more attention from scientists during the last years” (Schulz & Brenner, 2010, p. 217).

Furthermore, based on Schulz and Brenner’s (2010) literature review on characteristics of SSCs, there are multiple definitions of the term SSC. According to Bangemann’s (2005) definition,

A shared service organization (SSO) is an internal service organization, and consists of one or many shared service centres (SSCs). A shared services centre (SSC) is a unit with consolidated, dedicated resources; provides process or knowledge-based services to several corporate entities; operates as a business within corporate structure; focuses on (internal) customers and uses contractual arrangements (service level agreements or SLAs) with its customers to define the service level. (p. 19)

Overall, according to the most common understanding in the literature (Schulz & Brenner, 2010), shared services can be characterised in general as

an organisational concept that consolidates processes within the group in order to reduce redundancies; delivers support processes as its core competency; has cost cutting as a major driver for implementation; has a clear focus on internal customers; is aligned with external competitors; is a separate organizational unit within the group; and is operated like a business. (p. 217)

In-house shared services versus outsourcing. Schulz and Brenner's (2010) characteristics are important in order to differentiate shared services as a captive from alternative back-office solutions like outsourcing. In agreement with Howcroft and Richardson's (2012) view, shared services can be conceived as a "particular kind of sourcing arrangement" (p. 113) and comprise a variety of types. Whereas a captive SSO acts as a business within a business (Lacity, Willcocks, & Rottman, 2008) and as a semiautonomous unit, independent but still embedded within the firm (Rau & Helbing, 2014b), outsourcing engages an external provider as a third-party that offers shared services to the market (Howcroft & Richardson, 2012). Although a captive SSO is treated as an internal service provider, it is assumed to align itself with the external environment by, for example, benchmarking prices and service offering (Schulz & Brenner, 2010). This is of particular importance when there is an obligation to contract the captive SSC within the company (Stern Stewart Institute, 2013) and appears to be even more important if such an obligation or mandate does not exist. As a consequence of this premise, captive SSOs should compete with external providers and should perform at levels equal to or better than others (Goh et al., 2007; Stern Stewart Institute, 2013). Thus, captive SSOs are actually in direct competition with external shared services partners that offer their services as an outsourcing solution to multiple companies. To what extent are captive shared services capable of delivering a performance equal to or better than that of external services? Since each of these external providers acts as an "outside party who is specialized in providing this type of support" (Bangemann, 2005, p. 230) to multiple companies, external providers seem to create more synergy effects than a captive provider can generate. This notion rests on the restrictions of the captive shared services' market, which is confined to the limited volumes of their internal business units.

In general, captive SSCs are set up as cost centres and “operations, with defined, measurable outputs” (Strikwerda, 2006, p. 2). They fully charge their “costs on basis of a transfer price system” to the business units based on the aligned SLAs (Strikwerda, 2006, p. 2). As to the set-up of the SLAs, contracts with external providers incentivise good performance through bonus payments or penalties, whereas such an alignment is rather difficult within an internal customer–supplier relationship (Sako, 2010). This represents another unequal condition for captive SSCs besides the restricted market opportunities and the not always existing mandate or obligation.

Despite limited empirical evidence, the value of a captive SSO may not lie in the price or charges and cost efficiencies as much as in its proximity to the internal customers, its knowledge about their business, and its continuous pursuit of improvement³. Each aspect may be perceived as a differentiation factor distinguishing the captive SSO from an external provider, which may have a positive impact on quality rather than only on costs. With lean system, the aspect of continuous improvement is expected to continue, and thus the continuous pursuit of improvement was of particular interest for the present study.

Reason for implementing shared services. The principal reason for implementing an SSO is the reduction in administrative costs, followed by improvements of services and quality as well as accuracy and timeliness (Bangemann, 2005; Minnaar & Vosselman, 2011). Ideally, companies that implement shared services enjoy significant cost savings by standardising procedures and by creating economies of scale (Deloitte Consulting, 2011). Performing a function in one location usually requires less investment in

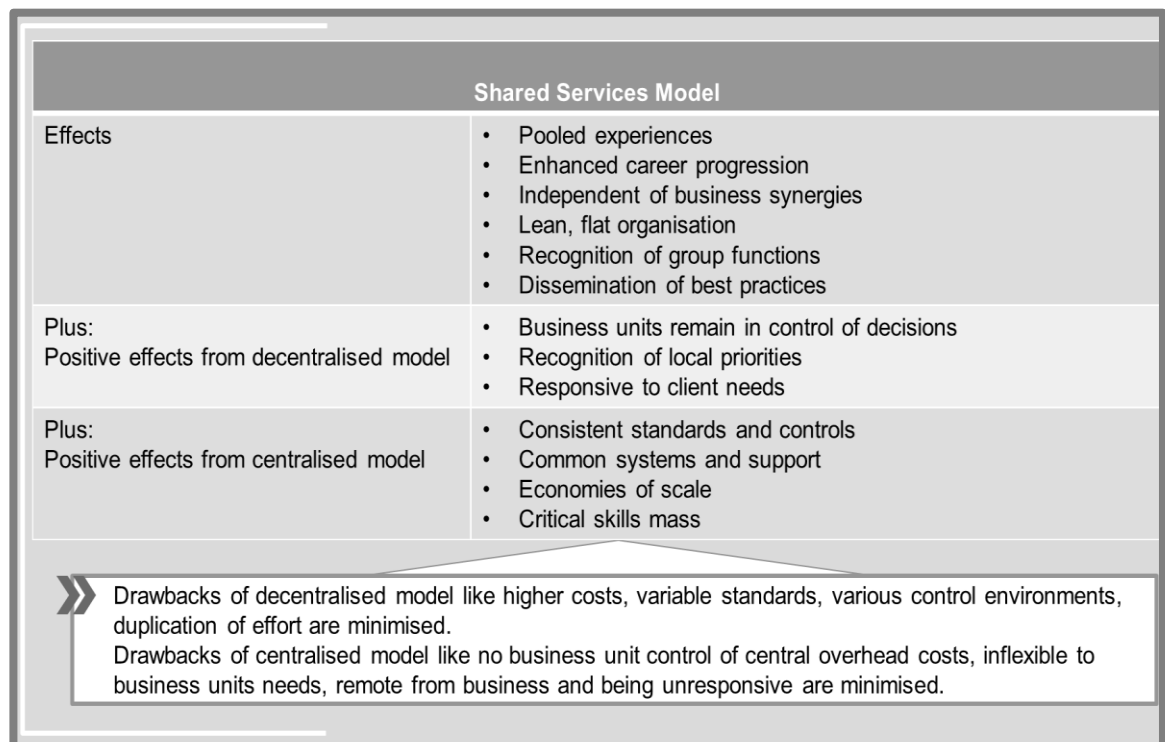
³ Continuous pursuit of improvement is synonymous with continuous improvement which describes the “relentless drive for improvement” (Atkinson, 2004, p. 18).

technology and office space and saves up to 30% of resources (employees) when compared to performing the function in multiple locations (Bangemann, 2005; Strikwerda, 2006). Overall, shared services can be viewed as a proven platform for improving service delivery and reducing costs (Deloitte Consulting, 2011; Rau & Helbing, 2014a).

As already mentioned above, the concept of shared services (either via a captive or external provider) has become increasingly popular (Miskon et al., 2009). This leads to the underlying assumption of this present study that shared services can be perceived as an already separate service industry. This assumption can be underscored by the rapidly growing market of global business process outsourcing in the last few years (Everest Group, 2015).

Furthermore, due to the constant challenge to compete effectively (Withers et al., 2010), shared service providers are supposed to find ways to improve their organisational performance by increasing their customers' satisfaction while simultaneously managing their business at (increasingly) lower costs (Miskon et al., 2009). As already mentioned, the present study takes the stance that a captive SSO can do so by focusing simultaneously on proximity to the internal customers, knowledge about their business, and continuous pursuit of improvement.

Advantages and disadvantages of shared services. Various authors (Schulman, Dunleavy, Harmer, & Lusk, 1999) have emphasised that the shared services concept is assumed to combine the best effects of centralised and decentralised organisational models, while minimising the drawbacks of both. See Figure 5.



*Figure 5. Advantages and disadvantages of centralisation and decentralisation. Derived from “Conceptualising the Capabilities and Value Creation of HRM Shared Service Models,” by M. Maatman, T. Bondarouk, and J. K. Looise, 2010, *Human Resource Management Review*, 20, 327–339.*

However, Strikwerda (2006) noted several complaints about the concept of shared services, namely regarding the “loss of control” (p. 5) over the business system perceived by the business units, the “loss of market orientation and customer responsiveness” (p. 5) of the SSC, the “loss of motivation” (p. 5) of SSC employees, and a “lack of communication⁴ and decision making [at employee level]” (p. 5). This contradiction between the (prescriptive) advantages displayed by Schulman et al. (1999) and the complaints as mentioned by Strikwerda requires further empirical evidence on the advantages and disadvantages of shared services. Although the present study did not research those advantages and disadvantages in general, it nevertheless investigated the aspect of empowerment (including decentralised decision-making) because lean is understood as an

⁴ Communication is understood as “a method, usually verbal or written, by which [organizational members] in the organization transfer work related information to other [organizational members]” (Worley & Doolen, 2006, p. 232).

operations management practice encompassing dedicated HRM practices (Birdi et al., 2008).

As elucidated below, the concept of shared services may need to be viewed from a broader perspective and from different angles, as fundamental issues are not only inherent in the concept but also related to the constant challenge to improve operational and organisational performance. This challenge has effects inwards on employees as well as outwards on customers.

One of the most prominent aspects of shared services is standardisation, which is applied in order to optimise costs. As a consequence of standardisation, work becomes simplified and ready for fragmentation (Howcroft & Richardson, 2012). Based on the researcher's professional experience, this standardised work becomes commodified and can be carried out by anyone (which means by employees less skilled than professionals, independent of location). Thus, after back-office work has evolved into routine work, professional SSC employees may become exchangeable, which has, in turn, an effect on the role and skill set of professional workers or even on the need for professionals as such.

This conclusion confirms Lambert et al.'s (2013) literature review investigating the effects of shared services on the employment of professional workers. Lambert et al. argues that the role of professionals within SSOs should be of particular interest for the strategic and commercial side of an SSO, as these employees have in-depth knowledge that can be used to leverage competitive advantage when sharing the knowledge within the organisation. Furthermore, keeping this knowledge in-house generates a differentiation factor that sets it apart from third-party outsourcing providers (Lambert et al., 2013). This notion would underpin the value proposition of a captive SSO (proximity to the internal customer, business knowledge, and continuous improvement) as already

mentioned. Therefore, Lambert et al. recommend that professional workers should enhance their “traditionally strong technical foundation and a preference for professional qualifications” (p. 5) by “an increase in business acumen and commercial and communication awareness” (p. 5). However, Lambert et al. also highlight that the development of professionals needs to be supported in the structures of an SSO. Thus, captive SSOs have an opportunity to utilise their professionals in strategic and commercial tasks (like managing internal customers). Despite lacking longitudinal evidence on the development of professionals in captive SSOs, it can be assumed that overall a limited number of professionals are required in an SSO due to standardisation. As the aspect of professional workers was not investigated in the present study, further research is required in order to verify this assumption.

Another fundamental issue that needs to be highlighted is the “frequent reorganization in the global sourcing of services” (Howcroft & Richardson, 2012, p. 114). Based on Howcroft and Richardson’s (2012) research on global SSOs, all SSCs under investigation resulted from reorganisation. Due to the constant challenge to improve their operational and organisational performance, SSOs are assumed to be continually restructuring (Howcroft & Richardson, 2012) and thus in evolution (Rau & Helbing, 2014a). Labour often represents the largest cost component (Froud, Johal, Leaver, & Williams, 2006). Hence, optimal sourcing and staffing are crucial to improve organisational performance.

Following Howcroft and Richardson’s (2012) compelling argument, back-office service activities are suitable for reorganisation, as these activities are usually not in direct contact with the external customers of the firm. Based on the researcher’s professional experience, the consequence of this suitability for permanent restructuring is that organisations become increasingly fragmented.

This reorganisation implies further the risk that the knowledge on the whole value chain (which means the process flow through the SSO, also known as end-to-end systems thinking) may vanish within the workforce and organisation. Additionally, this fragmentation seems to stimulate standardisation, which increases the opportunity to move the work to any desired location, characterised by inexpensive skilled labour (either by offshoring within the captive SSO or by outsourcing). Therefore, the study takes the stance that standardisation can be viewed as the precondition and, at the same time, as the manifestation of restructuring. Precondition because standardisation ensures that the service can be delivered in quality (at SLA level) by or at any location, and manifestation because standardisation assures cost optimisation.

Considering the above-mentioned aspect of the employment of professionals, SSOs are supposed to find the best fitting combination of skills and locations, which both influence their costs. As the process of restructuring is ongoing, a constant reflection on skills and locations seems to be required. As locations evolve as well (locations become popular as a place for shared services, like Prague for information technology shared services), an ongoing movement of best fitting locations can be expected as well (Rau & Helbing, 2014a). This assumption is congruent with Harvey (1982), who emphasises that the specificities of location are of particular importance. Additionally, specialist services (i.e., expertise- or knowledge-based work) tend increasingly to be shifted like controlling activities into an SSO (Accenture, 2011; Howcroft & Richardson, 2012; Rau & Helbing, 2014a, 2014b). Thus, the service portfolio is changing as well.

Overall, the shared services industry can be described as being dynamic. The consequence of this dynamic is that the sourcing, services portfolio, staffing, and location arrangements need to be constantly verified. Due to limited empirical

evidence, it can only be assumed that these dynamics generate uncertainty for the workforce. Negative consequences for an individual's well-being (like stress and turnover intentions) and for the satisfaction in the organisational context (like job satisfaction, commitment, and trust in the organisation) should be perceived as an ongoing by-product or implication that needs to be managed (Bordia, Hobman, Jones, Gallois, & Callan, 2004). Further research on how to manage this constant change while keeping the workforce motivated is highly recommended but is not part of the present study.

If service quality is managed carefully, these dynamics may not necessarily have an effect outwards on the internal customers. As demonstrated in Cushen and Thompson's (2012) research, "low organisation commitment can coexist with potentially high work performance" (p. 90) when employees are truly committed to their work. Nevertheless, in case any service delivery issues of transaction-based services should persist, it appears to be unrealistic to shift any specialist services into the captive SSC at all.

Figure 6 demonstrates the conflict of a captive SSO between its need to compete with external providers at cost level and its need to promote the rather qualitative differentiation factors. This conflict can become a potentially vicious cycle of captive SSO, which can be conceived as organisational cannibalism, as the SSO is increasingly losing its differentiation factors when standardisation, fragmentation, and constant reorganisation are not adequately managed. This unmanaged situation can shape a future direction for the captive SSO that calls for outsourcing rather than taking over additional (e.g. specialist services) business.

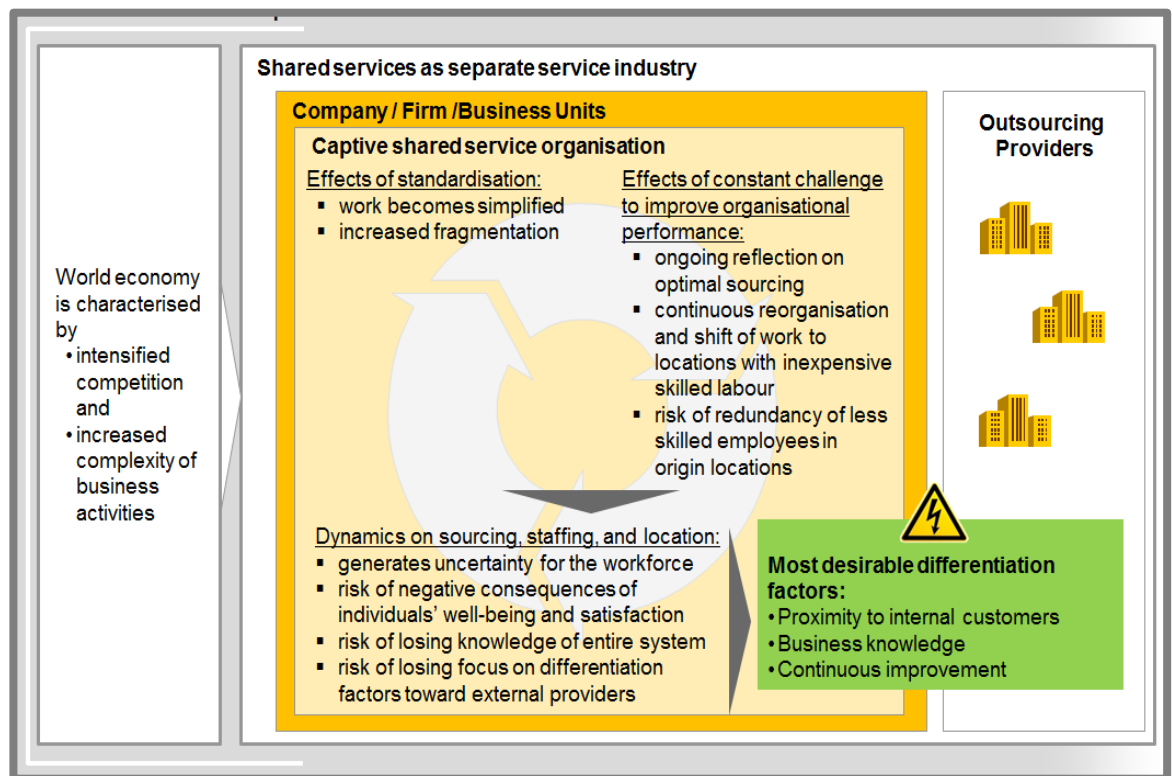


Figure 6. Potentially vicious cycle of a captive shared service organisation.

Future trends. Most companies are either in the process of considering a captive SSO or continuing to migrate their decentralised back-office tasks to regional centres or to a global hub-and-spoke model (Deloitte Consulting, 2011). As to modern trends, Bangemann (2005) emphasised three options that chime with Rau and Helbing's (2014a) view: implementing a global SSO, outsourcing, or establishing an integrated business centre. In a global SSO all shared services are bundled globally and provided by few SSCs located in low-cost countries, whereas in an integrated business centre the work is moved "into the machine by automating, by installing best practices and by leveraging technology" (Bangemann, 2005, p. 230; also see Accenture, 2011; IBM Global Process Services, 2011). As to outsourcing, companies need to decide whether they want to establish a dependency on an external provider or to rely on their internal provider, which represents a make or buy decision (Leibfried & Pernsteiner, 2012). Both outsourcing and captive shared services are "part of organisation redesign to

give primacy to the efficiency of corporate function” (Sako, 2010, p. 29). In Sako’s (2010) opinion, outsourcing is not the natural move after processes have been internally optimised and therefore not the obvious next step after the implementation of a captive SSC. Instead, the choice between outsourcing versus captive shared services should be in line with the long-term corporate strategy (Sako, 2010), which underscores Leibfried and Pernsteiner’s (2012) view as mentioned above.

Additionally, a vision of virtual SSOs exists in the shared services industry (Bangemann, 2005). A virtual SSO is assumed to be the ultimate organisational solution based on “a virtual network that consists of atomic elements of working seamlessly together” (Bangemann, 2005, p. 232), also known as “shared service as a service” (Rau & Helbing, 2014a, p. 353). As companies are still in the first three options of future developments (Deloitte Consulting, 2011; Rau & Helbing, 2014a), virtual SSOs were not a focus of the present study.

However, as companies have already begun to bundle multiple functions, even beyond transactional functions like procurement and consulting, into one organisational unit (Deloitte Consulting, 2011), this extension of the service portfolio may be perceived as an additional modern trend as well. Based on a survey of over 100 shared services professionals (sharedserviceslink, 2013), 13% of the respondents confirmed that they have already concentrated multiple functions into global business services.

According to Howcroft and Richardson (2012), in the field of SSO, a “prevalence of restructuring and reorganization” (p. 113) seems to exist, manifesting in a variety of permutations. To name at least two variations, some captive SSOs already have already evolved into an outsourcing provider (like the company Genpact), whereas others have outsourced only some of their work to

external providers (like the present case). This diversity implies a “complex intra- and inter-firm collaboration” (Howcroft & Richardson, 2012, p. 114) between focal and dependent units, which may be under a constant change.

Overall, the shared services sector can be described as a separate service industry characterised as being complex due to its diversity and constant flux driven by the constant challenge to improve operational (non-financial performance like productivity) and thus, in turn, organisational performance⁵ (i.e., economic outcomes like growth, profitability). Hence, there seems to be no singular model in place, as each SSO is assumed to find its own way to increase its customers’ satisfaction and to simultaneously manage its business at lower costs. Considering the aspect of organisational culture, researchers may question what common cultural characteristics are typical for the shared services industry, in particular as the constant flux most likely influences the organisational culture over the life cycle of an SSO (Cameron et al., 2006). As the influence of industry-specific cultural aspects on organisational culture is important for the study, a separate section of this literature review covers cultural characteristics typical for the shared services industry. In addition, the impact of the constant flux on organisational culture was of interest for the present research.

Although the internal provider faces different conditions than a third-party provider does, the captive SSO is supposed to act as a business (Schulz & Brenner, 2010). Further research could investigate whether and under what circumstances a captive SSC can act and operate like a business, particularly important as captive SSCs are set up as cost centres (Strikwerda, 2006). As for

⁵ Whereas operational performance is understood as non-financial results, organisational performance describes organisational outcomes like “profitability, liquidity, growth, and stock market performance” (Hamann, Schiemann, Bellora, & Guenther, 2013).

the captive SSOs, proximity to the internal customers, business knowledge, and continuous improvement should become important factors differentiating them from external providers and thus providing a competitive advantage rather than trying to compete only at cost level. Therefore, the interest in additional modern trends to improve operational and organisational performance is assumed to be high and was considered in this present study by investigating lean systems (as a high-performance work organisational model).

Lean systems in shared services as new trend? Although the main driver of shared services is the reduction of administrative costs (Bangemann, 2005; Rau & Helbing, 2014b), the implementation of shared services represents a one-time improvement of the organisation's financial performance only. In Atkinson's (2004) view, these one-time "hits are easily imitated by competitors" (p. 21). Thus once achieved, competitive advantages through the establishing of shared services or through reorganisation may vanish over time. Hence, other opportunities should be explored to constantly improve the operational and organisational performance inherent to the SSO.

Apart from the future and modern trends mentioned above, companies with captive shared services have recently attempted to introduce lean system into their SSO (the concept of lean system is elucidated in a specific subsection later in this chapter). Because of this new phenomenon in the shared services industry, a question is whether the above-mentioned modern options are exhaustive. Schulz and Brenner (2010) opined that shared services as a concept from practice has experienced increased attention. As a consequence, it does not seem to be surprising that academic research on the implementation of lean system in shared services is limited. Hence, further research on shaping captive shared services into lean systems is commendable to find out if this phenomenon has the potential

to be the next rung on the evolutionary ladder. Such research may also offer the opportunity to break through the potentially vicious cycle of a captive SSO, which would corroborate Sako's (2010) wish that captive SSC can "be an end point without proceeding to outsourcing" (p. 28). Such research would include an investigation of the SSO service portfolio (i.e., transactional and specialist services), as it creates a new dynamic and may have an impact on the implementation of a lean system in a SSO as well.

Cultural characteristics typical for the shared services industry. As shared services can be perceived as a separate industry, it is interesting to understand the common cultural characteristics that are typical for this industry (Dastmalchian et al., 2000; Gordon, 1991). As to the literature on shared services, only eight studies could be found that slightly touched on the topic of organisational culture in SSOs, which means that none of these studies explicitly concentrated on analysing cultural aspects in an SSO. Furthermore, only three out of the eight studies were based on empirical research conducted in SSOs. Despite these limitations, the following section discusses the different, rather prescriptive views on organisational cultural aspects in a captive SSO, which are indirectly addressed in the reference literature. Five common characteristics are assumed to be typical for an SSO: (a) customer-first culture; (b) business partnering; (c) continuous improvement driven by entrepreneurial spirit and by performance measurement and management; (d) continuous improvement driven by empowerment; and (e) teamwork and workforce capabilities.

Customer-first culture. A widely held view is that a customer-first culture, which ensures that the internal services are delivered with a service-oriented approach to all internal customers, is crucial for a captive SSO (Bangemann, 2005; Deloitte Consulting, 2011; Forst, 1997; Goh et al., 2007; Grant et al., 2007;

Withers et al., 2010). This indicates an external-oriented culture due to the dominant focus on the market (Harris & Ogbonna, 2001b). This external orientation requires a shared services provider to act and behave like a professional service organisation, where SSC employees know who their internal customers are and what the internal customers precisely request (Bangemann, 2005). Additionally, SSC employees are assumed to understand that their reason for existence is to satisfy their customers (Forst, 1997) which implies having “the mind-set of wanting and needing to satisfy” them (Bangemann, 2005, p. 15). Hence, managing the internal customer relationship appears to be crucial. As the customer is in the spotlight, the SSO’s mission is to provide internal customers with better service (quality) and cost savings (Forst, 1997).

Business partnering going beyond customer orientation. A sizable proportion of researchers and practitioners (Deloitte Consulting, 2011; Forst, 1997; Goh et al., 2007; Grant et al., 2007) share the common view that an SSO matures in stages, although characteristics of each stage are rather poorly researched. As shown in Figure 7, the maturity process of an SSO implies an evolution from being the service provider to being customer-driven, and finally to becoming the business partner.

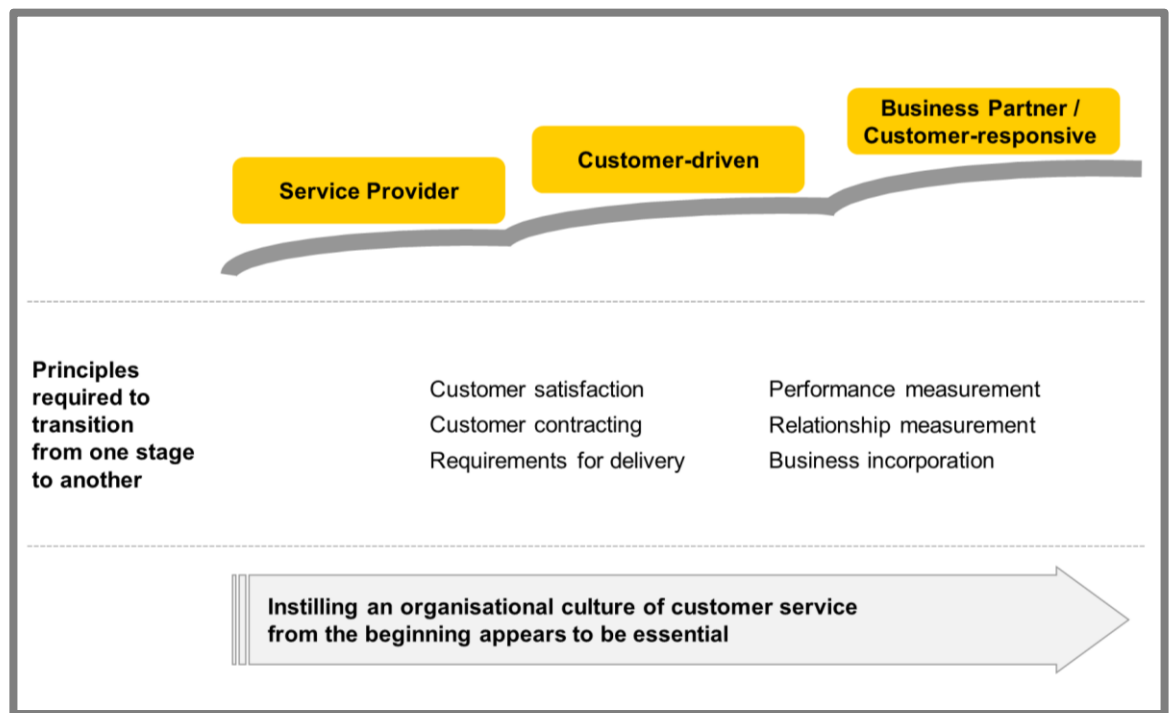


Figure 7. Maturity stages of a shared service organisation. Derived from “Promise of Shared Services, by L. I. Forst, 1997, *Strategy & Leadership*, 25(1), 30–34.

Instilling an organisational culture of customer service from the beginning appears to be essential, as cited in most of the reference literature (Deloitte Consulting, 2011; Forst, 1997; Goh et al., 2007; Grant et al., 2007). This should be the starting point of any SSO. After that, SSOs should change from a service-provider-driven to a customer-driven organisation that should practice customer satisfaction and establish customer contracting with specific requirements for service delivery (i.e., SLA; Forst, 1997).

Finally, in order to become a business partner, captive SSOs should shift their perspective to a customer-responsive organisation with implemented performance measurement, relationship measurement, and business incorporation. As a consequence of this premise, in mature centres, SSC employees should have the ability to anticipate the needs of internal customers or business partners (Deloitte Consulting, 2011). If this is the case, proximity to customers, business knowledge, and a professional workforce are prerequisites to enter the maturity stage of business partnering. Several researchers (Bangemann,

2005; Forst, 1997; Goh et al., 2007; Withers et al., 2010) explained that business partnering implies SSC employees who live and breathe the customers' business. Thus, SSC employees should proactively identify problems and offer solutions, instead of just presenting figures and issues, a requirement that implies an underlying continuous pursuit of improvement of the SSO. Additionally, SSC employees should have a consulting mind set and should be capable of explaining their opinion (Bangemann, 2005). They should not block deals, but they should challenge the expectations of the internal customers and provide better solutions. Furthermore, SSC employees should be able to understand the commercial implications of decisions (Bangemann, 2005). Thus, business partners are supposed to expect that SSC employees feel responsible and accountable for meeting their requirements (Forst, 1997).

It can be argued that the level of understanding between the SSO and its internal customers is more profound in the partnering stage than in the providing stage. In Withers et al.'s (2010) view, business partnering means becoming the trusted advisor of the customer. This understanding is supported by Lambert et al.'s (2013) view of professionals acting as a business partner contact and adopting a strategic and commercial view. Based on the professional experience of the researcher, the discussion about the need for professionals within a SSO seems to be of particular interest when considering that an SSO manages multiple business partners with different business models. The variety of business partners implies an increased complexity, as the requirements (demands) may differ for each internal customer. Thus, professionals can create additional value through their ability to manage the multiple business partner relationships.

Grant et al. (2007) mention that leadership style is an important people factor in implementing and running an SSO. They state that the leadership style

may vary and should be revisited during the different phases of an SSO. An implied assumption is that, when implementing an SSO, a type of leader seems to be necessary that is able to champion change, whereas the leadership style and thus the type of leader may differ in a steady-state organisation (Grant et al., 2007). As SSOs/SSCs are assumed to be in a constant flux, a steady-state appears to be rather extraordinary.

This would be in line with Schein (2010), who demonstrates the interdependency between organisational culture and leadership by looking at this relationship in the context of the different organisational life stages. As Grant et al. are the only researchers in the reference literature who address the different leadership styles required during an implementation and steady-state phase, further research seems to be commendable.

Although an external-oriented culture (through business partnering and customer centric behaviour) seems to be essential for any SSO, researchers like Seddon (2005, 2008) claim that the organisational culture in an SSO is based on command and control instead of systems thinking. Seddon (2005) posits that the service in a command-and-control-driven SSO is delivered on the basis of the SLAs instead of a thorough understanding of what really matters to the customer. Furthermore, the management focuses on managing people and budget instead of influencing the system (as a whole-value chain, which means end-to-end), which is required to promote added value to the customers (Seddon, 2005). As a consequence, the reaction to a changing environment is reactive rather than adaptive (Seddon, 2005), which neglects any proactive generation of a solution or even anticipation of customers' needs. These arguments imply that an SSO cannot practice business partnering at all. These opposing views indicate further research need; in particular on the leadership style required to evolve into the

business partner stage. Seddon's (2005) notion on the lack of end-to-end thinking or systems thinking is similar to Howcroft and Richardson's (2012) view on the existing fragmentation within SSOs. As lean systems are assumed to be based on systems thinking (Seddon, 2005), the present study considered the level of systems thinking after the implementation of lean systems in an SSO when the collected data was analysed. However, further analysis is desirable, not only of the impact on organisational culture in general but also of the impact of such a cultural change on business partnering in particular.

Culture of continuous improvement (driven by entrepreneurial spirit and driven by performance measurement and management). Some authors (Forst, 1997; Grant et al., 2007) emphasise that the trade-off between the level of service and costs is important for an SSO. As there is no further information available in the studies about what is meant precisely by trade-off, it can be assumed that a continuous verification of service (quality) and cost is required in order to optimise them. From an SSC employee's perspective, this means to straddle the divide between a service-offering mentality and a cost-oriented mentality. Whereas a service-offering mentality is supposed to be customer-driven, a cost-oriented mentality is assumed to require a strong commitment to cost reduction. The implied assumption is that both aspects in combination (either sequentially or at the same time) should lead to a flexible service delivery model (Grant et al., 2007). A sizable proportion of researchers (Forst, 1997; Grant et al., 2007; Herbert & Seal, 2012) state that a culture of continuous improvement, performance measurement and management, and entrepreneurial spirit is supportive of the trade-off between level of service and costs.

An SSO cannot replace lost internal customers due to their limited number (Forst, 1997). Furthermore, the SSO cannot pass the costs on to the remaining

internal customers. Therefore, the SSO should act and operate like a business, confirming Schulz and Brenner's (2010) view and also indicating entrepreneurial spirit. According to Grant et al.'s (2007) opinion, this spirit may eventually manifest since cost efficiency should lead to a continuous search for finding better ways to serve the SSO's customers. Although Grant et al. only considered the level of cost and did not discuss the aspect of the level of service, they implied a relationship between entrepreneurial spirit and continuous improvement.

Not only entrepreneurial spirit seems to be associated with continuous improvement, but also performance measurement and management. Herbert and Seal (2012) conducted a case study in a captive finance SSO of a company acting in the electricity industry. According to Herbert and Seal's empirical evidence, performance measurement and management by themselves foster improvements, both on service quality and cost, as a consequence of setting the focus on specific key performance indicators (KPIs). Herbert and Seal's view is congruent with Büschgens et al. (2013), who conceived the Toyota production mentality as a market cultural type fostering continuous improvement.

As to the discussion (above) about the necessity of an organisational cultural value of flexibility and customer responsiveness, performance measurement via KPIs (including individual productivity) represents an attribute of the market cultural type, whereas entrepreneurial spirit rather matches with the adhocracy cultural type (Cameron et al., 2006). There is no common view about the belonging of the cultural attribute of continuous improvement to a dedicated cultural type. Following Cameron et al.'s (2006) notion, all four cultural types are addressed by continuous improvement. However, Cameron et al. (2006) view continuous improvement as an attribute of the hierarchy cultural type, stating, "Value-enhancing activities in the Control quadrant include pursuing improvements

in efficiency by implementing better processes” (p. 32). Despite the different views on the belonging of continuous improvement as an attribute of a cultural type, the present study takes the stance that the intrinsic organisational impulse for continuously improving processes and services is assumed to come from the desire for adaptation towards the business partners’ needs, which would be an argument for it being an attribute of the adhocracy cultural type.

Culture of continuous improvement (driven by empowerment). Forst (1997) claims that the SSO should be positioned as a place for people to become more entrepreneurial, and the enthusiasm, motivation, and momentum are supposed to come from people trying new approaches. SSC employees are assumed to feel that they have the ability and opportunity to make an impact on the organisation and to provide value to their business partners (Forst, 1997). This can be perceived as empowerment when understood as “passing considerable responsibility for operational management to individuals or teams” (Birdi et al., 2008, p. 480).

Considering the cultural types of the CVF, empowerment (including decentralised decision-making) appears to be addressed by the clan cultural type (Cameron et al., 2006) and thus as internally focused like teamwork and training (Birdi et al., 2008). Yet, Ramsey and Barkhuizen (2011), who conducted a case study in one captive SSC offering multiple functions (like HR and finance), doubt whether empowerment that fosters continuous improvement exists in an SSO at all. Ramsey and Barkhuizen argue, “The culture of SSC seems to discourage creativity because it values only narrowly defined functional output” (p. 166), an argument for a control-oriented culture. Furthermore, they found empirical evidence that managers ignored new ideas coming from the SSC employees by letting the employees know that the development of new ideas was not a feature

of the culture at the SSC. This outcome confirms Seddon's (2005) argument that SSOs practise command-and-control thinking, which, in turn, neglects continuous improvement.

Continuous improvement is said to be crucial for any SSO (Accenture, 2011). However, an inherent contradiction seems to exist between the prescriptive culture of continuous improvement driven by empowerment and the empirical evidence found thus far in SSOs (Ramsey & Barkhuizen, 2011). As a result, further research is required on the topics of empowerment (including decentralised decision-making) and continuous improvement in SSO; both were considered in this present study as well.

Teamwork and workforce's capabilities. The characteristics of an SSO document that organisational capabilities are supposed to be driven by an effective team-based structure (Bangemann, 2005). As a consequence, many SSOs have fewer management layers and hence a flatter hierarchy. However, does the implementation of flatter hierarchies warrant a better teamwork (e.g., group autonomy, decentralised decision-making) and, in turn, an improved communication flow (e.g., face to face)? This concern is supported by Strikwerda's (2006) disadvantages of SSO, but also by Howcroft and Richardson's (2012) finding that internal communication in SSC teams happens more via e-mail than face to face, despite people sitting close to each other. As Howcroft and Richardson did not "identify group autonomy or decentralised decision-making" (p. 120), they highlighted that the physical layout of an SSO only creates the impression of better teamwork and communication. Although the effective collaboration of teams and the concentration of vital resources (professional workers) appear to be essential for an SSO (Goh et al., 2007), teams without teamwork (van den Broek, Callaghan, & Thompson, 2004) seem to exist.

Additional research is required to clarify this phenomenon of teams without teamwork, an aspect that was also considered in the present study.

Regarding the already mentioned staff ability to anticipate business unit needs (maturity level of business partnering), SSOs should be staffed with some of the organisation's best and brightest employees (Forst, 1997). These should be the staff interacting with the internal customers. An implied assumption is that if these employees are capable enough, they earn respect and become suppliers of choice (Forst, 1997).

To summarise, it can be argued that the normative understanding of the organisational culture of the shared services industry displays attributes of the cultural types of clan, adhocracy, and market. Attributes from the hierarchy cultural type, like standardisation, are not explicitly addressed at all, which is astonishing because standardisation is one of the most prominent aspects of shared services (Howcroft & Richardson, 2012). There seems to be no common view about the belonging of continuous improvement as cultural attribute of a cultural type. Whereas Grant et al. (2007) indicate that continuous improvement is an attribute of the adhocracy cultural type, other researchers like Herbert and Seal (2012) and Büschgens et al. (2013) perceive continuous improvement as an attribute typical for the market cultural type. Cameron et al. (2006) associate continuous improvement with the hierarchy cultural type, whereas Forst (1997) indicates the clan cultural type. Moreover, when empirical evidence on SSO was found, the researchers (Howcroft & Richardson, 2012; Ramsey & Barkhuizen, 2011) did not confirm the prescriptive cultural attributes like empowerment to foster continuous improvement or teamwork. This confirms the gap of knowledge of common cultural characteristics typical for the shared services industry.

Implication for the present study. Based on the synthesis of literature above, empirical evidence in the field of shared services is highly desirable, as very few in-depth studies on shared services are available (Howcroft & Richardson, 2012; Schulz & Brenner, 2010). Although multiple areas require empirical research, the present study generated evidence only on some of these areas, as described below.

How a captive SSO can manage the constant challenge to compete effectively (Withers et al., 2010) with external providers has not been researched extensively. Therefore, the present study considers this aspect by taking the different relationship frameworks (Birdi et al., 2008; Harris & Ogbonna, 2001b; Ogbonna & Harris, 2000) demonstrating the link between leadership, organisational culture and organisational performance into account (see Figure 2), thereby focussing mainly on organisational culture. Thus, the challenge of shared services to find ways to improve organisational performance by increasing customer satisfaction while simultaneously managing business at (increasingly) lower costs (Miskon et al., 2009) is viewed from an organisational culture perspective influenced by leadership. As leadership was considered, but not researched in detail, the study only indicates some evidence on the aspect of leadership in SSO.

The researcher takes the stance that the value of a captive SSO may not lie in the price and cost efficiencies as much as in its proximity to the internal customers, knowledge about their business, and continuous pursuit of improvement. Only the latter one is in the focus of the present study, as lean systems (as high-performance work organisational model) are known to shape a culture of continuous improvement. Aspects considering the business partner were not taken into account. Following Sako's (2010) opinion, outsourcing is not the

obvious next step after the implementation of a captive SSC. Hence, lean as high-performance operations management practice encompassing dedicated HRM practices may be perceived as an interesting modern trend for captive SSO.

Considering the shared view that an SSO matures in stages (Deloitte Consulting, 2011; Forst, 1997; Goh et al., 2007; Grant et al., 2007), the study generated evidence of the organisational culture in each phase of a captive SSO by applying Martin's (1992, 2002, 2004) three-perspectives of culture and Cameron and Quinn's (1999) CVF. This delivers insights into the cultural characteristics per maturity stage and thus empirical evidence on the life cycles of an SSO (Cameron et al., 2006), both impacted by the constant flux of SSOs or SSCs (Howcroft & Richardson, 2012)

In order to generate empirical evidence, a captive SSO or SSC, either a regional centre or a global hub-and-spoke model (Deloitte Consulting, 2011), should be considered, as such an organisation has already gone through some of the maturity stages. This implies that the focus will probably be on transactional services only (as the specialist services represent rather a new service in the portfolio of the shared services industry). However, the chosen SSO or SSC will most likely be a permutation due to the "prevalence of restructuring and reorganization" (Howcroft & Richardson, 2012, p. 113).

As the present study perceives shared services as a separate service industry (Dastmalchian et al., 2000; Gordon, 1991), the cultural attributes found in the captive case SSO or SSC contribute to the discussion on cultural characteristics typical for the shared services industry (Cameron et al., 2006). As the impact of lean on culture in captive SSOs/SSCs is another area of particular interest for this study, special focus is given on cultural attributes like empowerment (Birdi et al., 2008), teamwork (Bangemann, 2005; Goh et al., 2007;

Howcroft & Richardson, 2012; van den Broek et al., 2004), and continuous improvement (Forst, 1997; Grant et al., 2007; Herbert & Seal, 2012; Ramsey & Barkhuizen, 2011; Seddon, 2005). Following Cameron et al.'s (2006) view, all four cultural types of the CVF (Cameron & Quinn, 1999) are addressed by continuous improvement. However, the researcher takes the stance that continuous improvement is an attribute of the adhocracy cultural type.

Finally, the aspect of systems thinking is taken forward when analysing the data, as lean systems are assumed to be based on systems thinking (Seddon, 2005). Furthermore, systems thinking may manage the prominent aspects of shared services, namely standardisation, fragmentation, and reorganisation (Howcroft & Richardson, 2012).

Lambert et al.'s (2013) discussion on professional workers in shared services was not taken forward, which is in line with the decision taken in the previous chapter that any individual impact analysis like commitment (Cushen & Thompson, 2012) is not investigated. Furthermore, sourcing, staffing, location, and service portfolio strategies are also not considered in this present study either. The same is true for technologies being used in shared services. In addition, the study did not generate empirical evidence on the concept of shared services in general (e.g., advantages and disadvantages of the concept) but considers selected aspects like the set-up as cost centre (Strikwerda, 2006) if those are helpful for the analysis and discussion of the findings.

2.3. Lean Production, Services, Systems, and Lean Maturity

The origin of lean and its development phases. The origin of lean production can be traced back to the Toyota Production System (TPS), a fundamentally new operating paradigm in use by Toyota Motor Company since 1950 (Alves et al., 2012; Jørgensen et al., 2007; Monden, 1994; Piercy & Rich,

2009; Womack, Jones, & Roos, 1990). The terminology *lean production* was unknown until the beginning of the 1980s and first received attention after a benchmarking study undertaken by the International Motor Vehicle Program at the Massachusetts Institute of Technology (Jørgensen et al., 2007). This benchmarking study was driven by the apparent quality and productivity gaps between Western and Japanese products that had emerged by the early 1980s (Dahlgaard & Dahlgaard-Park, 2006; Piercy & Rich, 2009). For that reason, during the period 1985–1990, the International Motor Vehicle Program collected data from automobile assembly plants worldwide to investigate these differences in quality and in productivity in the automobile industry (Dahlgaard & Dahlgaard-Park, 2006). The outcome of the benchmarking study demonstrated that Japanese-based companies were manufacturing products at higher quality and at lower costs than Western companies (Piercy & Rich, 2009). “Exemplified by Toyota, a gap of 2:1 in productivity and 100:1 in quality ... was observed versus western automotive manufacturers” (Piercy & Rich, 2009, p. 55). These results were attributed to the operating paradigm called TPS. When the elements of TPS were published together with the results of the benchmarking study (Womack et al., 1990), TPS was internationally labelled as lean production for the first time (Dahlgaard & Dahlgaard-Park, 2006; Jørgensen et al., 2007; Piercy & Rich, 2009).

Since its introduction, lean production has evolved from being an approach solely used on the shop floors of the automotive industry into an approach also applied in the service sector (Jørgensen et al., 2007). This is demonstrated in Stone’s (2012) systematic literature review on four decades of scholarly lean literature as well as in Arlbjørn and Freytag’s (2013) review of international peer-reviewed journal articles.

Stone (2012) divides the literature into five phases. Whereas in the *discovery phase* (1970–1990), the focus was on describing the lean tools applied in the TPS, in the *dissemination phase* (1991–1996), scholars started to understand the impact of these applied tools on productivity and quality. In this phase, Womack and Jones (1996) identified lean thinking as an operational philosophy of an organisation and as an important research topic to investigate due to its psychology underlying employee satisfaction and motivation. Although Womack and Jones's (1996) demand for further investigation had influenced the literature of the *implementation phase* (1997–2000), a limited amount of empirical research on lean production was conducted in this period (Stone, 2012). In the *enterprise phase* (2001–2005), the attention of lean production shifted from being applied predominantly on the manufacturing shop floor to being used in other areas of an enterprise as well (like sales and accounting). Articles that were published in this period highlighted “the importance in organisational change and performance transformations” (Stone, 2012, p. 119). Furthermore, according to Arlbjørn and Freytag (2013), scholars started to explore the adoption of lean production outside manufacturing, in areas such as service companies (Abdi et al., 2006; Piercy & Rich, 2009; Swank, 2003), administrative processes (Atkinson, 2004), healthcare (Kollberg, Dahlggaard, & Brehmer, 2007; LaGanga, 2011; Souza, 2009), and more recently public administration (Arlbjørn, Freytag, & Haas, 2011; Bateman, Hines, & Davidson, 2014; Pedersen & Huniche, 2011).

Considering the suitability of lean production in service companies, Maleyeff (2006) verified through a meta-analysis of 60 internal service units like marketing, HRM, and research and development, that lean production can also be applied in service units because of the structural similarities of the process system in manufacturing and service organisations. However, Maleyeff emphasised that the

application of lean production principles to service organisations is not as easy as their application to manufacturing because of the lack of an obvious product flow in services. Despite Maleyeff's demonstration of the applicability of lean production in internal service units, an explicit academic investigation of the implementation of lean production in a pure service context (i.e., the implementation of lean services in a service company) has remained relatively limited (Souza, 2009) and had often produced confusing and contradictory outcomes (Piercy & Rich, 2009).

Contradiction was mainly found in research that focused on a single service company (Allway & Corbett, 2002), focused on a single process with the use of dedicated lean tools in a single service company (Buzby et al., 2002), or applied interpretation of lean with unusual definitions (Sprigg & Jackson, 2006).

During the *performance phase* (2006–2009), the literature focused on the measurement of lean maturity, describing the state of an organisation's transformation after having established lean thinking as the operational philosophy and having utilised lean tools. As a result of the upturn of Toyota Motor Company as the leading automotive company in the world, the interest in the subject of lean production had risen, leading to an increased number of publications during this period. Consequently, researchers tried to capture the success criteria and started to include aspects from HRM and organisational culture. HRM and organisational development research began to identify and strengthen the connection between the existing theory in their discipline (e.g., role of management and communication, change management, action learning) and lean thinking. During this phase, Seddon and Caulkin's (2007) case studies in service companies demonstrated the logical connection between systems thinking, lean production, and action learning; they stated, "Systems thinking, lean production and generative learning are closely linked" (p. 9). Despite the increasing number of

publications (mainly in the discipline of engineering and operations management), there “seems to be a lack of consensus of what constitutes the critical implementation elements” of a sustainable lean implementation (Arlbjørn & Freytag, 2013, p. 176). In addition, more studies with the focus on the critical effects of lean production or services on the working environment continued to be developed during this phase. These studies were based more on sound research methodologies (Schonberger, 2007; Treville & Antonakis, 2006; Vidal, 2007) than on personal opinion (Mehri, 2006).

According to the outcome of Stone’s (2012) as well as Arlbjørn and Freytag’s (2013) studies, there is a need for further research on lean services in general. In addition, there is a need for research with a particular focus on four topics in lean (understood in the next sections as lean production and services): (a) the different interpretations of lean, (b) the context-related understanding of using lean (e.g., preconditions), (c) the successes and failures of lean (e.g., benefits), and (d) how lean is applied and what implications it can have (e.g., on working environments).

The different interpretations of lean. The current state of research lacks concrete descriptions defining what lean production actually is (Hallgren & Olhager, 2009; Holweg, 2007; Shah & Ward, 2007). In addition, multiple interpretations of lean in the literature (Arlbjørn & Freytag, 2013) place different emphasis on operations management and HRM. According to Dahlgaard and Dahlgaard-Park (2006), “Lean production or lean thinking (Womack et al., 1990; Womack & Jones, 1996) has its origin in the operational paradigm or philosophy of achieving improvements in most economical ways with special focus on reducing muda (waste)” (p. 264). Other researchers like Shah and Ward (2007) promote the view that lean should be approached from two sides, a strategic level (i.e.,

philosophy) to understand the aspect of value creation and an operational level (i.e., set of tools) in order to eliminate waste. Thus, Shah and Ward define lean as “an integrated socio-technical system whose main objective is to eliminate waste by concurrently reducing or minimising supplier, customer, and internal variability” (p. 791). In Birdi et al.’s (2008) view, lean production is understood as an operations management practice that includes the customer and the supplier, but also comprises dedicated HRM practices. The combination of parts from HRM and operations management practices results in organisational performance (Birdi et al., 2008). Birdi et al.’s (2008) notion of lean production confirms R. Thomas et al.’s (2002) view of lean production as satisfying a dual interest in production efficiency and employee motivation.

According to Arlbjørn and Freytag (2013), lean production can be divided into three levels and, in turn, should be viewed from three different perspectives: philosophy, principles, and tools. Figure 8 reveals the three-level perspective.

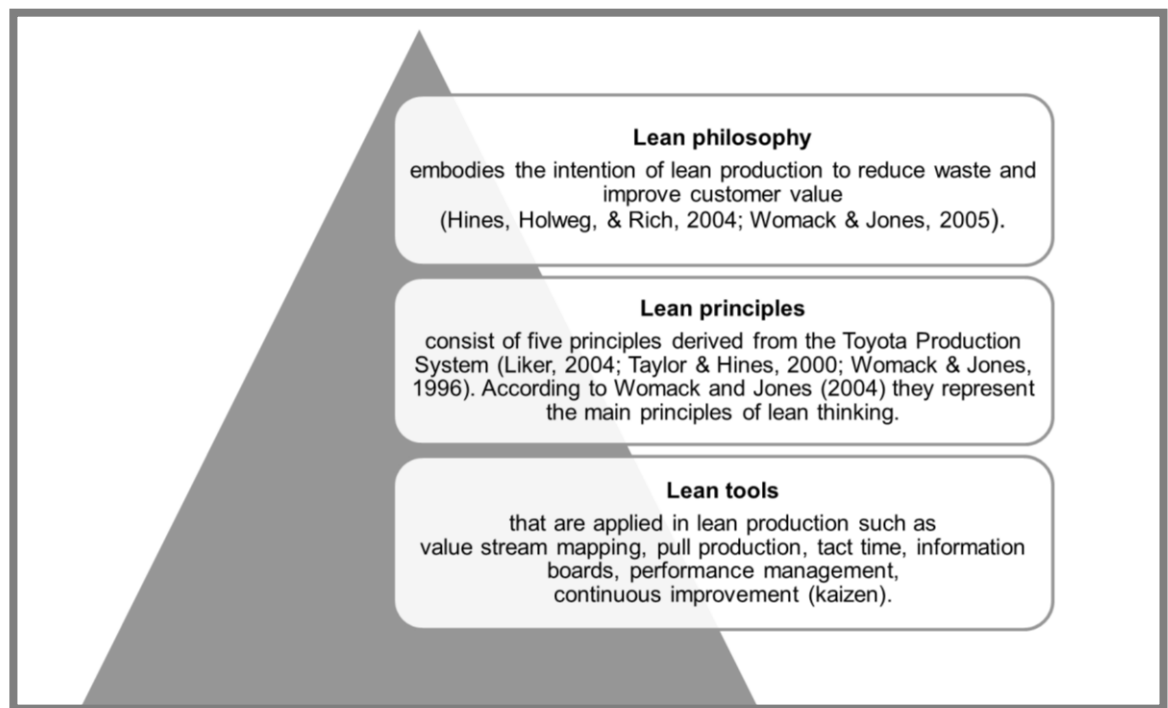


Figure 8. Lean in three levels. Sources: “Learning to Evolve: A Review of Contemporary Lean Thinking,” by P. Hines, M. Holweg, and N. Rich, 2004, International Journal of Operations & Production Management, 24, 994-1011; The Toyota way: Fourteen Management Principles From the World’s Greatest Manufacturer, by J. K. Liker, 2004, New York, NY: McGraw-Hill; Going Lean: A Guide to Implementation, by D. Taylor and P. Hines, 2000, Cardiff, England: Cardiff Business School; Lean Thinking: Banish Waste and Create Wealth in Your Corporation, by J. P. Womack and D. T. Jones, 1996, New York, NY: Simon & Schuster; and “Lean Consumption,” by J. P. Womack and D. T. Jones, 2005, Harvard Business Reivew, 83(3), 58-68.

Following Arlbjørn and Freytag’s (2013) opinion, the three-level view enables the application of lean production to areas outside manufacturing.

Furthermore, seeing lean solely from a tool perspective may be too narrow, as the appropriate tools for manufacturing probably would not work in a service company (George, 2003; Hamid, 2012). Following Maleyeff’s (2006) compelling argument, the application of lean principles to a service organisation is challenging due to the lack of an obvious product flow. According to Maleyeff, three important issues should be considered when applying lean production in a service organisation: “It is likely that the main service provided is information; it is likely that cross-functional coordination is required; and it is likely that people play a critical role in the system’s performance” (p. 686). As a consequence, each lean services

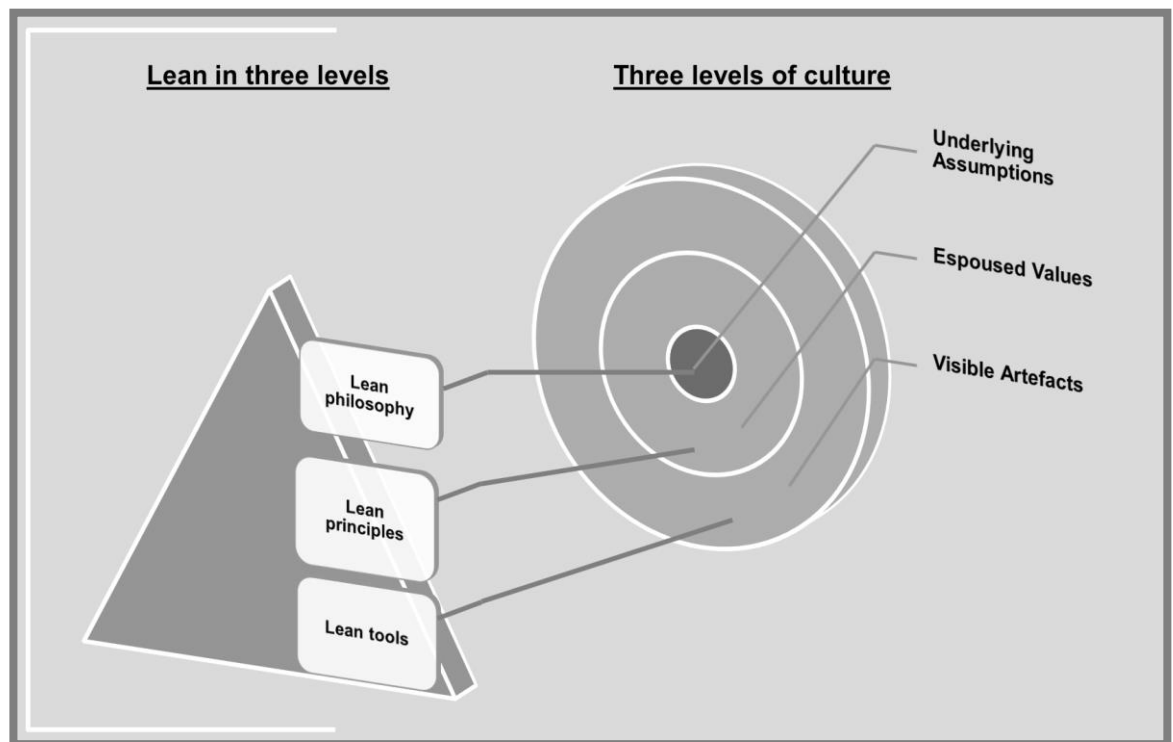
implementation is unique and not replicable; each service company has specifics regarding information, cross functional coordination, and people.

Overall, different interpretations of lean in the literature have different emphases on operations management and HRM. Arlbjørn and Freytag's (2013) three-level view of lean provides an opportunity to perceive lean as a whole but also enables the application of lean production in areas outside manufacturing. In service companies, the implementation of lean is seen as more complex than in manufacturing companies and can be viewed as unique and not replicable (Maleyeff, 2006).

Lean as organisational cultural concept. When viewing lean from a broader perspective (like the three-level perspective), practitioners (Atkinson, 2004) have claimed that if managed effectively, lean can be “the major philosophy that literally unites the organisation in a relentless drive for improvement” (p. 18). Taking this view into account requires conceiving lean from an organisational culture perspective. This notion is congruent with several researchers (Bhasin & Burcher, 2006; Hasle et al., 2012). In their literature review on the effects of lean on the working environment, Hasle et al. (2012) suggest viewing lean as more than waste elimination. Consequently, Hasle et al. promote the human side of lean, which is demonstrated in the way employees and managers act in concert. This notion confirms not only Birdi et al.'s (2008) interpretation of lean but also Bhasin and Burcher's (2006) view. In their literature review on lean implementation, Bhasin and Burcher state that when lean production is viewed “as a philosophy it becomes a way of thinking whereas tactics or processes are mechanisms to action these thoughts” (pp. 56–57). They further stress that lean production “needs to be seen as mind-set that governs how one looks at the business or processes” (Bhasin & Burcher, 2006, p. 64). This statement is in

accord with Bicheno's (2008) opinion that lean production is all about the system and not only about tools and techniques, and thus it is a lean system. An implied assumption is that a lean system can be conceived as a learning system, as opposed to being just a technical system (Alves et al., 2012), since the organisation strives for continuous improvement. According to Alves et al. (2012), the TPS can be translated not only as Toyota Production System but also as Thinking People System. This description seems even more apt when applying lean production in the service sector, as "people play a crucial role in the system's performance" (Maleyeff, 2006, p. 686).

Following tacit agreement among many researchers (Alves et al., 2012; Bhasin & Burcher, 2006; Bicheno, 2008; Hasle et al., 2012), viewing lean from a three-level perspective requires perceiving it as an organisational cultural concept with the intention to shape the organisation into a continuous learning system. Moreover, it is interesting to note an apparent similarity between Arlbjørn and Freytag's (2013) three-level view of lean and Schein's (2009) three levels of culture (see Figure 9).



*Figure 9. Lean in three levels and the three levels of culture. Sources: “Evidence of Lean: A Review of International Peer-Reviewed Journal Articles,” by J. S. Arlbjørn and P. V. Freytag, 2013, *European Business Review*, 25, p. 177; *The Corporate Culture Survival Guide* (Rev. ed.), by E. H. Schein, 2009, p. 21, San Francisco, CA: Jossey-Bass.*

Overall, perceiving lean as an organisational cultural concept corroborates the discussion on the complexity and uniqueness of its application in service companies. In addition, it underpins the assumption that lean (production) supports the RBV (Barney, 1986). The intention of implementing lean is to shape an organisation into a continuous learning system (Alves et al., 2012; Bhasin & Burcher, 2006; Bicheno, 2008; Hasle et al., 2012). Consequently, lean systems cover the operations management side but also promote the human side (Birdi et al., 2008; Hasle et al., 2012).

Lean based on systems thinking. Bicheno (2008) stated that lean production should be viewed as a lean system. Additional authors (Alves et al., 2012; Bhasin & Burcher, 2006; Comm & Mathaisel, 2000; Seddon, 2005) have supported Bicheno’s opinion by perceiving lean as a work organisational model that promotes systems thinking. Until the middle of the 20th century, an underlying

reductionist understanding was that an organised system should be reduced into separate components, which could be studied individually (Zokaei et al., 2010). This notion implied an understanding that “the whole is no more than the total sum of its parts” (Zokaei et al., 2010, p. 5). However, from 1930–1950, scientists like von Bertalanffy (1950) shaped a more holistic view in order to understand an organisation as a system composed of separate components that are interlinked with each other and that maintain relationships with the wider system. Therefore, a system can be described as something that is “composed of parts but which adds up to more than just these parts. Systems thinking is about ‘joined-up-ness’, and requires to consider the parts not on their own, but in relation to the whole” (Seddon & Caulkin, 2007, p. 10). As Zokaei et al. (2010) put it, “In other words, the system is more than just the total sum of its components” (p. 6).

Seddon and Caulkin (2007) pointed out that the TPS is based on systems thinking. According to Dahlgaard and Dahlgaard-Park (2006), a “total system with customer-supplier relations” (p. 274) is established where all parties collaborate in their own interest in order to eliminate waste. This understanding is also in agreement with Birdi et al.’s (2008) statement that the main differentiation aspect between lean production and other operational practices (like TQM) is supply-chain partnering.

According to Seddon and Caulkin (2007), systems thinking can be characterised by the regulation through customers, with employees responding to customers’ needs and with managers shaping a working environment that enables employees to do so. As a consequence of this premise, systems thinking requires not only the understanding of “wholeness”, but also the “thinking of the system” (Zokaei et al., 2010, p. 8), which implies the thinking of the managers and employees as parties acting within the system. Several researchers (Seddon,

2005; Seddon & Caulkin, 2007; Zokaei et al., 2010) note the underlying assumption that the thinking of the system needs to be changed to enable the system to improve, which represents systems learning. This understanding is congruent with Schein's (1984) view that culture can be actively shaped by a group but also learned, which, in turn, supports Smircich's (1983) view on culture as organisational variable. Furthermore, systems learning would contribute to the discussion of whether lean should be regarded as an organisational cultural concept.

In Seddon and Caulkin's (2007) opinion, systems thinking requires a different leadership style from managers, as they need to shape a working environment that enables their employees to respond adequately to the customers' requirements. Managers need to view themselves as facilitators of their employees instead of commanders. With a focus on systems learning, management should perceive themselves as the coaches of the workforce and system.

According to Seddon (2005), systems thinking works outside-in rather than top-down and offers the opportunity to understand and manage the true costs of services that are established. In addition, feedback is an essential aspect of systems thinking and systems learning and can be conceived as either self-correcting or self-reinforcing (Seddon, 2005). "Feedback is what allows systems to adapt to the environment and also what allows people to learn" (Seddon & Caulkin, 2007, p. 10), since it is based on information generated by the work that causes action to improve the functioning of the system.

Seddon and Caulkin (2007) recommend viewing the TPS as a highly developed and successful example of applying systems thinking to a business organisation (Öhno & Bodek, 2008; Womack et al., 1990). For instance, at the

Toyota Motor Company, feedback is internalised as a daily routine as part of knowledge-creating learning cycles (Rother, 2009). Lean systems apply this knowledge in order to continuously improve the “working of the system in ways that add value for the customer” (Seddon & Caulkin, 2007, p. 21). This underpins Alves et al.’s (2012) statement that lean systems are assumed to be learning systems, rather than technical systems.

As the customer value creation is highly emphasised by the lean philosophy, the learning cycle should include and receive feedback from the customer (Seddon & Caulkin, 2007). Seddon and Caulkin (2007) emphasise the significance of feedback because it “allows systems to adapt to the environment” (p. 10). Hence, learning cycles create new knowledge based on reflection, which, in turn, is based on feedback from the customers. This means that customer centricity is essential if an organisation wants to implement a lean system. Taking into account the aspect of the increased variability of customer demand in service companies, employees are supposed to act more adaptively, have to behave more flexibly, and need to reflect and learn continually when they want to satisfy and delight their customers. This conclusion is in line with Seddon and Caulkin, who note, “The central importance of learning also stems from the problem of variety” (p. 12).

Likewise, all frontline or shop floor employees are an integral part of the learning cycles, since decision-making is incorporated in the work at employee level (Seddon & Caulkin, 2007). Decentralised decision-making is also acknowledged by Sugimori, Kusunoki, Cho, and Uchikawa (1977) when they described the “respect-for-human” system as a different way to interact with the workforce. Based on the respect-for-human system, employees’ capabilities are

assumed to be mobilised by empowering the employees to participate actively in improving their own work environment.

Overall, lean systems can be seen as a different way of thinking about the design and management of work. Feedback, empowerment (including decentralised decision-making) and learning are all collaborative attributes of the clan cultural type (Cameron et al., 2006), whereas customer centricity demonstrates an external-oriented culture, or the cultural types adhocracy or market. The emphasis on attributes of the clan cultural type confirms Alves et al.'s (2012) notion that a lean system as a work organisation model should be characterised by a "deep concern about people, completely acknowledging that people are the most important asset of the companies" (p. 226). Reflecting on the difference between manufacturing and the service sector, this concern is of particular interest for the service industry, as the service and not mainly the product is crucial for the customer, offered by employees who represent a significant portion of the overall resources of these companies. As to the human factor, an implied assumption is that a lean system intends to humanise the work by fostering employee empowerment (including decentralised decision-making), responsibility, creativity, teamwork, and communication skills (Alves et al., 2012; Seddon & Caulkin, 2007). In addition, employees are assumed to have the autonomy to contribute and to control their own work, which implies responsibility at all levels and should raise their degree of engagement (Alves et al., 2012; Seddon, 2005).

Thus, a lean system should generate positive aspects for the workforce, which is congruent with Jørgensen et al.'s (2007) opinion. Besides these effects at the individual level, positive results at the organisational level can be expected as

well, since, ideally, a lean system generates greater knowledge in the entire organisation based on systems learning (Seddon, 2005; Seddon & Caulkin, 2007).

As to shared services, several authors (Ramsey & Barkhuizen, 2011; Seddon, 2005, 2008) claim that SSOs are generally operated in a command-and-control manner that does not foster decentralised decision-making through empowerment, continuous improvement, and creativity. Provided that this proposition is correct, SSOs would be built up according to mass production as underlying work organisation models. Considering the previous sections and literature reviewed on shared services, this phenomenon is likely to be driven by control-oriented cultural values like standardisation and fragmentation, both key features of shared services and at the same time an outcome of the continuous reorganisation due to the constant challenge on organisational performance. If systems thinking may be helpful to manage these prominent aspects of shared services (Howcroft & Richardson, 2012), further research is required.

Several authors (Alves et al., 2012; Seddon, 2005; Zokaei et al., 2010) draw a clear distinction between systems thinking (practised in the TPS) and command-and-control thinking (practiced in mass production). In Seddon's (2005) opinion, the two thinking approaches represent two different ways of management and two different work organisational models: (a) the more reductionist approach aiming at the improvement of the organisation's components and with little focus on the wider system and (b) the systems thinking approach, which focuses on the wholeness of the system.

The context-related understanding for using lean. As the topic of context-related understanding was not further considered in the findings of this study, the topic will only be briefly introduced. When applying lean, existing preconditions have to be understood and considered. These preconditions are a

context-related understanding of the lean environment and encompass the “production of standard goods/services; large volume (not mass production, but production in smaller series, but still with a large total volume); and relatively long product lifecycle” (Arlbjørn & Freytag, 2013, p. 176). Furthermore the “extant literature on lean does not appear to agree as to whether lean can apply to high variety/low volume environment(s)” (Arlbjørn & Freytag, 2013, p. 176). This statement needs to be highlighted as the role of the demand in particular determines the difference between manufacturing and service companies (Seddon & Caulkin, 2007); an aspect of particular interest of SSOs as well, as they serve multiple business partners. In service companies the demand can vary as greatly as the numbers of customers who request the service. This statement confirms Laureani’s (2012) view on the application of lean production to service companies. According to the practitioner Laureani, the differences between the service and manufacturing industry can be characterised by four features: intangibility, perishability, inseparability, and variability.

1. *Intangibility* is a difficulty in services as services cannot be assessed simply and objectively like products, due to the lack of objective metrics. This issue can be solved by using customer surveys as proxy metrics.
2. *Perishability* portrays the fact that services cannot be inventoried. This indicates that service processes comprise a work in progress that is often driven by unnecessary complexity during the service offering (George, 2003). In George’s (2003) opinion, regardless of whether the work in progress includes reports on a desk, unread e-mails, or sales orders in a database, when there is too much of it, “work can spend more than 90% of its time waiting, which doesn’t help your customers at all and, in fact,

creates or inflicts substantial waste (non-value-add costs) in the process” (p. 12).

3. *Inseparability* describes the fact that the delivery and the consumption of services occur simultaneously. This may create additional complexity, since customers who are waiting in line require emotional management as well.

4. *Variability* exists as “each service is a unique event dependent on so many changing conditions, which cannot be reproduced easily” (Laureani, 2012, p. 5).

Successes and failures of lean systems. The following section elucidates successes and failures of lean systems from a quality and productivity improvement perspective, but not from a cultural change perspective, as this is covered in a later subsection entitled Lean Maturity. Lean systems have assisted in generating significant quality and productivity improvements while reducing operational costs in the manufacturing sector (Piercy & Rich, 2009; Womack & Jones, 2004). According to Sohal and Eggleston’s (1994) study, representatives of 66% of the companies investigated that had applied lean production (as lean system) stated that a strategic advantage was created, whereby the greatest improvement was derived from competitive market positioning. According to practitioners like Sheridan (2000), implementing lean production (as lean system) is assumed to yield as much as a fourfold increase in productivity. Other scientists like Bicheno (2008) emphasise that an organisation can become increasingly competitive when applying the lean philosophy in the area of new product development.

Although several researchers (Billesbach, 1994; Dimancescu, Hines, & Rich, 1997; Liker, 2004; Standard & Davis, 2000) agree with the empirical evidence that lean production (as lean system) promotes competitiveness, little

empirical evidence can be found in the literature that lean services (as lean system) enhance the competitive advantage of service companies. So far, Piercy and Rich (2009) have demonstrated in their action research that lean services in several financial service companies resulted in an improvement in quality; a reduction in costs; positive gains in workplace morale, staff absenteeism, and turnover; and an increase in customer satisfaction. However, in line with Piercy and Rich's as well as Arlbjørn and Freytag's (2013) advice, further studies in the service sector need to demonstrate that applying lean services (as lean system) has a positive impact on the operational and organisational performance of service companies.

As SSOs are supposed to find ways to improve their organisational performance (Miskon et al., 2009), the application of lean system as high-performance work organisational model may be an attractive opportunity for them for relentless improvement (Atkinson, 2004). This opportunity is based on the assumption that, with a virtuous continuous cycle of improvements, sustained organisational performance is achievable. This assumption is underpinned by Laureani's (2012) opinion that service companies have many cost savings opportunities, as "empirical data has shown the cost of services are inflated by 30–80% of waste" (p. 6). It is further commendable to enhance these efficiency gains by quality improvements (effectiveness) when implementing lean services as lean system.

The application and implications of lean systems. As a fourth and final area for further investigation, Stone (2012) as well as Arlbjørn and Freytag (2013) suggest the topics of how lean is applied and what implications it can have (e.g., on working environments). Both are further elucidated in the following subsections.

Application of lean systems. As the intention of the application of lean systems is to shape the organisation into a continuous learning system (Alves et al., 2012; Bhasin & Burcher, 2006; Bicheno, 2008; Hasle et al., 2012), continuous improvement (kaizen) is indispensable for any lean system (Imai, 1997). Consequently, when understanding lean systems as a cultural concept, continuous improvement is one of the major cultural attributes of a lean system. Alves et al. (2012) concluded that the application of a lean system creates a “thinking” attitude that allows companies to face a changing business landscape, “by giving them agility, i.e., the ability to quickly react to unpredictable” situations, problems, and difficulties (p. 220). As a consequence of this premise, these adaptation needs are felt by the employees, as they are the only production factor with that capacity. In addition, employees need to be capable of developing solutions to fulfil these needs. Overall, the search for continuous improvement is assumed to be the precondition while also the manifestation of agility (Alves et al., 2012). Moreover, this type of behaviour is crucial to build a learning organisation and thus a lean system.

In an article on building a learning organisation, Garvin (1992) states, “Continuous improvement requires a commitment to learning” (p. 78). This statement implies a strong willingness of the organisation to learn, indicating that this commitment is embedded into the organisational culture. According to Garvin, a learning organisation is characterised by five features: “systematic problem solving, experimentation with new approaches, learning from their own experience and past history (i.e., lessons learnt), learning from the experiences and best practices of others, [and] transferring knowledge quickly and efficiently throughout the organization” (p. 80). These features confirm the above-mentioned aspects like the daily routines called learning cycles, the required leadership style, the learning

approach, and the importance of feedback as the main driver for systems learning (Alves et al., 2012; Rother, 2007; Seddon, 2005; Seddon & Caulkin, 2007). Garvin further highlights that a learning organisation requires an

environment that is conducive to learning. There must be time for reflection and analysis, to think about strategic plans, dissect customer needs, assess current work systems, and invent new products. Learning is difficult when employees are harried or rushed; it tends to be driven out by the pressures of the moment. (p. 91)

Therefore, employees are assumed to get free time for the purpose of learning.

This may not always be the case, in particular when lean systems are perceived purely from an efficiency perspective instead of seeing them from a balanced efficiency and effectiveness view. This statement may become essential, in particular when the effects of lean systems on the working environment are analysed with the collected data.

Implications of lean systems. Severe but partially contradictory criticism has been made regarding the concept of lean itself, its effects on the workplace, and its operationalisation. As only the aspect of operationalisation is further discussed in the findings of this study, the other topics are only briefly explained.

The concept has two inherent fundamental issues. The first is the high likelihood of a decrease in organisational creativity and innovation when the focus of lean thinking lies on reducing costs through maximising process velocity and increased efficiency (Chen & Taylor, 2009; Mehri, 2006). Therefore, Chen and Taylor (2009) state, “An organization that effectively accommodates both lean and innovation will benefit the most and be competitive in the long term” (p. 833). Consequently, lean philosophy should not be the only practice applied in a company to unlock organisational innovation capabilities. The second inherent issue refers to the already mentioned high complexity when applying lean

services, which can be traced back to the existing different interpretations but also to its uniqueness.

As to the effects of a lean system inwards on employees and outwards on customers, the main critical points address aspects of the working environment and employee health, well-being, and outcome (Alves et al., 2012; Hasle et al., 2012). These points are interesting, as lean system as a concept is purported to promote employee well-being (Jørgensen et al., 2007). A sizable proportion of researchers (e.g., Anderson-Connolly, Grunberg, Greenberg, & Moore, 2002; Angelis, Conti, Cooper, & Gill, 2011; Carter et al., 2011, 2013; Eklund & Berglund, 2007; Parker, 2003; Sprigg & Jackson, 2006) empirically investigated the effects of lean on work characteristics (e.g., job autonomy, skill utilization, participation in decision-making, role overload) and employee health and well-being (e.g., work-related musculoskeletal disorders, psychological strain) as well as on employee outcome (e.g., organisational commitment, proactive motivation). So far, empirical research is mainly available for the manufacturing industry. Nevertheless, some researchers have conducted research in the service industry (like Sprigg & Jackson, 2006) as well as in public administration (like Carter et al., 2011, 2013). Arezes, Dinis-Carvalho, and Alves's (2010) systematic literature review on threats and opportunities for workplace ergonomics in lean production environments and Hasle et al.'s (2012) literature review on empirical studies on causal effects of lean and the working environment lead to the conclusion that the implementation of a lean system has negative but also positive effects. In addition, the majority of the conducted research did not focus on the wholeness of a lean system, but rather on dedicated aspects that were implemented with the establishment of lean purely as operations management practice. To determine whether lean systems produce negative or positive effects, further empirical evidence is required.

Another aspect to be considered when analysing the workplace-related effects of lean systems is the understanding of the work organisational model prior to the implementation of a lean system. Although Arezes et al.'s (2010) review does not provide empirical research conducted in the service industry and public administration, it confirms this contradiction in the perception of lean by demonstrating the diversity of its advantages and disadvantages cited in the literature (see Table 2).

Table 2

The Main Advantages and Disadvantages of a Lean System Implementation as Cited in the Literature

Advantages	Disadvantages
Decreased hierarchical level	Individual pressure or surveillance
Increased worker autonomy	Decreased worker autonomy
High qualification of the workforce	Increased risk of work-related musculoskeletal disorders
Worker participation and engagement	Increased stress
Job enlargement and enrichment	Job enlargement
Less human effort	Lean system perceived as “modern” Taylorism
Increased teamwork	Multiple skills required
Workforce perceived as central element	Inflexible work pattern
	Increased work pace
	Work intensification

Note. Derived from *Threats and Opportunities for Workplace Ergonomics in Lean Environments*, by P. M. Arezes, J. Dinis-Carvalho, and A. Alves, 2010, p. 7, Porto, Portugal: Universidade do Minho.

Depending on the work organisational model in place prior to the implementation of a lean system, some factors appear as an advantage as well as a disadvantage (e.g., workers' autonomy). Thus, Arezes et al. (2010) state, “Negative aspects mentioned can be transformed into positive ones depending on the previous work organization” (p. 7). Nevertheless, the aspects of increased

work pace and work intensification need to be considered seriously. The relentless waste elimination can be assumed to lead to a better utilised workforce because of the increased use of employees in value-adding activities. This increased value-adding utilisation may be perceived as a severe strain by most of the employees.

Hasle et al. (2012) further highlight, “An unambiguous negative or positive causal effect of lean cannot be established” (p. 845). This notion seems to be driven by the fact that “lean takes many different forms (i.e., regarding context, implementation and practice), which will have different effects on workers’ working environment, health and well-being” (Hasle et al., 2012, p. 846). Therefore, researchers should always examine the effects of lean in the context of the organisation where lean production or service is practiced, as this inherent issue affects the impact of a lean system inwards on employees.

As to the effects outwards on customers, no empirical evidence could be found in the literature so far. However, the way in which lean is implemented in the context of the organisation most likely influences the impact on the customer, which is of particular interest when implementing lean in a private service environment.

Considering lean’s operationalisation, Hanna (2007) states, “Some people think lean means ‘not fat,’ as in laying people off” (p. 1). This statement supports Atkinson’s (2004) view that overall company leaders have a tendency to perceive lean system only from a cost reduction perspective, as it is seen as simply taking unnecessary costs out of an organisation. Furthermore, company managers seem to ignore the human aspect of the lean system and thus diminish the “importance and influence of this aspect on the success of industrial implementations” (Alves et al., 2012, p. 226). At Toyota Motor Company, “the TPS was about increasing capacity and responsiveness in the system and not about cost reduction” (Seddon

& Caulkin, 2007, p. 14). This aspect is essential for convincing employees to participate actively and wholeheartedly in the learning cycles without fearing for their own jobs (see also Bordia et al., 2004).

In addition, many organisations see lean systems only as a set of tools instead of embracing the underlying philosophy and focussing on one of “the most distinctive aspect(s) of lean: the promotion of systems thinkers” (Alves et al., 2012, p. 226). The statements above reinforce the understanding of lean system as a cultural concept. Ignoring this perspective may imply that the implementation of a lean system would not be sustainable and would deliver short-term benefits with probably negative implications for the workforce. This argument is supported by Seddon and Caulkin’s (2007) opinion that companies using only the tools are “unlikely to gain more than limited and temporary results. For many managers ‘lean’ has come to mean cost and job reduction programmes” (p. 14). Seddon and Caulkin indicated that the environment is not shaped in such a way that employees get free time for the purpose of learning (Garvin, 1992), and thus a learning organisation may not be established.

To summarise, a lean system understood as sociostructural and cultural concept intends to shape a learning organisation, based on a virtuous, continuous cycle of improvements. Therefore, one of the most significant cultural attributes is continuous improvement. However, due to different interpretations and the unique context-dependent application of lean, lean systems are often misunderstood as cost-reduction programmes fostering Taylorism. Additional empirical evidence on potential negative impact on the workforce is commendable, in particular outside the manufacturing/production industry. Extensive empirical evidence on lean system understood as a cultural concept and its implication could not be found yet.

However, when investigating lean systems in shared services, their application and operationalisation needs to be analysed.

Lean Maturity⁶. The criticism mentioned above raises the question of whether the implementation of a lean system can be sustainable. According to a sizable portion of literature (Bhasin, 2012; Hines, Fond, Griffiths, & Harrison, 2011; Sim & Rodgers, 2009; Sohal & Eggleston, 1994), less than 10% of UK organisations have realised a successful lean system implementation. Companies have problems to maintain momentum after the initial implementation of lean, and so face the challenge of sustaining lean for a longer period of time (Jørgensen et al., 2007).

Consequently, scholarly literature has focused on lean maturity and lean sustainability since the performance phase (2006–2009). However, so far little research is available on what constitutes the critical implementation elements to establish a sustainable lean system (Arlbjørn & Freytag, 2013; Papadopoulou & Özbayrak, 2005). At the moment, three research foci can be identified in the literature: the focus on the assessment of lean maturity (Jørgensen et al., 2007), the focus on success factors for the implementation (Hamid, 2011), and the focus on cultural change and change management (Bhasin, 2012, 2013; Bicheno & Holweg, 2009; Saurin et al., 2011).

As to the assessment of lean maturity, Jørgensen et al. (2007) defined a framework to determine the maturity of the lean system application, starting from sporadic, unplanned effort to optimise activities, to the (advanced) level of a learning organisation as portrayed by Garvin (1992). Other researchers (like Hamid, 2011) have created a conceptual framework for a successful

⁶ Lean Maturity describes the state of an organisation's transformation after having established lean thinking as the operational philosophy and having utilised lean tools.

implementation of a lean system by simultaneously considering its significant correlation with the operational performance and the impact of the organisational size on this correlation. Another sizable portion of researchers (Bhasin, 2012, 2013; Bicheno & Holweg, 2009; Lucey, Bateman, & Hines, 2005; Saurin et al., 2011) have focused on organisational culture and change management, highlighting that every lean system failure can be traced back to these fundamental issues. As lean sustainability and in particular cultural change and change management are important for this study, this research focus is elucidated in more detail.

Following Hines et al.'s (2011) as well as Bhasin's (2012) view, no change strategy will be successful unless it is within the boundary of an organisation's culture. This view confirms Cameron et al.'s (2006) opinion that organisational culture needs first to be understood (analysed and measured) before it can be changed into the desired direction (also measured). Furthermore, in agreement with Bhasin's (2012) notion, organisations that have experienced a lean system implementation mainly concentrate on the tangible outcomes instead of focusing on the intangible aspects of change and culture, thereby neglecting the aspect that a company is a community of people. The main reason for this is that most organisations apparently underestimate the significance of the cultural perspective or do not view lean system as a cultural concept.

Furthermore, "every company should discover its own way to implement lean. There is no universal method that applies to all organisations" (Bhasin, 2012, p. 440), a statement relevant to the already discussed topic that every implementation of a lean system in service companies is not replicable due to the uniqueness of the company-related specifications and organisational culture.

Thus, Hamid's (2011) conceptual framework can only be seen as a guideline for an implementation.

The underlying lean philosophy appears to imply a far deeper and more pervasive cultural transformation than most organisations anticipate (Bhasin, 2012). According to Bhasin (2012), "An inherent problem is that companies are under pressure to deliver benefits within the first year of implementation" (p. 454). As a consequence of this premise, they underestimate that the implementation of lean systems requires both the human and the financial focus. In his research, Bhasin (2012) highlights the importance of culture and change, which is essential for a sustainable implementation of a lean system and, in turn, to prevent lean system failures.

Recently, Bhasin (2013) empirically investigated the impact of organisational culture on the adoption of lean systems. He found that a lean system can be sustainable if treated as a philosophy, but also highlighted that "communication, training, performance management and a clear clarity on vision" were still inadequate (p. 136). Bhasin (2013) further stressed that shaping the existing culture to the desired state requires "a strong and clear leadership strategy culminating from the senior managers of the organisation" (p. 120).

Following Bhasin's (2013) view of perceiving lean system as an organisational cultural concept, it has to be questioned if the influence of senior management in shaping the culture is sufficient (i.e., integration view). Considering Martin's (1992, 2002, 2004) three-perspective view on organisational culture, a multiple perspective appears to be commendable to ensure a broader understanding of the existing organisational culture and a broader perspective on the change of the existing organisational culture into the desired one. This argument is congruent with Lucey et al.'s (2005) as well as with Martínez-Jurado

et al.'s (2013) view, stating that the inclusion of employees in cultural change is positively associated with lean sustainability. Also, Sparrow and Otaye-Ebede (2014) opine that "people-related issues" have to be considered to ensure lean sustainability but highlight that the "HR architecture" has to "assist the organization in the pursuit of lean" (p. 2907).

In addition, several researchers (Eklund & Berglund, 2007; Wong, 2007) have discussed the necessity of considering local organisational and national culture when applying lean systems, as they claim that national culture has a significant impact during the lean implementation. Whether the influence can be described as significant is uncertain, since, based on Gerhart's (2008) and Gerhart and Fang's (2005) research, the influence of national culture on organisational culture can be expected to be moderate.

To summarise, little empirical research on lean maturity and lean sustainability is available. As lack of understanding of lean system as a cultural concept appears to be the most prominent reason why lean systems fail, further empirical evidence on this aspect is needed. This study will contribute to the discussion on lean sustainability by focusing mainly on the aspect continuous improvement (later labelled as leanness⁷).

Implication for the present study. As demonstrated by the discussion above, existing empirical evidence on lean system understood as a cultural concept applied in the service industry is limited and partially contradictory (Piercy & Rich, 2009; Souza, 2009). The present study is creating additional empirical evidence in the research area of the shared services industry (like Abdi et al.,

⁷ In this study the term leanness describes the sustainability of the implemented lean system of the case organisation measured as the level of continuous improvement culture (as continuous improvement is seen as one crucial element in sustaining lean).

2006; Piercy & Rich, 2009; Swank, 2003) by investigating a captive SSO that has established a lean system.

Due to the different interpretations of lean, it is vital to clarify what understanding will be taken forward for the present study. In the present study, lean system is understood as a sociostructural and organisational cultural concept (Bhasin & Burcher, 2006; Hasle et al., 2012), which forms a (lasting) learning organisation (Alves et al., 2012; Bhasin & Burcher, 2006; Bicheno, 2008; Garvin, 1992; Hasle et al., 2012) based on continuous improvement (Imai, 1997) and systems thinking (Seddon, 2005; Seddon & Caulkin, 2007; Zokaei et al., 2010). Hence, Birdi et al.'s (2008) interpretation of lean understood as SHRM practices is used, as it supports the RBV (Barney, 1986; Barney et al., 2001), which endorses viewing each lean implementation as unique and not replicable (Maleyeff, 2006). Although systems thinking understands organisational culture as a variable (i.e., integration and differentiation perspective), this study considers the fragmentation perspective as well by taking the influencing power of all organisational members into account (i.e., three perspectives of culture).

By following Seddon's (2005) lean systems thinking aspects, this research challenges if the implemented lean services practices encompassing HR practices indicate if the captive SSO or SSC has been shaped into a lean system. Furthermore, the intention of lean systems to foster employee empowerment (including decentralised decision making), responsibility, creativity, teamwork, and communication (Alves et al., 2012; Seddon & Caulkin, 2007) in order to contribute and to control the work (Alves et al., 2012; Seddon, 2005) is investigated. Thus, the influence of leadership when shaping a lean system is considered as well (Bhasin, 2013).

As to the successes and failures of lean systems, the case study concentrates on the cultural success and thus on leanness, instead of providing empirical evidence on organisational performance improvements. Hence, this study contributes to the research foci of organisational culture and change management, like the researchers Bicheno and Holweg (2009), Saurin et al. (2011), and Bhasin (2012). In particular, Bhasin's (2012, 2013) work is considered, as he has confirmed the researcher's view that the most prominent reason lean systems fail can be traced back to the lack of understanding it as a cultural concept. This view is further strengthened by considering the operationalisation constraints of lean systems (Atkinson, 2004; Hanna, 2007) in this case study.

As shared services are supposed to find ways to improve their organisational performance (Miskon et al., 2009), the impact of shaping a lean system on the operational and thus organisational performance can only be anticipated by taking the different relationship frameworks (Birdi et al., 2008; Harris & Ogbonna, 2001b; Ogbonna & Harris, 2000) demonstrating the link between leadership, organisational culture and organisational performance into account (see Figure 2).

Topics like context-related understanding and criticism regarding the concept itself and its effects on the workplace are not further taken into consideration for this case study. Underlying work organisation models of shared services are also not discussed further. Whether systems thinking may be helpful to manage the prominent aspects of shared services like standardisation, fragmentation, and reorganisation (Howcroft & Richardson, 2012) will be considered in the chapter Conclusion.

2.4. Conclusion of the Literature Review

The intention of this narrative literature review was to discover already existing knowledge as well as to gain an understanding about the underlying concepts and theories that are applicable and relevant to the areas of interest (Bryman & Bell, 2011). From a managerial perspective, captive SSOs face the constant challenge to compete effectively (Withers et al., 2010) with external providers by improving their organisational performance through increased customers' satisfaction at (increasingly) lower costs (Miskon et al., 2009). Shaping a captive SSO into a lean system may be perceived as an interesting modern trend for captive SSOs for relentless improvement (Atkinson, 2004). Four aspects corroborate this notion:

1. Organisational culture impacts organisational performance. Therefore, the study concentrates on organisational culture influenced by leadership and takes the different relationship frameworks (Birdi et al., 2008; Harris & Ogbonna, 2001b; Ogbonna & Harris, 2000) demonstrating the link between leadership, organisational culture and organisational performance into account.
2. The researcher takes the stance that the value of a captive SSO lies in its proximity to the internal customers, its knowledge about their business, and its continuous pursuit of improvement rather than only on the price and cost efficiencies. Whereas the continuous pursuit of improvement is in the focus of the present study, any business partner-related aspects are not further considered.
3. Lean system is understood as a sociostructural and organisational cultural concept (Bhasin & Burcher, 2006; Hasle et al., 2012) which intends to form a (lasting) learning organisation (Alves et al., 2012;

Bhasin & Burcher, 2006; Bicheno, 2008; Garvin, 1992; Hasle et al., 2012) based on continuous improvement (Imai, 1997) and systems thinking (Seddon, 2005; Seddon & Caulkin, 2007; Zokaei et al., 2010).

4. Lean systems are high-performance work organisational models that cover parts of operations management practices encompassing dedicated HRM practices (Birdi et al., 2008). Hence, lean services practices combined with leadership represent SHRM and support the RBV (Barney, 1986; Barney et al., 2001).

Due to the limited in-depth studies in the field shared services and in particular about shared services that apply lean systems as cultural concept (Howcroft & Richardson, 2012; Piercy & Rich, 2009; Schulz & Brenner, 2010; Souza, 2009), empirical evidence is highly desirable. Consequently, the study generated evidence of the organisational culture in each maturity phase of a captive SSO that has established a lean system (Deloitte Consulting, 2011; Forst, 1997; Goh et al., 2007; Grant et al., 2007) by applying Martin's (1992, 2002, 2004) three-perspectives of culture and Cameron and Quinn's (1999) CVF. This delivers insights into the cultural characteristics per maturity stage and thus empirical evidence on the organisational life cycles of an SSO (Cameron et al., 2006; Lincoln, 2010; Zhang & Li, 2013), both impacted by the constant flux of SSOs or SSCs (Howcroft & Richardson, 2012).

As special focus is given on the stage when lean services were introduced into the captive SSO or SSC (Büschgens et al., 2013; Cameron et al., 2005; Detert et al., 2000), the study answers Research Question 1: What aspects of organisational culture are influenced when introducing a lean system in a captive SSO? As all research questions of the present study are informed by critical realism as the research philosophy, they strive for a "detailed understanding of

how underlying generative mechanisms ‘work their way through’ in a particular” context (Reed, 2009, p. 439).

In order to generate a stratified answer for Research Question 1, the study further considers perceiving shared services as a separate service industry with cultural characteristics typical for this industry (Dastmalchian et al., 2000; Gordon, 1991). In doing so, the impact of lean systems on cultural attributes for shared services like empowerment (Birdi et al., 2008), teamwork (Bangemann, 2005; Goh et al., 2007; Howcroft & Richardson, 2012; van den Broek et al., 2004), and continuous improvement (Forst, 1997; Grant et al., 2007; Herbert & Seal, 2012; Ramsey & Barkhuizen, 2011; Seddon, 2005) is considered in accordance with the intention of lean systems to foster employee empowerment (including decentralised decision making), responsibility, creativity, teamwork, and communication (Alves et al., 2012; Seddon & Caulkin, 2007) in order to contribute and to control the work (Alves et al., 2012; Seddon, 2005). Hence, the present study follows Ogbonna and Harris’s (2002) recommendation to incorporate industry specifics in organisational cultural studies.

Knowing that there is little evidence on the success of intended change programmes (Brook & Pioch, 2006), special emphasis is given to the aspect culture (change) management, which is in line with the researcher’s stance that cultural change itself is feasible but difficult. Thus, Research Question 2 had the following focus: How is organisational cultural change managed when shaping a captive SSO into a lean system?

As a cultural study requires the inclusion of all organisational members’ perceptions (Detert et al., 2000; Harris & Ogbonna, 2000; Martínez-Jurado et al., 2013; R. Thomas et al., 2002; White et al., 2014), the perception of the organisational members is put into the centre, which was considered in the data

collection process (Jung et al., 2009). Consequently, the present study follows Martin's (1992, 2002, 2004) suggestion on applying all three cultural perspectives when analysing organisational culture as it supports on the one hand the underlying academic philosophy of the research (Reed, 2009) and provides on the other hand the opportunity to get insights into the home perspectives of the organisational members (Harris & Ogbonna, 1998; Martin, 1992; Ogbonna & Harris, 2002).

As it is questionable whether the implementation of a lean system can be sustainable, Research Question 3 covered that aspect: To what extent is it feasible to achieve the organisational cultural change objectives of a lean system implementation? As the cultural attribute of continuous improvement is considered as indispensable for any lean system (Imai, 1997), leanness is measured as the level of continuous improvement culture and determines the sustainability of the implemented lean system. Thus, this study contributes to the research foci organisational culture and change management when investigating the aspect leanness, like the researchers Bhasin (2012, 2013), Bicheno and Holweg (2009), and Saurin et al. (2011).

In order to generate a stratified answer for Research Question 3, the study follows Seddon's (2005) lean systems thinking aspects when analysing the data. After that, the study discusses to what extent the change was successful by regarding Schein's (2009) three levels of culture.

Overall, Jung et al.'s (2009) recommendation to apply a mixed-methods approach when assessing organisational culture is followed. In order to create empirical evidence, a captive SSO with a regional SSC was considered, which offers transactional services rather than specialist services to assure analysing an

organisation that has already gone through some of the maturity stages and has introduced a lean system.

Figure 10 represents the conceptual framework of the study in accordance with the different relationship frameworks from Birdi et al. (2008), Ogbonna and Harris (2000), and Harris and Ogbonna (2001b) demonstrating the link between leadership, organisational culture and organisational performance into account, underpinned by the research questions.

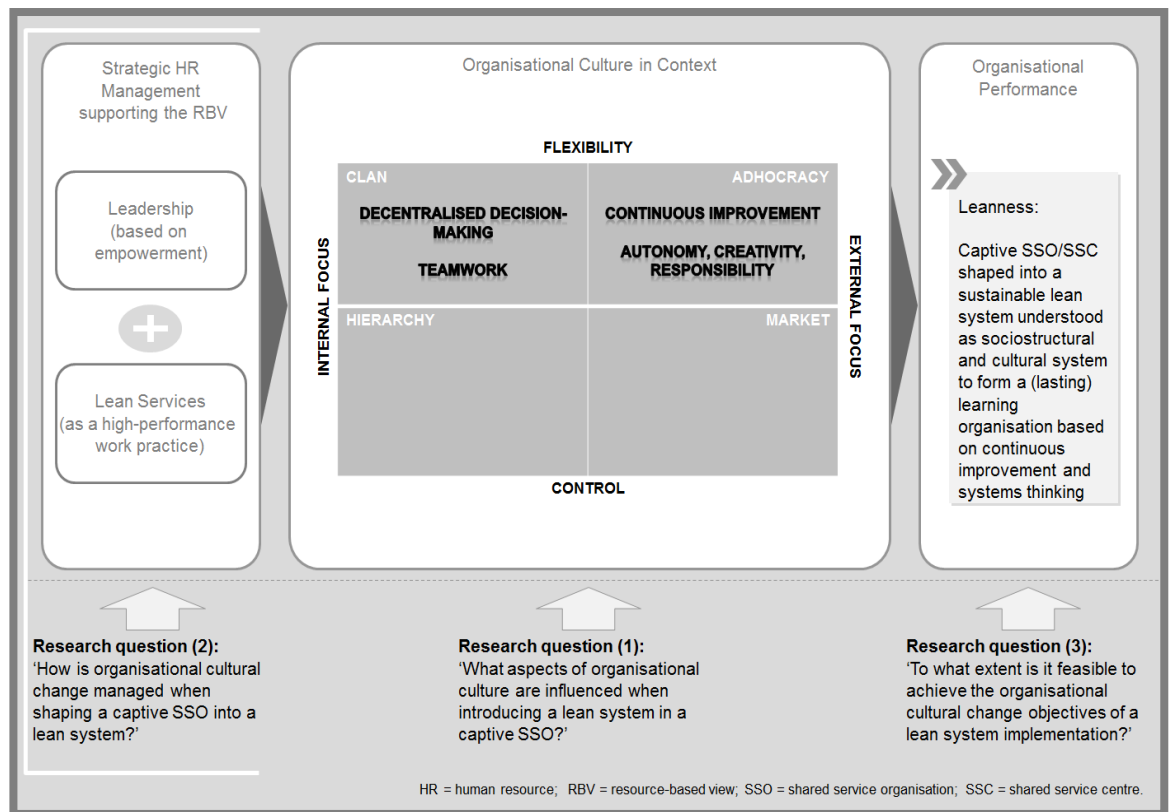


Figure 10. Conceptual framework of the present study.

Chapter 3: Methodology and Methods

This study aims first to identify the organisational cultural types and attributes that are addressed by the implementation of a lean system in a captive SSO by taking the different maturity stages into account; second to explore how culture (change) management happened; third to challenge the sustainability of the implemented lean system. Therefore, the main research purpose was to explore and explain the role of organisational culture in a captive SSO shaped as a lean system.

This chapter presents and critically assesses the research approach that was used for the present study, as shown in Figure 11. According to Saunders et al. (2009), the research approach provides the framework of how to answer the research questions. In the present study the framework consists of several elements: the research questions, objectives and purpose, the research strategy, the research methods and procedures, and finally the reasons for all research approach decisions. The research philosophy corroborates the research approach, as the choice of a research philosophy implies essential assumptions about the researcher's worldview (Trochim, 2000).

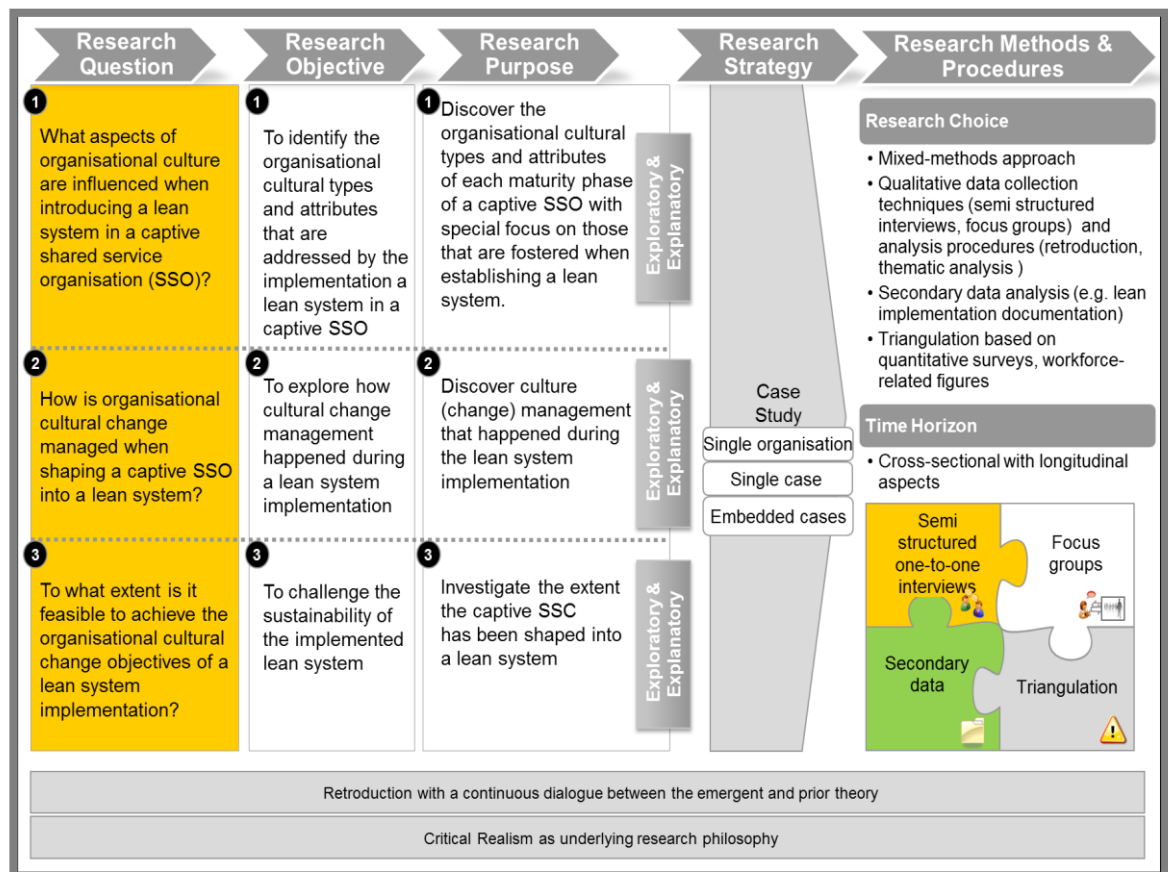


Figure 11. Research approach of the study.

As the research philosophy underpins the research approach, the following sections will provide an introduction of the applied research philosophy, critical realism, first. Then, the choice of the adequate research strategy will be assessed. In order to ensure that other researchers can follow the research process and findings, the choice and application of research methods and procedures (including the role of the researcher) as well as the data analysis will be discussed thoroughly in this chapter.

3.1. Research Philosophy

Taking into account the exposition of research philosophies given by several scholars (Bryman & Bell, 2011; Dobson, 2002; Saunders et al., 2009), the underlying worldview of this study is the one of a critical realist. A research philosophy is of particular importance because "it shapes how we formulate our problem and research questions to study and how we seek information to answer

the questions” (Creswell, 2013, p. 18). In the next subsections, critical realism as the applied research philosophy will be introduced, and then the principles that differentiate this philosophy from other philosophies in the domain of social science will be elucidated by taking ontology and epistemology into account.

Critical realism: Introduction. Critical realism can be perceived as a specific form of realism pioneered by Roy Bhaskar (Collier, 1994; Fairclough, 2005; Sayer, 2000). According to Carlsson (2003), “Critical realism was developed as an alternative to traditional positivistic models of social science as well as an alternative to postmodern approaches and theories and constructivism” (p. 12). Consequently, two aspects regarding natural and social sciences are important to elucidate further. First, within natural science, critical realism can be perceived as a third way between positivism and relativism (Sayer, 2000). Second, within social science, critical realism offers an alternative to the “law-finding science of society modelled on natural science methodology” (Sayer, 2000, p. 2) and the “interpretivist reductions of social science to the interpretation of meaning” (p. 3). As a third way, critical realism “tries to navigate a ‘middle course’ through the extremes of positivist and constructionist ontologies” (Reed, 2009, p. 434). Critical realism challenges the common perceptions of natural science and social science at the same time. By doing this, it offers “a way of combining a modified naturalism with a recognition of the necessity of interpretive understanding of meaning in social life” (Sayer, 2000, p. 3). Therefore, the philosophical commitment of a critical realist can generally be described as being objective, since realism relates to scientific enquiry, and as being socially constructed, since social phenomena cannot be understood without considering the social actors involved in the knowledge derivation process (Dobson, 2002).

Critical realism follows several principles that differentiate this philosophy from other philosophies of social science. Reed (2009) identified these principles as “its commitment to a stratified and differentiated social ontology”; “its support for a generative, rather than a successionist model of causality,”; “the commitment to the concept of explanatory critique”; “its preference for intensive, rather than extensive, research strategy, and design”; and “its engagement in retroductive analysis” (p. 431). The first three principles and their meaning for the present study are discussed in the subsection Critical Realism: Ontology, whereas the last two principles and their meaning are reviewed in the subsection Critical Realism: Epistemology.

Critical realism: Ontology. For critical realists, ontology has to be taken seriously because it guides the researcher “where to look and what to look for” (Reed, 2009, p. 438). Thus, ontology takes precedence over epistemology (Easton, 2010; Reed, 2009). From an ontological point of view, the real world “exists independently of human thoughts and beliefs or knowledge of their existence, but is interpreted through social conditioning” (Saunders et al., 2009, p. 119). Therefore, knowledge of the real world is always a human construction (Dobson, 2002). Considering that the term *real* means that something “has an effect on behaviour; makes a difference” (Fleetwood, 2005, p. 198) and that the term *knowledge* may appear ambiguous, the ontological perspective is conceived as an entity that can exist “independently of its identification” (Fleetwood, 2005, p. 197). This implies that the entity “can exist without someone observing, knowing, and constructing it” (Fleetwood, 2005, p. 197). Therefore, ontology and epistemology need to be clearly distinguished (Fairclough, 2005; Reed, 2009).

As mentioned above as one of the principles, for critical realists “the real world is ontologically stratified and differentiated” (Carlsson, 2003, p. 12).

Therefore, three distinguishable but interrelated domains of reality exist: the empirical, the actual, and the real domains (Bhaskar, 1989). Whereas the real domain of reality consists of unobservable structures, mechanisms, and power relations (Reed, 2009), the actual domain refers to “what happens if and when those powers are activated, to what they do and what eventuates when they do” (Sayer, 2000, p. 12). Thus, the actual domain of reality comprises observable events and actions. The empirical domain can be described as the domain of sense-experience and perception of these events and actions as observed by social actors (Fairclough, 2005; Reed, 2009; Sayer, 2000). Therefore, the real world consists of a plurality of structures and mechanisms that generate different events: those that can be experienced and those that are hidden. Critical realists seek to explain the real, underlying generative mechanisms that are unobservable but cause certain observable events at the actual and empirical level, which represents the principle regarding the generative model of causality.

Critical realists recognise the existence of two worlds: the reality of the natural world (i.e., intransitive world) as well as the events of the social world (i.e., transitive world). Whereas the intransitive world represents the reality that is natural and (relatively) unchanging, the transitive world embodies the reality that is social and historical (Bhaskar, 1991). According to Bhaskar (1989), the social or transitive world can only be understood and thus changed if the structures at work that generate those events (i.e., generative mechanisms) can be identified. Thus, the “identification of generative mechanisms” offers the opportunity of “introducing changes to the status quo” (Bryman & Bell, 2011, p. 17). Therefore, critical realists aim at unearthing the underlying generative mechanisms (Dobson, 2002), as the conception of generative mechanisms is pivotal for their explanatory focus. Moreover, generative mechanisms are not isolated, as they rather interact with

other “generative mechanisms operating in the sociohistorical situation under investigation” (Reed, 2009, p. 437).

Critical realism is committed to an explanatory framework which acknowledges and incorporates (a) pre-existent structures as generative mechanisms, (b) their interplay with other objects possessing causal powers and liabilities proper to them in what is a stratified social world, and (c) non-predictable but none the less explicable outcomes arising from interactions between the above, which take place in the open system that is society. (Archer, 1998, p. 377)

When applying the first two principles to the present study, the following explanatory framework was generated (see Figure 12). Based on the explanatory framework (see Figure 12) and the conceptual framework (see Figure 10), several underlying generative mechanisms were identified like lacking vision; structural implications of the set-up of the captive SSC (e.g., structure of the SLA) and its competition to outsourcing providers; cost pressure on the business partner’s side; leadership motivation; HR policies and practices; and aspects like transparency, visibility, and systematic techniques that were generated by the implementation of a lean system. The possible underlying structures were assumed to be defined by the market itself, the economic condition, and the organisational embedment of the captive SSO within the company.

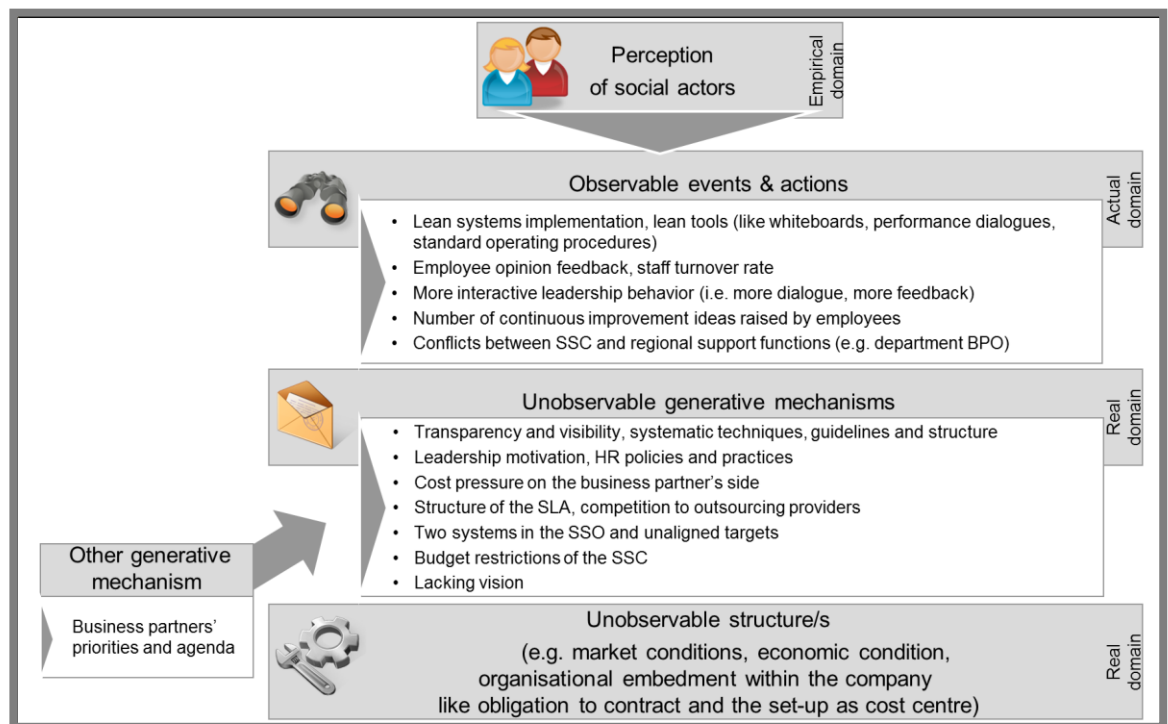


Figure 12. Explanatory framework of the findings of the study.

In order to apply the concept of explanatory critique as a third principle, the different meanings people attach to the observable events and actions had to be understood and deciphered. Consequently, the different social actors of an SSO, including the different hierarchy levels (e.g., employees, management) and lean expertise levels were considered, as each of these levels has the inherent capacity to transform the status quo of the organisational culture (see Reed, 2009). This notion is congruent with Schein (2009), who states that the different hierarchy levels create, manage, and evolve the subculture in their part of the organisation and that it is essential to consider the backgrounds of the social actors. This notion also chimes with Martin's (1992, 2002, 2004) view to assess organisational culture from (three) different perspectives as it follows the recommendation to include the perception of all organisational members (Detert et al., 2000; Harris & Ogbonna, 2000; José Martínez-Jurado et al., 2013; R. Thomas et al., 2002; White et al., 2014). Therefore a multilevel study was chosen to provide the potential capability for discovering the underlying generative

mechanisms and structures. Furthermore, focusing only on a single level or one aspect of the interactions between the hierarchy and expertise levels would have restricted explanatory power of the framework. In addition, the multilevel study discovered unpredictable findings (e.g., conflicts amongst social actors like underlying issues between members of the SSC and the regional SSO support functions).

Critical realism: Epistemology. From an epistemological perspective, critical realists favour two other principles, namely an intensive research design and a retroductive analysis (Reed, 2009). According to Bhaskar (1989), critical realists apply practical and theoretical procedures of the social sciences to seek an understanding of what is going on as well as of what is not obvious. Therefore, the collection of data (as realism relates to scientific enquiry) as well as seeking an understanding of them (as the social phenomena cannot be understood without considering the social actors involved in the knowledge derivation process) are essential. The intransitive dimension drives the critical realist's decision regarding methodology (Dobson, 2002). Hence, the choice of research methods depends "on the nature of the object of study and what one wants to learn about it" (Sayer, 2000, p. 19).

As the study was designed to learn about the organisational culture and its change of a captive SSO that was shaped into a lean system, the development of knowledge was based on an intensive research design (case study) that used "prior theory" (like theoretical concepts such as Martin's (1992, 2002, 2004) three perspectives of organisational culture) and applied empirical (primary and secondary) data collection to create an "emergent (data-embedded) theory" (Layder, 1998, p. 156). Moreover, the multilevel study influenced the choice of the data collection techniques (like semi structured one-to-one interviews) and the

sampling. As retroduction implies a “working back” approach (Reed, 2009, p. 439), there was a continuous dialogue between the data-embedded and concept-based theory (Easton, 2010). Retroduction was practiced by creating theoretical memos during the data collection process, which were continuously enhanced during the data analysis process, but also by conducting other research activities like coding of the collected data. “Intensive research is strong on causal explanation and interpreting meaning in context” (Sayer, 2000, p. 21), and thus the knowledge that evolves from a retroductive analysis is “always context-specific and does not permit the formulation and testing of predictive laws and hypotheses” (Reed, 2009, pp. 438–439).

Critical realists know that what can be seen is only part of a bigger picture, and they accept that the categories they apply in order to decipher reality are probably to be provisional (Bryman & Bell, 2011; Dobson, 2002; Saunders et al., 2009). Therefore, critical realists admit that the perception of reality changes constantly, but the underlying structures and mechanisms shaping that reality are relatively enduring (Dobson, 2002).

Although critical realists believe that “observable phenomena provide credible data and facts” (Saunders et al., 2009, p. 119), they also know that these “phenomena can create sensations which are open to misinterpretation” (Saunders et al., 2009, p. 119) due to the generative mechanisms shaping a reality that can be described as being stratified and thus differently interpreted. In axiological terms, the research of critical realists is influenced by the researchers’ values, since the researchers are biased by their interpretations of reality as well as their social and historical background like cultural experiences and education (Norris, 1999). Therefore, critical realists accept that knowledge is fallible (Sayer, 2000), which means knowledge is superseded constantly. This fallibility means

that the findings of the present study do not represent “the ultimate truth but, rather, the best available for the moment” (Gummesson, 2000, p. 97).

To summarise, the outcome of the present study explains the interplay between the events and actions perceived by the social actors who participated in this multilevel study at the time the data were collected (cross-sectional) as well as the underlying structures and mechanisms of the case as interpreted by the researcher. Figure 13 displays the connection between the philosophical standpoint and the methodological approach of this research. Figure 13 further illustrates the methodological flow of narrowing the research area down to the specific study. From this and in accordance with the literature review, the research questions and objectives were derived (Bryman & Bell, 2011).

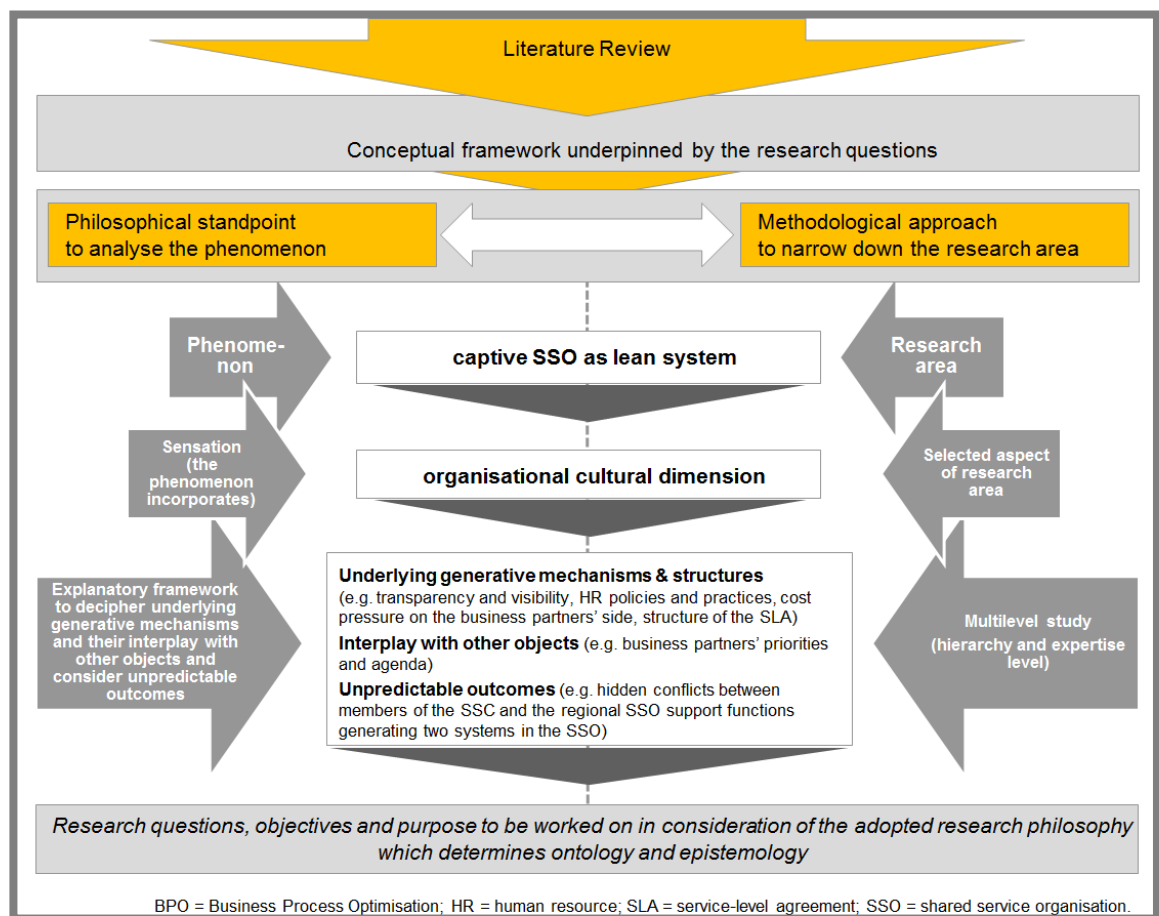


Figure 13. The philosophical standpoint and the methodological approach of the research.

3.2. Research Strategy

A case study was chosen as research strategy conducted as a third-person inquiry given the previous role of the researcher in the case company. A research strategy provides a general orientation to the conduct of business research (Bryman & Bell, 2011) and enables the researcher to answer the research questions in accordance with their purposes and objectives (Saunders et al., 2009). As the underlying worldview of this study is the one of a critical realist, it was appropriate to apply a research strategy that follows the “preference for intensive research” (Reed, 2009, p. 431).

Hence, a case study approach is commensurate with the philosophical position of critical realism, not merely because case studies “may be thought of the primary research design in the realist cannon” (Ackroyd, 2009, p. 534), but rather because case studies underpin the intention of conducting intensive research within a given context. This notion confirms Gummesson’s (2000) suggestion that case study researchers “concentrate on processes likely to lead to understanding” (p. 86). Moreover, Vincent and Wapshott (2014) state that, “Realists are attracted to OCS [organisational case study] research not only because they can help us abduct novel theories, but also because they want a better explanation of broader mechanisms ... that operate through a case” (p. 149). According to Yin (2009), a case study represents a research strategy that “investigates a contemporary phenomenon in depth and within its real-life context” (p. 18). Therefore, the case study strategy is of particular interest when the researcher wants to acquire a rich understanding of the context of the research and the processes being enacted and the dynamics of change (Saunders et al., 2009; Simons, 2009). “It can explain how and why things happened” (Simons, 2009, p. 23). Consequently, the case study

strategy as intensive third-person inquiry appeared to be the most suitable strategy for this present study based on critical realism.

In order to explore the phenomenon of captive SSO as lean system, a dedicated SSO with a mature⁸ SSC was identified as a real-life environment. The dedicated SSO as a single organisation represented with its SSC a single case. A mixed-methods approach with a variety of data collection techniques was applied (e.g., semi structured one-to-one interviews and focus groups to collect primary data as well as the use of secondary data). The techniques were frequently used in various combinations as long as it was appropriate for the understanding of the case (Eisenhardt, 1989; Simons, 2009). A case study is flexible, as it is “neither time-dependent nor constrained by method” (Simons, 2009, p. 23). Downward and Mearman (2006) explained that a mixed-methods approach is of particular interest for a research applying critical realism, because with a mixed-methods approach the “different features of the same layered reality without the presumption being exhausted” can be revealed (p. 92). In order to ensure that the data collected reveal the “different features of the same layered reality” (Downward & Mearman, 2006, p. 92), triangulation through the use of multiple secondary data (quantitative and qualitative sources) was applied as well (Gummesson, 2000). These secondary data reinforced the qualitatively primary collected data which allowed for looking at the phenomenon from different perspectives (Simons, 2009). Although the business partner perspective through Business Partner Satisfaction Surveys as secondary data was not considered in this study due to inconsistent data, the approached case study can be still viewed as an “in-depth exploration from multiple perspectives of the complexity and uniqueness of a particular

⁸ Mature means a SSC that has gone already through the different maturity stages (service provider, customer-driven, business partner).

project, policy, institution, programme or system in a ‘real life’ context. It is research-based, inclusive of different methods and is evidence-led” (Simons, 2009, p. 21).

In order to analyse the collected data, an embedded approach was applied based on the existence of several departments offering multiple types of services by doing different types of work (transaction-based type of work versus specialist services) in this dedicated SSC (see Figure 14). Therefore departments and services represented embedded cases. As four departments represented two services (customer accounting and financial accounting), multiple levels of analysis were utilised within this single-case study (Eisenhardt, 1989; Yin, 2009).

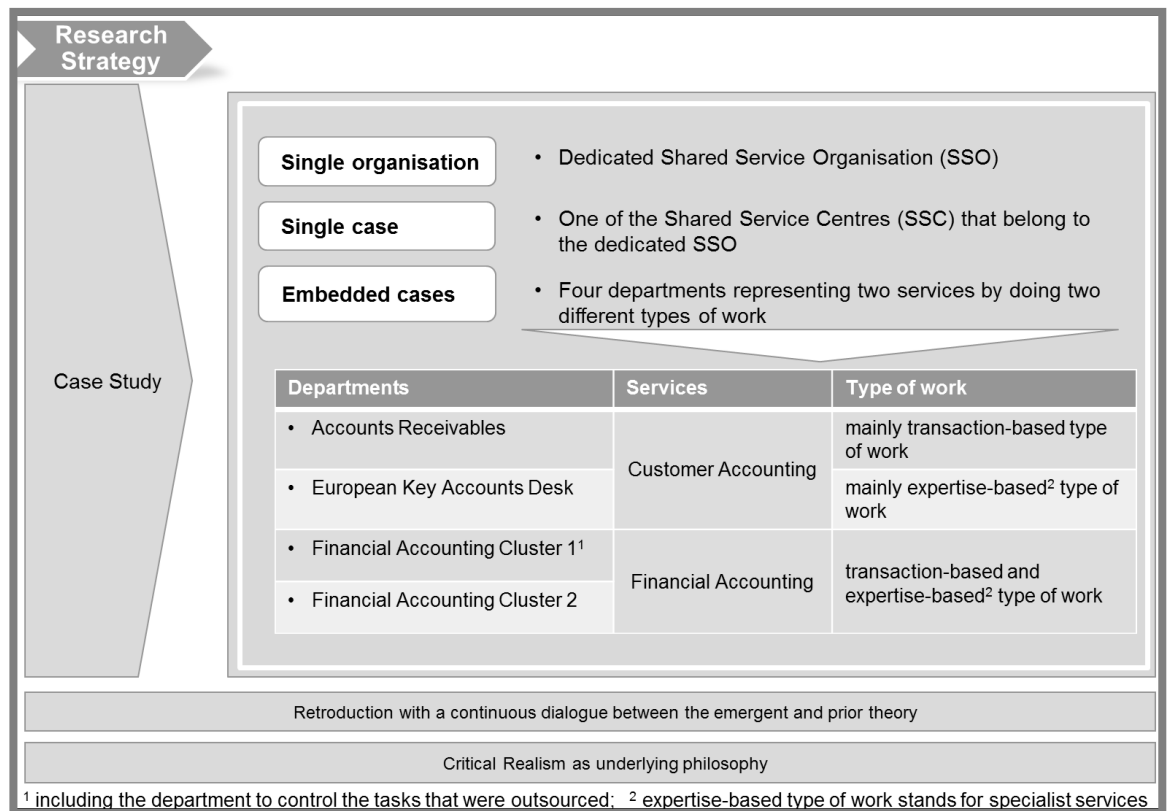


Figure 14. The research strategy of the study.

As the aim of a case study strategy is to acquire an in-depth understanding, its focus lies, in general, on particularisation rather than generalisation (Simons, 2009; Stake, 1995). However, Gummesson (2000) and Verschuren (2003) argued that generalisation in a case study needs to be viewed differently, confirming

Normann's (1970) view on generalisation solely based on a single case. Normann states,

The possibilities to generalize from one single case are founded in the comprehensiveness of the measurements which makes it possible to reach a fundamental understanding of the structure, process and driving forces rather than a superficial establishment of correlation or cause–effect relationships. (p. 53)

Considering the discussion on generalisation from a critical realist perspective, Vincent and Wapshott (2014) argue, “There is no empirical ‘test’ that can act as absolute confirmation. Rather ... the theory and data must be ‘fitted together’ as an explanation of what is observed” (p. 150). Thus, the discovery of underlying generative mechanisms is both conceptually as much as empirically significant. Therefore, a continuous dialogue between the emergent and prior theory took place to foster *limited generalisation* (i.e., comparing and contrasting similar and related studies). Moreover, *theoretical generalisation* (Williams, 2000) from a case study is feasible, “if the same mechanism is recognizably operative in many similar situations” (Ackroyd, 2009, p. 534). Although the present case study represents a rather limited scope of inquiry, theoretical generalisation (i.e., building theory that is applicable in whole or part to similar or related phenomena), which is based on the explanatory framework, was achievable for this research. Following Eisenhardt's (1989) view, theory building requires tying the emergent theory to existing literature. Consequently, the discussion of the findings included a reflection on questions like, “What is this similar to, what does it contradict, and why? A key to this process is to consider a broad range of literature” (Eisenhardt, 1989, p. 545). According to Eisenhardt, “Tying the emergent theory to existing literature enhances the internal validity, generalizability, and theoretical level of theory building from case study research” (p. 545).

Despite the opportunity to create theoretical generalisation by building theory that is applicable in whole or in parts to similar or related phenomena, the researcher's interest was always to "keep searching for new knowledge" and not in finding "the ultimate truth but, rather, the best available for the moment" (Gummesson, 2000, p. 97). This intention corresponds to the fallibility of knowledge argument described earlier in the section entitled Research Philosophy.

3.3. Time Horizon

Although the present study is cross-sectional, the inclusion of longitudinal elements seemed necessary in order to gain a degree of theoretical generalisation. When investigating organisational culture and its change, the consideration of a longitudinal approach is commendable. As Gummesson's (2000) observed, "Previous events in a company have created 'sediment'" (p. 109) and are still part of the organisational culture. Similarly, Schein (1990) stated that a shared history is a prerequisite for an organisation to allow a culture to form. Hence, obtaining a view on the history, present, and future was also essential for this study (Gummesson, 2000).

One way of ensuring at least the inclusion of longitudinal elements was to assess the organisational cultural change along the organisation's life cycle of the SSC (Cameron et al., 2005). Hence, the discussion of the differences in organisational culture along the different maturity levels of the SSC (i.e., before and after the introduction of lean system) during the semi structured interviews as well as in the focus groups generated information with regard to the historical context. This discussion contributed to the development of a historical view on the matter, considering the past, the present, and with a considerable amount of postrationalisation regarding the future. The latter was of particular importance

when discussing the aspect of leanness within the semi structured interviews. Another way to consider the past, the present, and the future was the use of secondary data covering a period of 5 years (2009–2013). Table 3 reveals the inclusion of longitudinal elements.

Table 3

Inclusion of Longitudinal Elements

Longitudinal aspect of collected data	Past					Present		Future
	<2009	2009	2010	2011	2012	2013	2014	>2014
Primary data	✓	✓	✓	✓	✓	✓	✓	✓
Secondary data								
Lean implementation documentation		✓	✓	✓	✓			
Census of employment in the region		✓	✓	✓	✓	✓		
Employee Opinion Survey		✓	✓	✓	✓	✓		
Workforce-related information (sickness, staff turnover, unemployment rates)		✓	✓	✓	✓	✓		

3.4. Data Collection

Figure 15 displays the applied mixed-methods for data collection and analysis underpinned by triangulation. The process of collecting the data is further explained in detail below by taking the researcher's reflexivity into account. Hence, in the next section the role of the researcher will be discussed before explaining the approach to gain access to the organisation. Later, the different methods and techniques for collecting primary data and the applied secondary data will be elucidated.

Research Question	Data Collection				Data Analysis
	Qualitative		Quantitative		
	Primary data		Secondary data		
	Semi structured one-to-one interviews	Focus groups	Documentary data	Survey-based data	
(1) What aspects of organisational culture are influenced when introducing a lean system in a captive shared services organisation?	✓	✓	✓	✓	<ul style="list-style-type: none">▪ Thematic analysis as qualitative method▪ Underpinned by triangulation in order to verify the primary data collected and analysed through secondary data
(2) How is organisational cultural change managed when shaping a captive SSO into a lean system?	✓	✓			
(3) To what extent is it feasible to achieve the organisational cultural change objectives of a lean system implementation?	✓	✓		✓	

Figure 15. Applied methods for data collection and data analysis.

Role of the researcher. In this qualitative research, the interviewer and her personality (e.g., philosophical standpoint) was the main research instrument (Gummesson, 2000). Hence, the way the researcher interacted with the interviewees and focus group participants influenced the data collected (Silverman, 2007). During the interviews and focus groups, the researcher's role was to guide the participants mainly by raising questions and to actively listen, while the participants acted as reflective and active "knowledge-givers" (Simons, 2009, p. 44).

Although the researcher was employed by the case organisation until the end of 2012 and was responsible for establishing a lean system, the researcher's role in this case study was non-interventionist (since the researcher was not acting as a change agent) but highly interactive and collaborative. In order to demonstrate this *outsider-insider* view, the case study was conducted as a third-person inquiry. Although an overview of the researcher's skills can be obtained by the dedicated skill matrix attached in Appendix C (see Table C1), the following

section discusses some of the particular skills required of the researcher in more detail. Due to the personal values that critical realists tend to bring into the study, several aspects were of particular importance, namely the proper conduct of the methods for collecting valid, reliable, credible and trustworthy data and its analysis; the traceability of all decisions being made during the research approach; and the adherence to ethical rules.

The proper conduct of the methods to collect primary data required specific skills from the researcher like interviewing skills, facilitation skills, as well as sensitive and active listening skills. As the researcher had been employed by the SSO until the end of 2012 and was responsible for establishing a lean system in the organisation, the organisation and most of the interviewees were known to her. Therefore, interpersonal skills to deal with difficult participants and situations (either during the interviews or during the focus groups) were less required than expected. As to the use of secondary data, analytical and diagnostic skills were required as well, in particular for triangulation.

In order to ensure traceability, the researcher thoroughly documented all steps to collect or analyse the data in QSR NVivo and in Excel, which are also partially shared within this present study. In addition, explaining the purpose of the research to all participants was crucial to get their support. Therefore, a short explanation about the research purpose was included in all information provided to the participants (in PowerPoint and verbally).

Furthermore, the researcher demonstrated personality characteristics like ethical standards, empathy, trust, and integrity. According to Cooper and Schindler (2008), ethics are the “norms or standards of behaviour that guide moral choices about the behaviour and our relationships with others” (p. 34). Therefore, it was important that the research was morally defensible to all participants. The

University of Gloucestershire's (2008) *Research Ethics: A Handbook of Principles and Procedures* was used as a framework of principles that highlights what is and what is not considered ethical. Additionally, the following general ethical guidelines for the interviews and focus groups were strictly applied:

1. All information shared during or after the interview/focus group was kept strictly confidential and anonymous.
2. Participation was absolutely voluntary, and the participant could stop the process at any time.
3. The participant did not have to answer any questions that make the participant feel uncomfortable.
4. All the data created during the research would be fully destroyed after completion of the study.
5. All answers were transcribed. For the interviews, a copy of the transcript was sent to the participant for a final check and approval.
6. To avoid any misunderstandings, permission for audio-recording and for taking notes was requested.

In order to demonstrate that ethics was of major significance, ethical ground rules (see Appendix D) were signed by both parties (as a kind of symbolic act) prior to the conduct of the interviews and explained prior to the conduct of the focus groups.

It was essential for the researcher to assure the confidentiality and anonymity of the research. This was done verbally, but also several times in written form (e.g., in the introduction package, invitation, ethical ground rules). Because the researcher was employed by the SSO until the end of 2012, it was of particular importance to point out that there would be no formal power relationship between researcher and participants, in order to reduce any bias. It was even

highlighted in written (e.g., in the invitation) and verbal form that the researcher was acting as a student (as private person) and not as the former global head of the lean system implementation. This emphasis was crucial in order to ensure voluntary participation, in particular at the group-leader and employee levels. The researcher perceived no inhibitions among interviewees and focus group participants to speak frankly.

For the semi structured interviews and focus groups, it was important to ask for permission for audio-recording (which was done in the digital format MP3) in order to allow the researcher to fully concentrate on the interviewee or focus group participants during the process of data collection. This was necessary as the researcher wanted to have each interview transcribed verbatim. "Transcripts of interviews offer a basis for later analysis and a spur to further reflection by participants" (Simons, 2009, p. 43). Although one person felt uncomfortable being recorded, all permissions were given. With regard to the audio-recording, verbatim transcripts⁹ were created by an external transcription service, which signed a non-disclosure agreement. A quality check of the full verbatim transcript was done by the researcher herself and took twice as long as each interview.

For the semi structured interviews, a copy of the verbatim transcript was sent to each interviewee for a final check. This was helpful in cases when some words were not fully understood and required clarification from the interviewee. In case of the focus groups (which were conducted by using up to three audio recorders), the participants agreed on a summary at the end of the session. This summary, which was created as a photo protocol, was used as a kind of approved transcript for further analysis. In order to ensure anonymity, an interview and focus

⁹ As the company language is American English, all transcripts were created in the American spelling.

group log was created separately from the transcript, consisting of information like background information of the interviewees or participants, field notes, and quality assessment of the conducted interviews or focus groups. Transcript and log were connected by a numeric identifier and were saved separately. Although the participants were aware of their numeric identifier, the identifier was later substituted by a pseudonym / character (shown in Appendix B, Figure B10). Finally, a password-protected archive was created to store the information, which was regularly (monthly, then weekly, and finally daily) copied and saved to backup files.

Due to the researcher's personal values, any existing biases and values that might influence the interpretation created within the research required reflexivity (Creswell, 2009). Thus, the researcher took seriously into account the mitigation of interviewer bias and the awareness and acknowledgement of response bias, because this bias had implications for the knowledge that was generated. Knowing that interviewer bias can be an effect of the interviewer's comments, tone, and non-verbal behaviour as well as interpretation of the answers, the researcher applied several mitigation strategies for reflexivity. These strategies are elucidated in detail in later sections.

Gaining access to the organisation. After the site of study had been identified, it was important to gain permission, to decide on a sampling design, to develop "means for recording information both digitally and on paper" (Creswell, 2013, p. 145) and to define strategies to mitigate interviewer and response bias. In order to gain access, overall permission from the head of the SSO as the main gatekeeper was required (Simons, 2009) before his direct report (the director of the region with the dedicated SSC) and his SSC management team could be approached individually. Although the researcher had worked for the SSO until the

end of 2012, gaining access could not be taken for granted because the majority of the executives of the SSO management board and thus the previous peers of the researcher had changed their positions during 2013. Nevertheless, since the two new executives (head of the SSO as well as the regional director of the region the dedicated SSC belongs to) had already been employed within the company for several years, the researcher already knew them from multiple joint company events. These existing relationships were helpful to get the permission for research, in particular from the head of the SSO.

Beginning in July 2013, a hierarchical (top-down) approach was followed to gain access to the organisation. The head of the SSO was approached first to ask officially for permission by explaining the purpose of the research, its approach, and the ethical aspects involved, thus allaying any potential concerns arising in his organisation (e.g., "What will happen with the data provided?"). This was important as he was the main gatekeeper of the organisation (Simons, 2009). In order to gain attention and raise interest, it was emphasised that companies have problems maintaining momentum after the initial lean implementation, with less than 10% of UK organisations having realised sustainable lean systems (Bhasin, 2012). This hook was used, as it was assumed that SSO staff would be interested in gaining an understanding of how to make their lean system implementation more sustainable. Moreover, it was highlighted that a copy of the final study would be made available to the research participants in case of interest. Figure 16 reveals the hierarchical approach to gain access to the SSO.

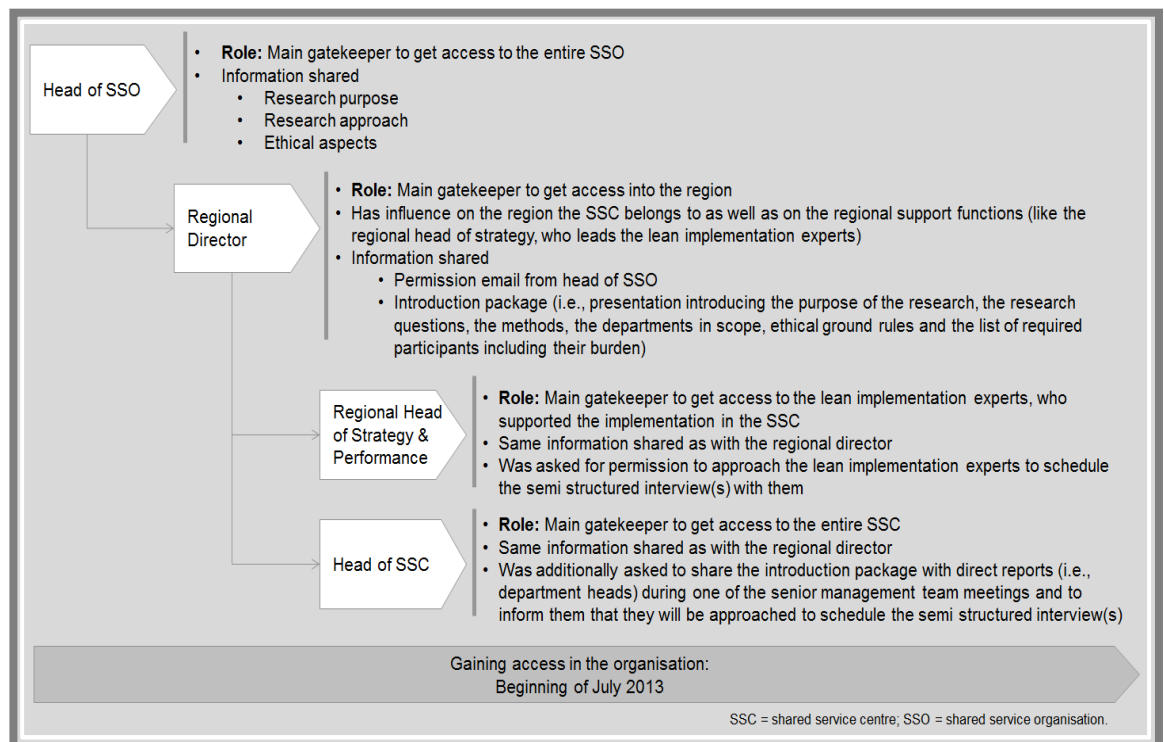


Figure 16. Hierarchical approach to gain access to the organisation.

After gaining access to the organisation, the semi structured interviews were conducted over a time period of several months commencing in August 2013 and finishing in the middle of February 2014. The focus groups were conducted in May 2014, after completion of all interviews. Since the researcher had worked for the SSO, the available secondary data like websites, lean implementation documentation, Employee Opinion Surveys, and workforce-related information were well known to her and accessible at any time. The collection of those data was done during the period when the interviews and focus groups were conducted (August 2013 to May 2014). Figure 17 displays the time plan of the research.

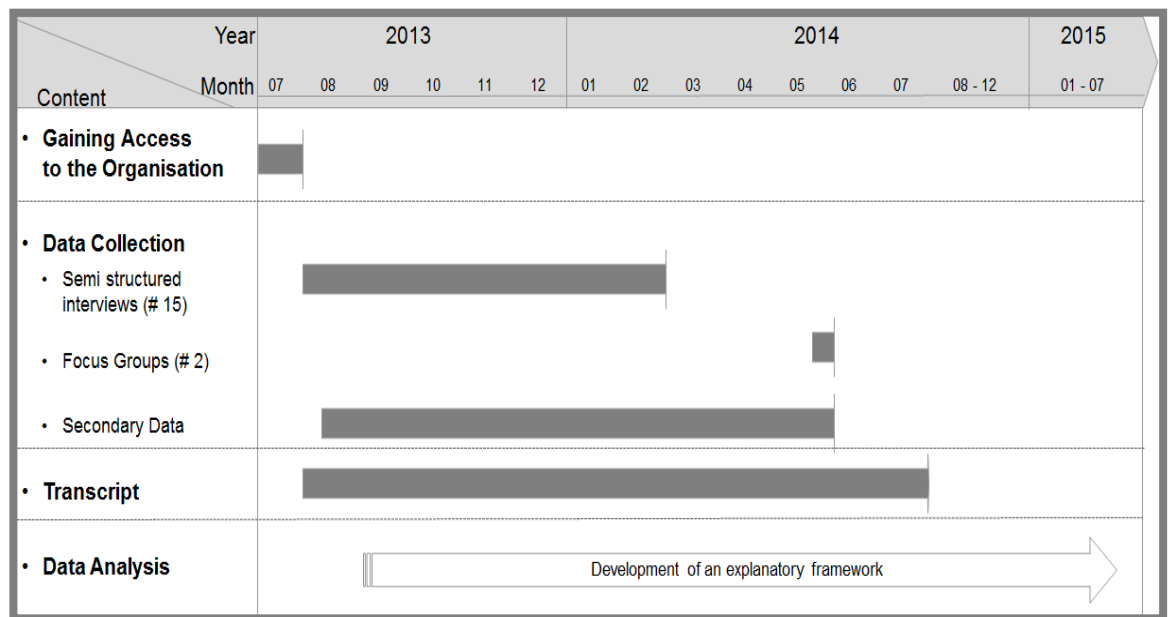


Figure 17. Time plan of the research.

Semi structured one-to-one interviews. Qualitative interviewing was applied as the method to collect primary data because “critical realists recognize the significance of meaning construction” (Smith & Elger, 2014, p. 111). Semi structured interviews were chosen because conducting these interviews with a list of interview themes suited the researcher’s personality better than a “loosely structured and informally conducted interview that may commence with one or more themes to explore with participants but without a predetermined list of questions to work through” (Saunders et al., 2009, p. 603). Semi structured interviews also offered flexibility because a semi structured interview is a “wide-ranging category of interview in which the interviewer commences with an asset of interview themes but is prepared to vary the order in which questions are asked and to ask new questions in the context of the research situation” (Saunders et al., 2009, p. 601).

All conducted semi structured interviews followed an interview schedule (see Appendix E), which is a structure with a list of interview themes rather than predefined questions (G. Thomas, 2011). Consequently, the interview schedule

served as a reminder of what to talk about and to ensure that all themes were covered in each semi structured interview. This schedule offered the researcher not only the flexibility to change the order and the logic of questioning as required (Easterby-Smith, Thorpe, & Jackson, 2008), but also to make adjustments, such as the addition of questions when the researcher wanted to follow up on dedicated points raised by the interviewee (Eisenhardt, 1989) or to verify a raised topic with the concept-based theory to foster retroduction. Thus, theorising about the issues that had surfaced during the interview already started during the data collection process (Pandit, 1996). To summarise, “because of these advantages [as mentioned above], it is the most commonly used kind of interview arrangement in most small-scale social research” (G. Thomas, 2011, p. 163). The interviews covered eight themes: (a) organisational culture before and after lean, (b) reason and purpose for lean and its implementation, (c) continuous improvement, (d) business partner, (e) collaboration, (f) organisational cultural change, (g) concrete actions, and (h) sustainability/leanness.

When considering the best approach to collect data in a semi structured interview, one-to-one and face-to-face interviews were selected. Despite the logistical challenge of one-to-one and face-to-face interviews, this type of interview offers a number of advantages.

1. One-to-one interviews are strong at exploring the interviewee’s experiences and at understanding their motives, values, beliefs, and attitudes (Barriball & While, 1994; Bryman & Bell, 2011; Kvale, 2007; Saunders et al., 2009). This was accomplished by creating a trusting interview situation, and it was easier for the interviewer to build rapport in a face-to-face meeting than in a telephone interview. The researcher was

able to encourage the interviewees to tell their real-life experiences regarding the phenomenon (Simons, 2009).

2. One-to-one interviews offer the opportunity to evaluate the validity of the interviewee's answer by observing the interviewee's body language (Gorden, 1975). As this kind of interview allowed collaboration with the participants, it was easier to react directly to questions that were suggested by the body language of the interviewees (e.g., a puzzled look on interviewee's face after a question).
3. This kind of interview offered the advantage of immediate clarification. As the phenomenon (captive SSO as lean system) under study represents "different facets of a complex and multi-layered social reality" (Smith & Elger, 2014, p. 119), clarification actually happened in both ways, either to clarify questions raised by the interviewee or to clarify given information from the interviewee (Barriball & While, 1994). Both helped to avoid response bias (social desirability).
4. One-to-one interviews promote comparability. This is given when the interviewer ensures that all questions are answered by each interviewee, which was done by following the interview schedule. In addition, patterns of responses from several interviewees were detected spot on.
5. Finally, within one-to-one interviews the interviewee has to respond without any help from someone else (Barriball & While, 1994). Furthermore, the interviewees had to focus on the interview as they were prevented from doing other activities at the same time (e.g., checking e-mails during a telephone interview).

As to the interview technique, probing was applied. This technique offered the advantage that the interviewees elaborated on relevant issues raised by them

and that the researcher could elicit additional information necessary to obtain comprehensive answers. Probing helped to clarify inconsistencies (Barriball & While, 1994) and to mitigate interviewer bias, which was of particular importance due the researcher's role.

As the phenomenon represented a "stratified and differentiated social ontology" (Reed, 2009, p. 431), the interviewer offered enough time to the interviewees to explain in detail their views on the different aspects of the phenomenon, which helped the interviewer to understand the meaning construction. Moreover, the use of probes required sufficient time as well. Therefore, each interview took 2 hours.

Overall, the critical realist researcher was able not only to let the interviewees share their perception regarding observable events and actions, but also to elicit previously undisclosed experiences in each interview (e.g., HR policies and practices that could be characterised as an unobservable underlying generative mechanism). Furthermore, retrodution already took place within the interview process. Hence, the critical realist researcher positioned herself as a "miner," striving to unearth the underlying generative mechanism, and at the same time as a "traveller" by generating knowledge to foster "limited and theoretical generalisation" (Kvale, 2007, p. 22).

Sampling. For the present study, purposeful sampling was used (Creswell, 2013). A sample is always required when it is not possible or practicable to survey and collect data from the entire population (Saunders et al., 2009). This also applies to the present case study, since the entire population of the SSO located in the SSC in scope (approximately 280 people) would have been too big to handle.

Researchers have to make a choice regarding their selection approach, including selection of the participants (i.e., sample scheme like criterion or

stratified purposeful) and the number of sample members, or sample size (Creswell, 2013; Onwuegbuzie & Collins, 2007). According to Onwuegbuzie and Collins (2007), “The choice of the sampling class (i.e., random vs. non-random) should be based on the type of generalization of interest” (p. 283). As the interest was to generate theoretical generalisation and not statistical generalisation, a non-random sampling class was applied for selecting the sampling schemes. As the intention of this research was to gain insights into the phenomenon, the sample members were purposefully selected to maximise the understanding of the phenomenon and its underlying generative mechanisms.

In order to ensure that the research questions and their objectives were met, the purposeful sampling covered various specifications based on the organisational role, resulting in three samples. Two sample groups were used for the semi structured one-to-one interviews: lean implementation experts and the sample group of executives and managers. The third sample, SSC employees, was essential for the conduct of the focus groups and is further elucidated in the section Focus Groups. Although all sample members were purposefully selected, in each sample a combination of different sample schemes was applied (Teddlie & Yu, 2007).

Sample: Lean implementation experts. A lean implementation expert was defined as a person with a comprehensive and authoritative knowledge of or skill in the particular area of lean systems. As the SSO has a dedicated department consisting of four lean implementation experts, the sample comprised two experts who had headed most of the lean system implementations within the departments of the SSC. Thus, the sample scheme was one of “intensity” and a “critical case” (Onwuegbuzie & Collins, 2007, p. 285), as the two most experienced lean implementation experts were chosen. The inclusion of experts “provides the

researcher with compelling insight about a phenomenon of interest,” and “their experiences relative to the phenomena of interest are viewed as intense but not extreme” (Onwuegbuzie & Collins, 2007, pp. 285–286).

Sample: Executives and managers. An executive or manager was defined as a person who leads or manages a group, a department, a centre, a region, or the entire SSO. In the sample, all hierarchy levels were represented: head of SSO, regional director, head of SSC, department heads, and group leaders. It was essential that participants had been employed before the start of lean system implementation in order to be able to share their experiences since then. Another point to be considered was changes at executive and managerial level between the start of the lean system implementation in 2009 and the time of the study, which had an impact on the sample size. As already mentioned in the section about gaining access to the organisation, two executives at SSO level did not meet the selection criteria described. Both, the head of SSO and the regional director had been employed since April or May 2013. As the predecessor of the head of SSO was still working for the company (but in another role), this person was interviewed instead. Since the previous regional director had left the company in September 2012, the interview with the regional director was not conducted. Hence, two out of three executives were finally interviewed. The sample scheme of the executives was a “politically important” and a “criterion” scheme, because the executives were chosen due to “their political connections to the phenomena of interest” but also on the grounds that “they represent one or more criteria” (Onwuegbuzie & Collins, 2007, p. 286).

As to the sample of managers, all departments of the SSC with their hierarchy layers of department head and group leader were in scope. Table 4

shows the department heads in scope, with those who were finally interviewed checked.

Table 4

Scope of Department Heads Interviewed

Potential department heads (sample managers)	Semi structured one-to-one interview conducted?	Comments
Head of Accounts Receivables	✓	Collected data used for embedded case service: Customer Accounting
Head of European Key Account Desk	✓	Collected data used for embedded case service: Customer Accounting
Head of Control Centre Outsourcing	—	No separate interview necessary, as the department is headed by the head of Financial Accounting Cluster 1
Head of Financial Accounting Cluster 1	✓	Collected data used for embedded case service: Financial Accounting
Head of Financial Accounting Cluster 2	✓	Collected data used for embedded case service: Financial Accounting
Head of Financial Accounting Cluster 3	—	Head of shared service centre requested that this department head was not interviewed, as this area still had not been shaped into a lean system
Head of Customer Master File	—	Head of department was on maternity leave, and deputy in place did not meet sample criteria
Head of Billing	✓	Interviewed. Although department head also had not yet implemented lean systems, he was eager to share his perspectives on the lean system and thus was considered as being able to provide an outside-in perspective
Head of Support Function Human Resources	✓	Interviewed

This led to a total of six (out of potentially nine) interviews conducted with different department heads (including HR). Although HR had not introduced lean services, representatives of this department were interviewed as they supported and thus participated in the lean system implementation in the other departments.

Considering the next hierarchy level below, for a multilevel study it was imperative to interview at least one group leader in each department, in particular those whose department head was interviewed. The group leaders were nominated by the department heads based on the sample criteria. Table 5 lists the group leaders in scope and shows that five out of nine possible interviews with group leaders were finally conducted. Although it was important for the embedded approach to conduct interviews with both department head and group leaders of the same department (as this would ensure that a department was analysed from different managerial perspectives), comparing the two tables, Table 4 and Table 5, demonstrates that this intention was accomplished with the exception of one department, Financial Accounting Cluster 1.

Table 5

Scope of Group Leaders Interviewed

Departments with potential group heads (sample managers)	Semi structured one-to-one interview conducted?	Comments
Accounts Receivables	✓	Collected data used for embedded case service: Customer Accounting
European Key Account Desk	✓	Collected data used for embedded case service: Customer Accounting. As the department has no group leaders in place, an alternative person was recommended by the department head based on level of lean expertise
Control Centre Outsourcing	—	Group leader function was insignificant due to the small size of the department (6 people)
Financial Accounting Cluster 1	—	No voluntary group leader found
Financial Accounting Cluster 2	✓	Collected data used for embedded case service: Financial Accounting
Financial Accounting Cluster 3	—	No group leader chosen as department had not yet implemented lean
Customer Master File	✓	As lean services were implemented only from a local perspective, this interviewee provided an outside-in perspective
Billing	—	No group leader chosen as the department had not yet implemented lean
Support Function Human Resources	✓	Interviewed

The sample part of managers represented a criterion sampling schema considering aspects of a stratified purposeful scheme (i.e., SSC was divided into strata to generate homogenous subgroups consisting of a department head and one group leader) and a convenience scheme (i.e., individuals were “conveniently available and willing to participate”; Onwuegbuzie & Collins, 2007, p. 286).

Whereas in the sample of lean implementation experts two semi structured one-to-one interviews were undertaken, further 13 semi structured one-to-one interviews

were conducted in the sample of executives and managers; thereof two interviews at executive level and 11 at managerial level.

To summarise, the purposeful sampling for the semi structured interviews led to two samples: (a) lean implementation experts and (b) executives and managers. Fifteen interviews were conducted in total. When considering the sufficiency of the sample size, G. Guest, Bunce, and Johnson's (2006) analysis showed that data saturation can be expected after 12 interviews. This is particularly true when three aspects are given (G. Guest et al., 2006). First, a semi structured interview technique was applied as this represents "a certain degree of structure within interviews" (G. Guest et al., 2006, p. 75). Second, widely distributed content and experience meant "the more widely distributed a particular experience or domain of knowledge, the fewer the number of participants required to provide an understanding of the phenomenon of interest" (G. Guest et al., 2006, p. 75). Finally, participant homogeneity was present like in a purposeful sample, which implies that "the more similar participants in a sample are in their experiences with respect to the research domain, the sooner we would expect to reach saturation" (G. Guest et al., 2006, p.76). As all three aspects were given within the present study as well, it was expected that the conducted 15 semi structured interviews would offer a reliable knowledge base. Furthermore, G. Guest et al.'s (2006) view is in accordance with Kvale (2007), who stated, "In common interview studies, the amount of interviews tends to be around 15 (+/- 10)" (p. 44). As each interview was scheduled to last 2 hours, the conducted 15 interviews delivered rich and detailed data for the multilevel study across different hierarchy and expertise levels, which provided a deep understanding of the various opinions of each participant. Furthermore, this multilevel study corroborated the embedded approach and strengthened the exploratory power of

the conceptual framework of the literature review (see Figure 10) as much as the explanatory framework (as shown in Figure 12). Figure B3 (see Appendix B) summarises the sampling design of the semi structured interviews.

Mitigation strategies for reflexivity of the conduct of the semi structured interviews. Due to the researcher's role, reflexivity was required to mitigate existing biases and values that might influence the interpretation created within the research (Creswell, 2009). The following section describes the mitigation strategies strictly applied during the semi structured interviewing process by following a rigorous three-step approach of preparation, execution, and wrap-up (see Table 6). As the activities are described in detail in Table 6, the following section highlights only some distinct reflexivity points by focusing on the interviewee and interviewer perspectives.

Table 6

Three-Step Interview Process

Step	Description
Step 1: Preparation	<ul style="list-style-type: none"> • Do research in the company's intranet to update existing information about the shared service organisation (e.g., current organisational set-up). • Create an interview guide of different components, like interview schedule (list of issues). • Set up an interview log with several tabs (interviewee with list of identifiers, background information, field notes including theoretical memos). • Contact interviewee to ensure support by giving clear purpose and focusing on benefits to interviewee. • Send out an introduction package to clarify purpose and approach of the study. • Plan logistics (e.g., travel). • Send out the invitation including the interview themes to the interviewee for preparation, as well as some ethical ground rules regarding confidentiality and anonymity.
Step 2: Execution	<ul style="list-style-type: none"> • Wear a similar kind of dress. • Use a neutral tone. • Audio record interview (after receiving permission). • Clarify specific terminology first. • Raise open questions, probing questions, and specific or closed questions. • Summarise after each question to ensure correct understanding. • Make notes (to show appreciation).
Step 3: Wrap-Up	<ul style="list-style-type: none"> • Reflect on the interview by writing field notes and creating theoretical memos. Note issues to follow, key points regarding observed body language, mood, and anything unexpected that arose. • Fill out the interview log. • Send a thank you letter to the interviewee to show respect and set expectations when transcript is sent to the interviewee. • Send MP3 to external transcription service. • Send a copy of the transcript for a final check to the interviewee to ensure accuracy and verification. • Archive the interview log and transcript separately to ensure anonymity.

Reflexivity highlights: Interviewee focus. After scheduling the interviews with the executives and the lean implementation experts, it was crucial to set up the interviews with the department heads as soon as possible as they would act as a

gatekeeper for the interviews with their group leaders. In order to schedule the interviews with the department heads, the researcher contacted them in person by stopping by their offices in the SSC. As most of the department heads knew the researcher from the past, the interviewees were open to spend the required 2 hours. As it was important for the researcher to make the interview as beneficial and comfortable as possible for the interviewees, the researcher tried to arouse interest by addressing the different motivational aspects each department head might have. Some of the interviewees were interested in reflecting on the lean system implementation journey to work out their lessons learned from this experience. Some of the department heads even tried to persuade the researcher of their standpoints (and tried to elicit the researcher's standpoint). Others viewed the interview as a chance to talk about challenges not only during the implementation phase but also still existing (which implied triggering ideas to influence the current status in the SSO). Some department heads used the opportunity to ask for advice how to manage these challenges after the interview was finished. Others were motivated because they could demonstrate their experiences and knowledge and thus contribute to the study. In all cases (including situations when interviewees talked negatively about other organisational members), the researcher avoided to get pulled into any discussion outside the academic focus. In order to provide a trade-off for the time that the interviewees spent, a copy of the study was offered. This may provide them with new insights about the topics of lean systems, organisational culture, and SSO, which they could either use within their own department, share within the internal SSC network worldwide, or even share within SSO networks of the shared services industry.

Knowing that in each department there are different working peaks (e.g., for general ledger activities in Financial Accounting, the month end is always a time with little spare capacity), department heads were asked which time period would suit best to reduce any concerns about time issues. This approach was welcomed by the interviewees as it showed flexibility on the researcher's side and an understanding of the interviewee's situation. The way of approaching the department heads helped to schedule the majority of the interviews in one day. Knowing that the day of a department head is characterised by a potentially overwhelming multitude of topics and tasks, a follow-up e-mail was sent immediately to each of them consisting of the introduction package already shared with the executives. This not only reminded the department heads of the appointment for the interview but also assured a consistent sharing of the information among the already approached hierarchy levels. An Outlook invitation also was sent 1 week ahead of the interview to each department head, which included the list of interview themes as well as the ethical ground rules for the interviewee's preparation (see Appendix D and Appendix F). Although all interviewees had received the interview themes, only two interviewees came to the interview prepared. As this was expected, handing over a copy of the interview themes at the beginning of the interview was helpful for the interviewee to follow the flow and the progress of the interview.

During the interview, the interviewer tried to create a setting in which the interviewee felt comfortable expressing his or her view (Simons, 2009). This was done by asking questions related to joint experiences in the past as an icebreaker. Hence, the already existing relationships were supportive of creating a trusting and comfortable environment for the interview. Furthermore, the interviewees organised an appropriate location where they were unlikely to be disturbed. In

order to emphasise the informality of the researcher's visit to the SSO as student and not as previous executive, the researcher decided to dress rather casually instead of wearing a suit. This dress code was chosen to help the interviewee feel more comfortable (Barriball & While, 1994).

For the interview, the following material was always used: a print-out of the introduction package, the Outlook invitation attachments, the support material for the interview (like the definition and description of the term organisational culture), and the interview guide. To reduce interviewer bias, it was important to explain the term organisational culture first. This ensured a common understanding between the interviewer and the interviewee. Figure 18 displays the two statements that were printed on a piece of paper, which was placed on the table to ensure that the definition and description were always visible to the interviewee throughout the entire interview. This support material also helped to create a setting in which the interviewee felt confident.

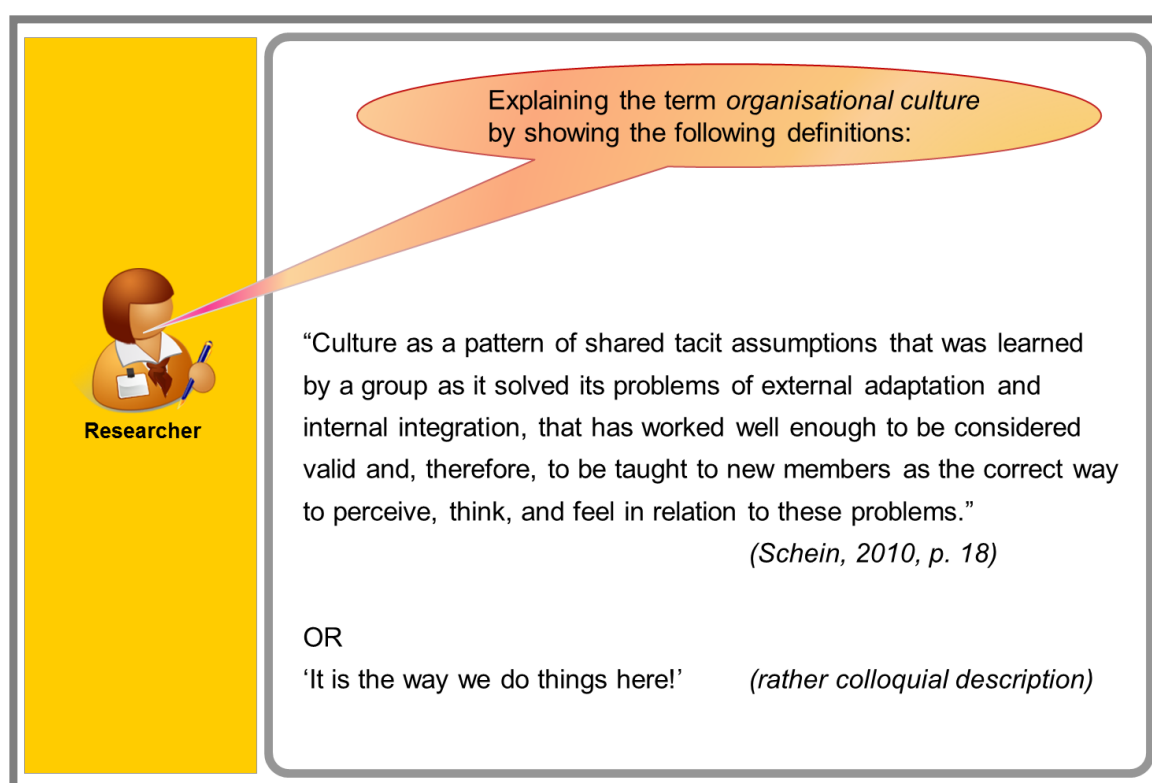


Figure 18. Support material for the interview (example: definition and description of the term *organisational culture*).

After each interview, the interviewee was asked to give feedback. The general feedback from the majority of the interviewees was that it was interesting and enjoyable for them to reflect on the phenomenon, in particular as they were not used to taking the time to do so. For some interviewees the interview even triggered solutions for problems that they were currently working on. The conduct of the interviews strengthened the trust and the belief of the department heads in the study and the chosen approach as they had gone through the process in person. Hence, gaining their approval afterwards for further interviews with their direct reports was easy.

Reflexivity highlights: Interviewer focus (the researcher's craft). As the quality of qualitative research relies to a large extent on the craft of the researcher (Kvale, 2007), the following sections elucidate examples demonstrating the researcher's craft. A first example is the rigor of documentation of the research steps. The process of gaining access and all further details of the entire interaction process pertaining to any contact points with each participant (e.g., the dispatch date of the introduction package, the actual date of the interview, identifier of each participant) were documented thoroughly in an interview log under the tab Interviewee. The interview log was set up for this study to document the conduct of all interviews planned and consisted of four tabs: Interviewee, Background Information, Field Notes, and Quality of Interviews (see Table 7).

Table 7

Interview Log Tabs and Components

Tab	Components under tab
Interviewee	<ul style="list-style-type: none"> • Function • Role • Interviewee (name) • Interview identifier (number of interview) • Pseudonym • Conduct of semi structured one-to-one interview (date, time, place) • Introduction package sent out (date) • Invitation sent out with ethical research form and interview themes (date) • Signed ethical research form (date) • Thank you letter (date) • Transcript sent out to interviewee (date) • Aligned transcript received back (date) • Interested in a copy of the final study?
Background Information	<ul style="list-style-type: none"> • How long have you been employed by the captive SSO/SSC [shared services organisation/centre]? • What is your current position within the captive SSO/SSC? • When did the lean system implementation start for you and what was your role at that time? • How many years of experience do you have in shared services in general? • Was the lean system implementation at the SSC the first lean experience for you or did you already have any experiences with it before the implementation started in the SSC?

Tab	Components under tab
Field Notes	<p>Field Notes</p> <ul style="list-style-type: none"> • How was the setting of the interview? <ul style="list-style-type: none"> ○ Was the room quiet or noisy? ○ Could you be overheard? ○ Were you interrupted? • Background information about the participant: <ul style="list-style-type: none"> ○ Name ○ Job Title ○ Current Role ○ Hierarchy / Expertise Level ○ During the implementation phase (role / year / wave no? / project no?) ○ Gender ○ Size of organisational responsibility (in full-time equivalents) • My immediate impression of how well (or badly) the interview went (e.g., was the participant reticent, were there aspects about which I felt I did not obtain answers in sufficient depth?) <p>Theoretical Memos</p> <ul style="list-style-type: none"> • What has been learned from the particular interview? • How does this case differ from the last? • What was similar to the previous interviews?
Quality of Interviews	<ul style="list-style-type: none"> • Function • Role • Number of words • Coverage of all eight themes • Comment • Quality criteria for a good interview (Kvale, 2007) <ul style="list-style-type: none"> ○ Richness of answers ○ Length of answers ○ Clarification of interviewee's statements • Comment

Another example demonstrating the craft of the researcher (Kvale, 2007) is the testing of the interview guide. The interview guide consisted of components like interviewer's instructions, the interview schedule (i.e., list of interview themes and related issues per theme), and space for field notes. As it was important to test the interview flow and the interview technique with a trusted person, the first interview was conducted with one of the lean implementation experts who had worked closely with the researcher in the past. This test interview lasted less than

2 hours and demonstrated that the estimated length was required to comprehensively understand the “different facets of a complex and multi-layered social reality” (Smith & Elger, 2014, p. 119) of the phenomenon.

A third example is the focus on meaning construction. During the interview, the researcher sought to cover both a factual and a meaning level, in order to “hear the meaning of what is being said ... [the] interpretations, and understandings that give shape to the worlds of the interviewees” (Rubin & Rubin, 1995, p. 7). To ensure that a second question could be raised without interrupting the interviewee in his or her response flow, the researcher took field notes. These field notes helped to follow up on a specific aspect mentioned by the interviewee in a previous response to explore the meaning, to clarify the understanding, or to elicit additional information (Barriball & While, 1994). This technique helped shape each interview into a unique situation driven by the responses of the interviewee (Simons, 2009). This result is congruent with Patton’s (1980) view that each interview represents a unique setting: “There is no single right way of interviewing, no single correct format that is appropriate for all situations, and no single way of wording questions that will always work” (p. 252). However, in order to ensure that all or most of the themes were discussed, the interviewer steered the interview via the interview schedule. Finally, the interviewer debriefed the interviewee by letting him or her know that a verbatim transcript would be sent to the interviewee for final verification (Kvale, 2007), which was done to reinforce the meaning construction.

Observation and interview techniques can be viewed as a further example demonstrating the researcher’s craft. As the interviewer observed vocalisations and bodily gestures, any of the interviewee’s important observations were documented afterwards under the Field Notes tab of the interview log (e.g., shining eyes when talking about employees). Moreover, questions with embedded bias

were avoided in order to ensure that the interviewee spoke openly and did not feel directed into an answer. This was done by forming neutral and rational questions without any evaluation, asking, for example, “Can you describe the way of working here in the SSC?” rather than, “How stressful is it to work here?” Besides the applied open question technique, probing questions were used to mitigate interviewer bias and also to detect response bias (Simons, 2009). Probes were consistently used for topics the researcher already knew (e.g., “Please explain what a whiteboard session is”). Throughout each interview, probing questions were applied to test the proper understanding as well as to elicit more information from a given response (e.g., “What do you mean by that?”). This technique strengthened the reliability of data (Barriball & While, 1994). In addition, the researcher probed “some ideas of potential mechanisms active in the empirical domain” (O’Mahoney & Vincent, 2014, p. 14) like the relation of HR policies and practices on continuous improvement. Moreover, the researcher always tried to obtain examples from the interviewees that underscored their responses. This approach corroborated the researcher’s intention to collect credible data. Finally, answers were summarised to verify their correct understanding. This technique was applied consistently throughout all interviews to mitigate interviewer bias and to gather trustworthy data.

A critical realist researcher is “potentially interested in many kinds of data, especially at the outset of the research” (O’Mahoney & Vincent, 2014, p. 22). Therefore, each interviewee was asked at the end of the interview to fill out a questionnaire regarding background information (Simons, 2009) as shown in Table 7. In the early stages of research, causal mechanisms may not be clear (O’Mahoney & Vincent, 2014). Thus, collecting background information generated further opportunities for additional analysis of various attributes like years of

employment or experience level in shared services to find patterns, although this information was not used in this study in the end.

The reflection step taken after each interview is a further example demonstrating the researcher's craft. The researcher reflected for about 10 minutes on the just-collected impressions (Kvale, 2007). For this reflection the interviewer filled out the Field Notes tab in the interview log (see Table 7). In addition, the concept of theoretical memos (used in grounded theory) was applied when reflecting on the outcome of each interview and to develop "theoretical sensitivity" (Heath & Cowley, 2004, p. 144). Moreover, a comparison of the interviews began by reflecting on questions as shown in Table 7. This reflection also helped to detect any response bias.

Finally, as the researcher was eager to collect valid, reliable, credible, and trustworthy data, the researcher reflected on quality criteria for conducting interviews. As Kvale (2007) defines quality criteria that "serve as guidelines for good interview practice" (p. 81), three general criteria for a good interview and three additional criteria for an ideal interview were used. The criteria for a good interview like "the richness of the interviewee's answers, the length of relevant answers and the clarification of the interviewee's statement" (Kvale, 2007, p. 90) were applied for the present study to self-evaluate the quality of the conducted interviews (examples highlighted in Table 8).

Table 8

Quality Criteria for a Good Interview in Regard to the Conducted Interviews (Excerpt)

Function	Role	No. words	Coverage of 8 themes	Quality criteria for a good interview			Comments
				Richness of answers	Length of relevant answers	Clarification of statements	
Executive SSO	Previous head of Service Line FHO	11,016	100%	High	Satisfying	High	Answers underscored with examples, covered different perspectives. Longest answer 435 words, but several times. Average answer for one theme about 1,400 words.
Group leader SSC	Group leader from Financial Accounting: Cluster 2	5,407	100%	—	—	—	Battery in recorder stopped after 25 minutes; a summary was written. A quality evaluation could not be done.
Lean implementation expert (SSO & SSC)	Lean implementation expert	9,446	100%	Limited	Satisfying	High	Answers underscored with examples. Interview only took 1.25 hours, and only 5 themes were discussed deeply. Longest answer was 464 words, average answer for one theme approx. 1,500 words.
Total		220,950		High	Satisfying	High	

Note. SSO = shared service organisation; SSC = shared service centre; FHO = Finance and HR organisation. Definitions for quality ratings of *high*: Richness requires examples and answers from different perspectives; length required > 400 words per answer and more than 2,000 per theme; clarification requires all probing questions to clarify content.

Overall, more than 220,000 words were collected via semi structured one-to-one interviews, whereby all themes were covered by the majority of the interviewees. The quality of the interviews was evaluated by the researcher as of

high quality regarding the criteria of richness and clarification, whereas the criterion of length of relevant answers was of satisfying quality.

Focus groups. In this study focus groups were used in combination with semi structured interviews to promote a multilevel study and to balance the different views of the participants regarding the phenomenon. As a multilevel study has the potential to discover underlying generative mechanisms, not only the opinions of managers and experts were collected, but also the opinions of the employees.

In order to strengthen the exploratory power of the conceptual and the explanatory framework, discussing the phenomenon in depth was essential as well as observing how employees would discuss it amongst each other. To fulfil this purpose, focus groups were chosen as a “research technique that collects data through interaction on a topic determined by the researcher” (Morgan, 1996, p. 130). The “group psychology itself” was of particular interest (G. Thomas, 2011, p. 164). An essential advantage of focus groups is “their ability to ‘give a voice’ to marginalized groups” (Morgan, 1996, p. 133). Yet, focus groups go beyond listening to each other, as they offer interaction, discussion, and exchange of views with other participants, which implies that individual views can be reflected on and qualified or modified. This notion underpins Morgan and Krueger’s (1993) opinion that the main strength of this research technique goes beyond exploring the participants’ view, as the group effect discloses behaviours and motivations of the participants.

The focus groups were conducted after completion of all interviews because the researcher wanted to build up trust at the managerial level first, before approaching any employees. Hence, after the managers (department heads and group leaders) were familiar with the research approach and credibility

was established and strengthened, the department heads were contacted to inform their employees about the sessions and to allow them to join the sessions. When designing the focus groups for this study, five aspects were considered: sampling, standardisation, group size, moderator involvement, and number of groups. All of these aspects influenced data quality as described below.

Sampling: Focus groups. The sample of SSC employees was created and two focus groups were finally conducted. Sampling is applied to compose “groups that consist of particular categories of participants” (Morgan, 1996, p. 143). These categories represent something that is of particular interest for the study (like the type of work), as this might influence the organisational culture. Therefore the sampling was driven by the organisational group and department structure, which helped to aggregate the groups into embedded cases (services for customer accounting and for financial accounting). This clustering underscores the advantages of sampling as mentioned by Morgan (1996), namely that “it builds a comparative dimension into the entire research project, including the data analysis” (p. 143). Another advantage is that it helps discussions to flow more smoothly, since participants are more homogenous.

In the sample, employees were defined as all people within the SSC at non-executive level. Therefore, all SSC employees were in scope who were headed by executives and managers as described in the section on the sample of executives and managers. Employees had to have been employed before the start of lean system implementation in their group in order to be able to discuss their experience regarding the role of organisational culture during the implementation phase. Thus, potentially 14 departmental groups could send employees into the focus groups, as shown in Figure B4 (Appendix B).

The researcher decided to take out the groups from the Customer Master File department, as this department had solely implemented a few lean tools and not introduced lean systems from a three-level perspective (Arlbjørn & Freytag, 2013). Hence, 10 groups remained to be considered.

In order to strengthen the researcher's intention to generate multiple levels of analysis (such as the different types of work done by the departments) and based on the definition that the departments represent embedded cases, employees representing groups that offer the same service were grouped in one focus group. Thus, the potential number of focus groups was three.

Another decision had to be made regarding the size of each focus group. According to Morgan (1996), the group size is determined by the level of involvement required for the discussed topic. The more emotional the topic is, the smaller the size recommended. Furthermore, the more participants, the more demanding is the moderation. According to Blackburn and Stokes (2000), focus groups with more than eight participants become difficult to handle. Thus, the present study focused on shaping groups of six to eight employees. The topic was expected to raise contentious issues and to be discussed vividly, which is why a size below eight appeared to be reasonable. Considering the three potential focus groups, for each department two representatives per group were requested who had gone through the lean system implementation to foster discussion. As this would have led to group sizes of more than eight participants (e.g. in the service Financial Accounting), the researcher decided to put the employees representing the department Control Centre Outsourcing together with those from Financial Accounting Cluster 1, as both departments were headed by the same leader, indicating a similar way of practising the lean system. This approach finally led to the intention to conduct three focus groups based on a design following a criterion

sampling scheme and to employees who were selected via a quote scheme, but in a random way (Onwuegbuzie & Collins, 2007). The selection of the employees occurred randomly, as the invitation to the focus group was forwarded by the respective managers to all their employees without any preselection. So, employees who met the criterion (i.e., being employed before the start of lean system implementation in their group) decided if they wanted to join (Krueger & Casey, 2000). Due to the unpredictable event in April 2014 when the SSO announced outsourcing the services of Financial Accounting (in particular Cluster 1 and 2), forming the focus groups became demanding. As the outsourcing activities were already in full swing in May 2014 when the focus group was scheduled to take place, volunteers with free capacity to join the focus groups were minimal, and only two focus groups could be created.

To summarise, two focus groups with 15 participants in total were finally conducted. One focus group was called Customer Accounting, with eight participants, and the other was called Financial Accounting, with seven participants. Figure 19 shows the final focus group design.

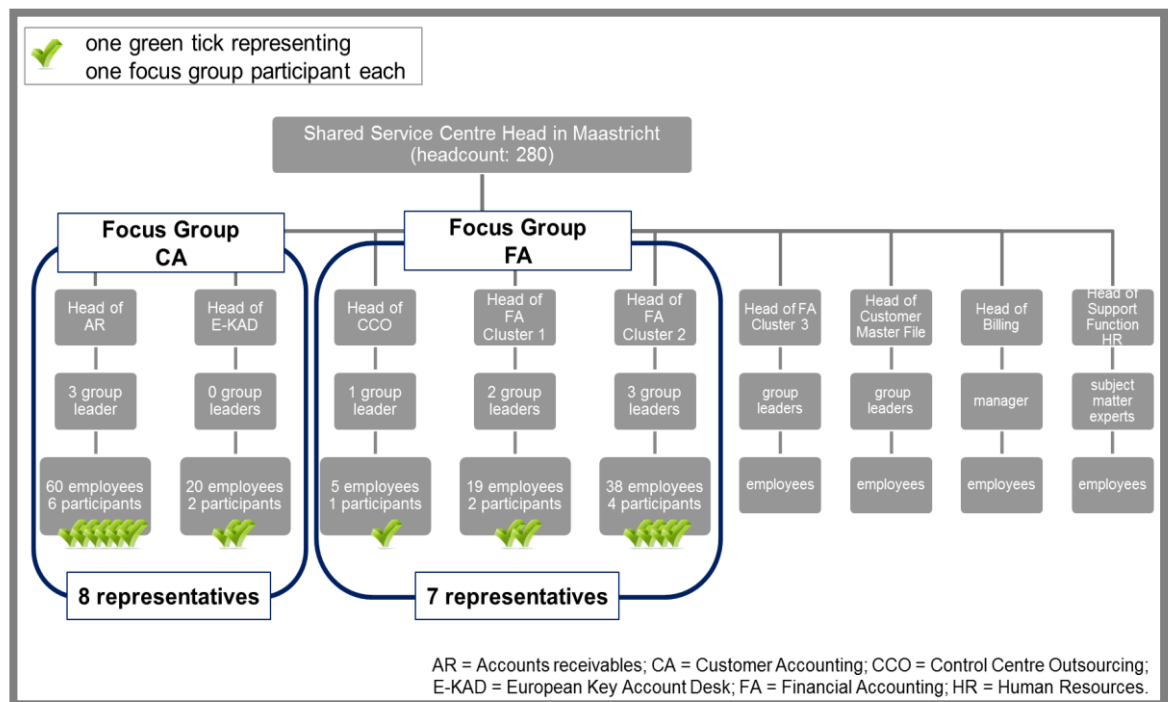


Figure 19. Focus group design.

Standardisation. A high level of standardisation was applied to compare the findings of the different groups within the embedded approach of the single case. The degree of standardisation describes the flexibility possible regarding questions and procedures. Whereas the application of a predefined set of questions and procedures reflects one extreme, the other extreme would be that each group uses the learnings from the other one, so that each group topic emerges from the previous one. In this study a high level of standardisation was required to compare the results of the focus groups with each other, leading to a fixed set of questions and procedures (see Figure 20).

AGENDA of the Focus Groups		Set up	Time
INTRODUCTION		entire group	10 mins
<div>Procedure</div> <div>Pre-defined set of questions</div>	TOPICS FOR DISCUSSION Display/describe the way of working before and after lean was established → Focus on five special areas 1 a) Overall way of working b) Collaboration in your own group/department c) Collaboration with other departments in the shared service centre d) Leadership style e) Employee well-being	split the group into pairs	70 mins
	2 What was done to come from the previous "as-is" to the current "as-is"?	split the group into pairs	
	3 Discuss the main obstacles during the transformation	entire group	
	→ What would be required to make the current "as is" more flexibility oriented?		
	4 → Focus on four topics: Empowerment, Teamwork, Continuous Improvement and Adaptation towards the business partners' needs	entire group	
CLOSURE		entire group	10 mins

Figure 20. Predefined set of questions and procedure of each focus group.

Moderator involvement. The degree of moderator involvement could be described as high. Within focus groups, the researcher acts as a facilitator (G. Thomas, 2011). Moderator involvement is determined by the number of questions as well as the way the group dynamics is managed. According to Morgan (1996), both aspects define the degree of control (i.e., structured approach). As the number of questions was rather small (in total four; see Figure 20), the degree of control could be described as high (i.e., a more structured approach). This evaluation is in line with Lederman's (1990) view that a focus group with five questions can be described as quite structured. As to the group dynamics, due to the more structured approach the moderator encouraged all participants to voice their views (Morgan, 1996). This was reinforced by several strategies like splitting up the focus group into pairs for the agenda topics 1 and 2 and letting the entire group work together for the agenda topics 3 and 4 (see Figure 20), or using focus material to stimulate discussion among the employees (G. Thomas, 2011).

For the first agenda topic, the way of working before and after establishing lean systems, the participants were grouped into pairs (as each group had sent two participants, these participants represented one pair). Each pair was asked to design two pictures, one illustrating the way of working in their group before the implementation of lean systems, and the second picture portraying the way of working after the lean system had been established. Each picture was created by using similar (prefabricated) photos bought from the source shutterstock.com. Despite the increasing interest in participatory visual methods (like drawing, participant-led photography) in organisational and qualitative research (Vince & Warren, 2012), the researcher decided to take prefabricated photos as her main intention was to stimulate reflection and discussion among the employees. Although participatory visual methods provide several benefits like revealing “aspects of *collective* emotional experience and knowledge about a specific work context” (Vince & Warren, 2012, p. 278) and obtaining the “respondents’ eye view” (Warren, 2009, p. 569), they also have limitations like a potential reluctance to sketch as well as ethical issues (Vince & Warren, 2012; Warren 2009). Particularly the ethical issue of confidentiality when using participant-led photography can be seen as an argument for the approach taken by the researcher. As the researcher expected changes in the way of working regarding collaboration (due to systems thinking), leadership style (due to empowerment), employee well-being (due to constraints of lean systems), and transparency, the used prefabricated photos displayed those changes. Figure 21 reveals the outcome of one of the pairs in the focus group Customer Accounting by using these prefabricated photos.



Figure 21. Outcome of the first topic of one pair in the focus group Customer Accounting.

After that, each pair shared and elucidated their outcome to all participants and explained what it meant for them. In order to ensure trustworthy data, probing was used by the moderator (in the same manner as in the interviews).

For the second agenda topic, each pair collected their views, put them on self-adhesive cards and taped them between the area displaying the way of working before and the area after the lean system was established. The self-adhesive cards were then laid out in the shape of an arrow, demonstrating the transformation activities that had been carried out to change the way of working. Figure 22 illustrates what this looked like.

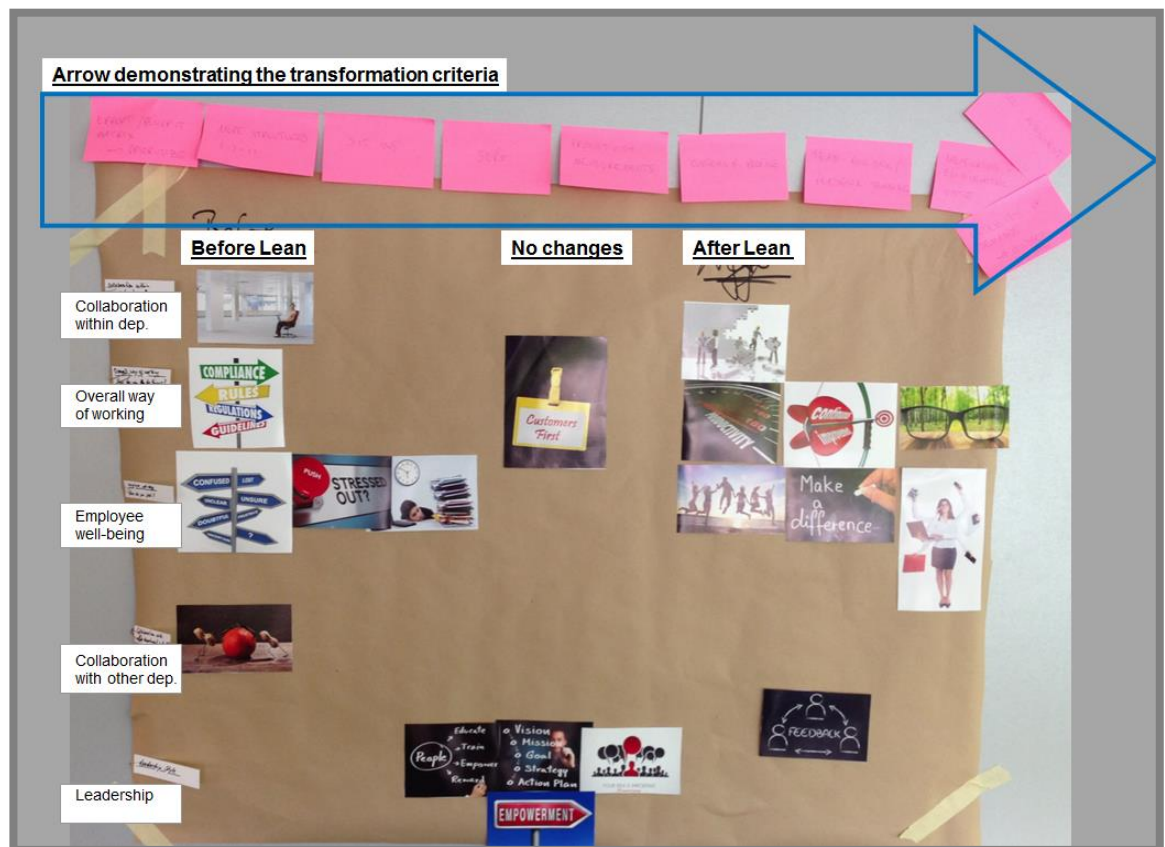


Figure 22. Transformation activities when establishing a lean system, focus group Customer Accounting.

The transformation activities in form of an arrow (see Appendix B, Figure B5) were also presented by each pair to all participants. As the moderator involvement was designed to follow a more structured approach, the moderator made sure that all pair members expressed themselves. Thus, at the end of the second topic, each participant had been given the chance to share his or her point of view with all participants at least once. The probing technique was always applied to clarify answers, to elicit further information, to compare outcomes, to question the rationale in case of differences, and to mitigate bias.

The third agenda topic concentrated on the main obstacles during this transformation. This topic was discussed with the entire group (without dividing them into pairs) considering their previously created pictures and arrows. Furthermore, the moderator tried to encourage each participant to voice thoughts and opinions. All obstacles were gathered, put on self-adhesive cards by the

moderator, and placed on a flip chart. These obstacles were then discussed to understand the participants' opinions. In this part, the moderator ensured that no one dominated the discussion. All obstacles were summarised by the moderator to demonstrate understanding and to ensure reliability of the data. In the focus group Customer Accounting several main obstacles were identified: (a) resistance because externals were watching their way of working, (b) fear that lean would turn workers into "computers," (c) need for lean to be adjusted to the national culture, (d) loss of autonomy, and (e) information technology implementation took too long.

In order to work on the last agenda topic, four flip charts had been prepared, each representing one of four dedicated aspects: empowerment¹⁰, teamwork, continuous improvement, and adaptation towards the business partners' needs¹¹. These four aspects were chosen as they represented the attributes of the flexibility-oriented culture as shown in the conceptual framework (see Figure 10). On each flip chart a scale from 1 (*very low*) to 10 (*very high*) was drawn for evaluation purpose. Each participant was given four red initialised dots and was asked to place one dot on each scale of each flipchart to indicate the current maturity level of the respective aspect. By doing this, the participants created a kind of baseline for each aspect. After that, the participants were asked to write down one idea per aspect that would be required to improve the current status in order to foster sustainability and thus leanness. These ideas were finally discussed with all participants.

¹⁰ Empowerment implies and included decentralised decision-making.

¹¹ "Adaptation towards the business partners' needs" to be understood as autonomy, creativity, and responsibility.

To summarise, the moderator of the focus groups of this study encouraged all employees to discuss a small number of topics and share their points of view without any pressure to reach a consensus (Carson, Gilmore, Perry, & Gronhaug, 2001; Krueger & Casey, 2000; G. Thomas, 2011). Thus, the degree of control was high.

Number of groups. Two focus groups were conducted, each lasting 90 minutes. As the number of questions was rather small, the 90 minutes were sufficient enough to discuss the fixed set of questions and procedures within each homogenous group.

According to a sizable portion of researchers (Morgan, 1997; Onwuegbuzie & Collins, 2007), most research projects consist of three to six focus groups, since saturation can be expected within that range. As in the present study the focus groups were used in combination with semi structured interviews, that rule did not appear to be sufficient to define the required number of groups. Instead of saturation, the overall design of the focus groups was rather taken into account. Therefore, the number of multiple samples as well as the level of standardisation was considered when defining the adequate number of focus groups (Morgan, 1996). As the present study applied only one sample for the focus groups in combination with a high level of standardisation, two focus groups were deemed sufficient. Furthermore, the number of participants (15 employees) seemed to be broadly representative compared to the population of the SSC (approximately 240 employees) as well as to be able to balance the number of semi structured interviews (15 interviewees).

Overall, the design of the focus groups for this study was characterised by one sample (SSC employees), by a high level of standardisation to compare the findings of the different groups with each other, by a high degree of control due to

the structured moderator involvement, and by two sessions of 90 minutes each with a total of 15 employees.

Mitigation strategies for reflexivity of the conduct of the focus groups.

Like in the interviews, the researcher's intention was to mitigate existing biases and values that might have influenced the interpretation created within the research (Creswell, 2009). The following subsections describe the mitigation strategies strictly applied during the focus group process by following a rigorous three-step approach of preparation, execution, and wrap-up (see Table 9). As the activities are described in detail in Table 9, the following subsections will focus on dedicated aspects of reflexivity points reflected from participant and moderator views. Any reflection that was already explained for the conduct of the interviews and is also applicable for the conduct of focus groups will not be further mentioned.

Table 9

Three-Step Focus-Group Process

Step	Process
Step 1: Preparation	<ul style="list-style-type: none"> • Inform department heads about the focus groups. • Have participants informed by department heads about the sessions as well as about purpose of the research and the goal of the focus group via an introduction package. • Let employees decide whether they would like to participate. • Create a focus group guide with different components like focus group material, instructions. • Set up a focus group log with several tabs (participants with list of identifiers, background information, field notes including theoretical memos). • Plan logistics (e.g., travel, room). • Send out the invitation to those employees who expressed interest. • Include in the invitation the focus group themes - so participants can prepare - and offer ethical ground rules regarding confidentiality and anonymity.
Step 2: Execution	<ul style="list-style-type: none"> • Prepare rooms in the same way. • Wear a similar kind of dress. • Use a neutral tone. • Audio record (after sharing the reason). • Raise open questions, probing questions, and specific or closed questions. • Ensure that everyone speaks and no one dominates the discussion. • Summarise as much as feasible to ensure correct understanding. • Summarise at the end of the session.
Step 3: Wrap-Up	<ul style="list-style-type: none"> • Take pictures from the results and create a photo protocol. • Send a thank you letter to the interviewee to show respect and share the photo protocol. • Reflect on the focus group by writing field notes and creating theoretical memos. Note issues to follow, key points regarding observed body language, mood, and anything unexpected that arose. • Fill out the focus group log. • Send MP3 to external transcription service. • Archive the focus group log and transcript separately to ensure anonymity.

Reflexivity highlights: Participants' focus. After the department heads had been asked to allow employees to join the focus groups, they informed their employees about the session. In order to be able to inform the employees

properly, an e-mail was sent to the department heads that included the purpose of the research, the goal of the focus groups, the sample criteria, and an information package (see Appendix G). The e-mail further stated that the employees should contact the researcher in case of interest. After the employees expressed their interest via e-mail to the researcher, an Outlook invitation was sent to respondents including information on the focus group themes for their own preparation as well as the same ethical ground rules as used for the semi structured interviews.

In order to create a setting in which the participants felt comfortable, all focus groups were conducted in meeting rooms of the Maastricht SSC. Each meeting room was prepared in the same manner, with the same set-up of round tables and placement of posters and flip charts. To minimise any perceived discrepancy between participants and interviewer, the moderator wore an informal dress.

Each focus group started with an introduction to express appreciation to the participants. This was important to break the ice because the moderator did not know the participants and wanted to show respect, in particular given the difficult situation for some participants impacted by the outsourcing announcement. After that, the aim and the format of the session (i.e., workshop with break-out sessions, group discussions) were explained to members of the focus groups to obtain their buy-in. Then the agenda was introduced (printed out on an A0 poster, which was put up on the wall). The conventions like ethical ground rules (also printed out on an A0 poster, which was taped to the wall), the reason for audio-recording, workshop ground rules (like “everybody’s view counts” and “open debate”) were explained, and any further concerns were addressed. This approach helped to make the participants feel confident.

When interpreting the data, the contextual situation the participants of the departments of Financial Accounting Clusters 1 and 2 had to be considered as well. Thus, the voices from the focus group participants of Financial Accounting Clusters 1 and 2 might have been influenced by the announcement that these two departments were being outsourced. In order to mitigate this impact, a longitudinal focus was set and triangulation (e.g., with the outcomes of the Employee Opinion Survey) was applied.

Reflexivity highlights: Moderator focus (the moderator's craft). In qualitative research the quality of the research relies to a large extent on the craft of the researcher (Kvale, 2007). Thus, the aspects that were applied for the semi structured interviews were applied for the focus group as well: rigorous documentation (see focus group log in Appendix C, Table C2), moderator techniques (like probing), collection of background information, and the reflection on the conducted session.

As the researcher was eager to collect reliable and valid data, quality criteria were defined by the researcher in accordance with the quality criteria for a good interview as defined by Kvale (2007). Two of the three defined criteria were used (Kvale, 2007), namely the richness of the answer and the clarification of the statements. As the level of interaction between the participants appeared to be more relevant than the length of the answers, Kvale's third criterion was changed. Table 10 demonstrates the self-evaluation of the quality criteria for a good focus group in regard to the conducted ones. Overall, the quality of the focus groups was evaluated by the researcher as of high quality regarding the criterion of clarification. The criteria of richness and level of interaction were either of satisfying quality or of high quality.

Table 10

Self-Defined Quality Criteria for a Good Focus Group in Regard to the Conducted Focus Groups

Focus group	Duration	Coverage of 4 topics	Quality criteria for a focus group			Comments
			Richness of discussion	Interaction	Clarification of statements	
Customer Accounting	90 min	100%	High	Satisfying	High	Easy to build rapport; the whole group consisted of good listeners. Rich pair discussions, but exchange between pairs was less intense.
Financial Accounting	90 min	100%	Satisfying	High	High	Difficult to build rapport; one person was not aware of the background of the study, and another did not fit the sample criteria. Less rich pair discussions, but exchange between pairs was very intense.

Note. Definitions for quality ratings of *high*: Richness requires very rich pair discussions based on examples and answers from different perspectives; length requires intense interaction between participants; clarification requires all probing questions to clarify content.

Secondary data. For the case study, different types of secondary data were collected to comprehensively answer the research questions, to understand the case, and for the purpose of triangulation. These secondary data were documentation and survey-based data (see Table 11). Secondary data are existent data previously collected or produced for other purposes (Saunders et al., 2009). Thus, these data are not primarily produced at the request of the researcher (Bryman & Bell, 2011).

Table 11

Overview of Collected and Applied Secondary Data

Source	Longitudinal focus	What was applied for the case study?	For what purpose?	Level of focus
Documentary type				
Organisation's websites	—	Organisation's websites	Case description	SSC, service, department
Shared service centre (SSC) newsletter	—	SSC newsletter	Triangulation for discussion	SSC
Lean implementation documentation: <ul style="list-style-type: none"> presentations of lean implementation in the shared service organisation (SSO) presentation for lean visitor centres diagnostic results per implementation, like day in a life of a manager, sickness and absence rate, and mindset and behaviour focus group with employees Design results per implementation like future state or departmental vision and active leadership checklist for managers 	2009–2012	Lean implementation documentation: <ul style="list-style-type: none"> presentations of lean implementation in the SSO 	Case description	SSC, service, department
Survey-based type				
Census of employment in the Maastricht region	2009–2013	Census of employment in the Maastricht region	Case description	SSC
Organisation's annual surveys: Employee Opinion Survey	2010–2013	Organisation's annual Employee Opinion Survey	Triangulation for findings	SSC, department
Workforce information provided by the shared service centre (SSC): <ul style="list-style-type: none"> sickness rate staff turnover rate 	2009–2013	Workforce information from the SSC: staff turnover rate	Case description	SSC

As the critical realist tends to “start in a more expansive and exploratory phase before targeting what seems to matter in explaining the specific mechanisms observed” (Vincent & Wapshott, 2014, p. 159), multiple secondary data were collected, but not all of them were fully applied for the case study. Moreover, for the purpose of following the embedded approach (departmental or

services level), the data were classified during the collecting process according to their level of focus: SSO level, SSC level, and service or departmental level.

Purpose: Case description. In order to describe the case, available information taken from the organisation's websites was utilised as well as existing presentation material regarding the purpose and the timeline of the lean system implementation as part of the lean implementation documentation. Additional lean implementation documentation was available at departmental level (e.g., diagnostic results like the outcome of the focus group on mindset and behaviour conducted with SSC employees during the lean system implementation) and verified thoroughly to get a solid understanding of the lean system implementation per department or group. However, these documents did not make it into the Findings or Discussion chapters as they did not generate additional value for the analysis. Furthermore, survey-based secondary data were obtained by consulting the census of employment in the SSC region, Maastricht, because it was important to understand the economic and market environment of the SSO and the SSC. Although workforce-related information like the sickness and the staff turnover rate were provided by the SSC, only the staff turnover rate was applied to understand the structure of the workforce of the SSC.

Purpose: Triangulation. For the purpose of triangulation, the internal SSC newsletter and existing SSC surveys were used. The SSC newsletter as documentary secondary data was applied to corroborate the discussion of the findings, whereas the Employee Opinion Survey results as quantitative survey-based secondary data were employed to analyse the findings at SSC and departmental levels. This survey is conducted annually (each September), which means that the outcomes of the surveys since the start of the lean system implementation in customer and financial accounting (2010–2013) had been

recorded and were accessible for analysis. As the questions used in this survey did not change within this time period, the data set was representative and useable. Due to the large amount of data this survey usually generates, only dedicated categories and statements from this survey were considered for triangulation. As empowerment of employees (to foster decentralised decision-making), teamwork, continuous improvement, autonomy, creativity, and responsibility were organisational cultural attributes to be investigated, Employee Opinion Survey categories of Active Leadership, Cooperation, and Living Continuous Improvement were examined. The organisational cultural attributes like adaptation towards the business partners' needs, understood as autonomy, creativity, and responsibility, could not be covered by any category or statement of the Employee Opinion Survey. Table 12 displays the sub statements of the categories Active Leadership and Cooperation as well as the general feedback regarding the category Living Continuous Improvement that were applied for triangulation over a period of time beginning with the start of the lean system implementation in the dedicated department.

Table 12

Overview of Applied Categories and Statements From the Organisation's Annual Employee Opinion Survey, 2010–2013 for Triangulation

Category	Sub statement
Active Leadership	"My direct supervisor supports and encourages my development."
Cooperation	"My immediate team cooperates well with other departments." "In my immediate team, we help one another by sharing experiences and knowledge."
Living Continuous Improvement	No specific sub statement applied.

Consequently, the differences in the Employee Opinion Survey scores since the implementation of lean systems per department and per category and sub statement were analysed. Employee Opinion Survey scores are only available when more than seven employees participated in the survey. Scores that reveal more than 80% of participants agree or agree strongly to a certain statement are perceived as high by the case company. Figure 23 reveals how the dedicated categories from the Employee Opinion Survey underpin the conceptual framework.

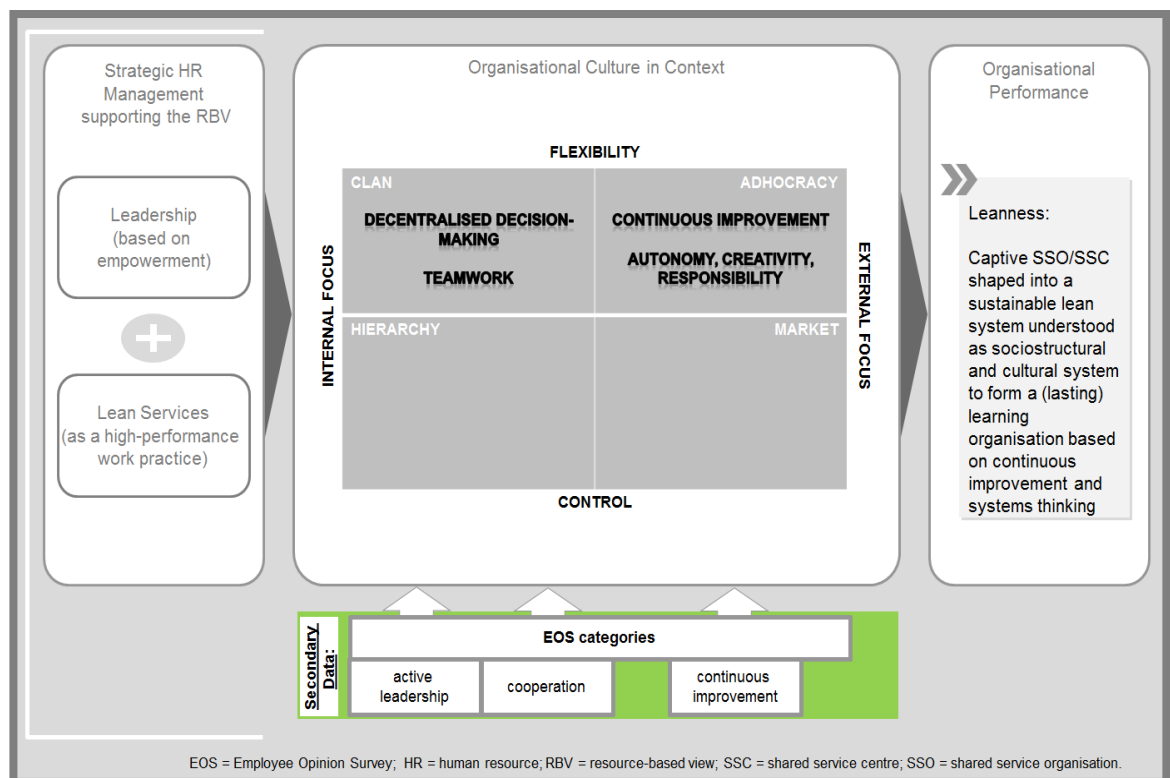


Figure 23. Distinct categories from the Employee Opinion Survey (EOS) corroborating the conceptual framework.

Mitigation strategies for reflexivity of the secondary data. The

secondary data that were applied for the case study were either non-public company information or market information (like the census of employment). As to the non-public company information, an inherent bias was assumed, as the writers of company information “are likely to have a particular point of view that they want to get across” (Bryman & Bell, 2011, p. 551). Hence, this company information most likely wanted to shape a rather specific, positive image. In order to mitigate

the inherent bias, the majority of the applied company information was analysed carefully for specific content-related aspects or for triangulation, so that these data were reinforced by the qualitatively collected primary data. Table 13 demonstrates the different mitigation strategies to reduce biases.

Table 13

Mitigation Strategies to Reduce Biases of Secondary Data

Source	Mitigation strategy
Organisation's websites	Used to form embedded cases and define the type of work
Shared service centre (SSC) newsletter	Used for triangulation in Discussion chapter
Lean implementation documentation: presentations of lean implementation in the shared service organisation (SSO)	Purpose of lean system was critically questioned when compared with the understanding of implementing a lean system. Was used in case description to define the timeline when the lean system was implemented in each department or group.
Census of employment in the Maastricht region	No mitigation strategy necessary, as these data represent market information
Organisation's annual surveys: Employee Opinion Survey (EOS)	Survey questions themselves might imply bias. As the set of questions did not change 2009–2013, the survey data seemed reliable and valid.
Workforce information provided by the SSC: staff turnover rate	Showed as voluntary and involuntary staff turnover rate

The researcher reflected on the validity of the secondary data as well. Despite the apparent reliability and validity of the data provided by the Employee Opinion Survey, employee respondents could have changed, or even the supervisor or team member as well as the service (e.g., change of the portfolio) that was assessed within the time period. This aspect was taken into account when the findings were analysed.

Although the workforce-related information appeared to be reliable, valid, and replicable, macro level aspects like the census of employment needed to be

taken into account. When analysing the data, the researcher considered that in times of higher unemployment, the voluntary staff turnover rate was most likely impacted (further analysed in the Findings chapter).

3.5. Data Analysis

Thematic analysis as a qualitative method was applied to interpret the meaning of the qualitatively collected primary data. Due to the researcher's philosophy of critical realism, the analytic purpose was content driven rather than hypothesis driven (G. Guest, MacQueen & Namey, 2012). As the researcher's intention was to unearth generative mechanisms and to generate metatheory based on the collected data, thematic analysis was the most appropriate data analysis method, as it goes "beyond counting explicit words or phrases and focus[es] on identifying and describing both implicit and explicit ideas within the data, that is, themes" (G. Guest et al., 2012, p. 10). Hence, the collected data type of text was analysed by using themes and codes rather than by conducting "quantitatively oriented word-based analyses" (G. Guest et al., 2012, p. 10). Furthermore, thematic analysis is viewed as "the most useful in capturing the complexities in meaning within a textual data set" and "is also the most commonly used method of analysis in qualitative research" (G. Guest et al., 2012, p. 11). Another argument for applying this analysis method was rooted in the strength of managing large data sets, which were collected within this study. Due to the large data set, the applied thematic analysis was supported by using the software QSR NVivo, but Excel and Mind Map also were used to structure ideas and thoughts.

In order to keep the focus on the aim of the study during the analysis process, an overview was designed to improve the understanding of how the conceptual framework of the literature review, the collected primary data and data

analysis, and the philosophical standpoint fit together and interact. This overview is shown in Figure 24.

The researcher decided to conduct a rigorous analysis of the collected primary data from the semi structured interviews and focus groups. The collected secondary data were not only used to understand the case and for the purpose of triangulation but also analysed to “reveal different features of the same layered reality” (Downward & Mearman, 2006, p. 92).

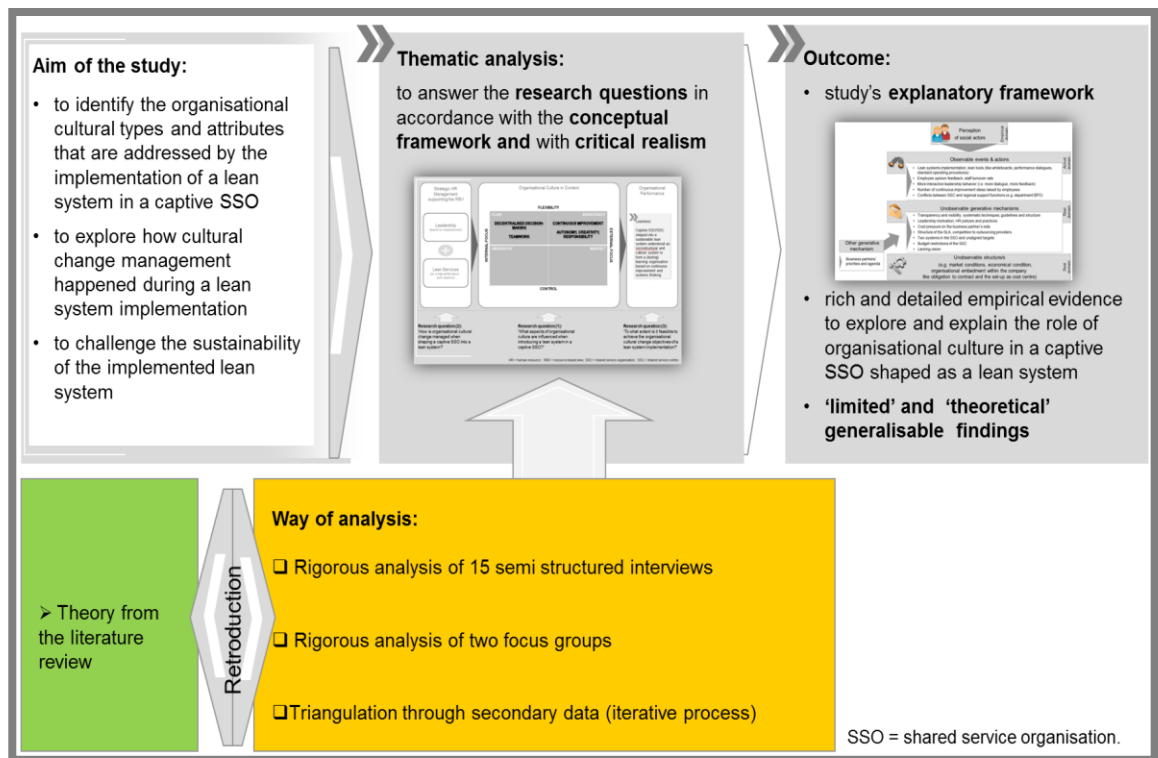
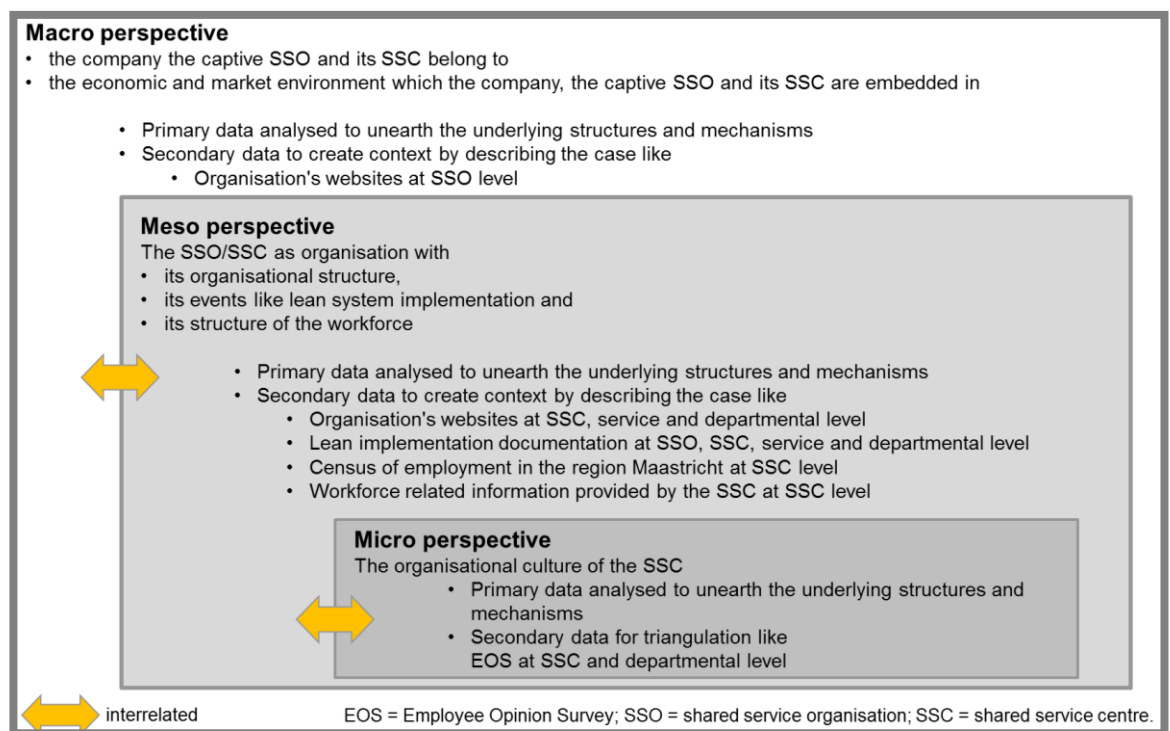


Figure 24. Overview of the aim of the study, the type of data analysis, and the expected outcome.

In order to reveal the different aspects of the phenomenon, Hurrell's (2014) view on mixed-methods research in critical realist ontology was followed. Thus, Hurrell's approach of conducting “multiple levels of analysis” (p. 241) was applied by viewing the phenomenon (captive SSO as lean system) from macro, meso, and micro levels, which helped the researcher to understand the phenomenon in a context in which “certain mechanisms may or may not operate” (p. 263). The macro perspective represents the company that the captive SSO and its SSC are

part of and have to deal with (e.g., via SLAs) as well as the economic and market environment that the captive SSC (and thus the company and the SSO) is embedded in. The meso perspective stands for the SSC as an organisation. Thus, it covers aspects like the organisational structure of the SSO and its SSC, the lean system implementation as event, and the workforce of the SSC. The macro and meso perspectives are interrelated and can influence each other. The micro perspective represents the organisational culture of the SSC. Whereas the primary data were analysed at all three levels to unearth the generative mechanisms, the secondary data were used to create context at macro and meso levels and for triangulation at the micro level (see Figure 25).



*Figure 25. Hurrell's multiple levels of analysis applied in the present study. Based on "Critical Realism and Mixed Methods Research," by S. A. Hurrell, 2014, in P. K. Edwards, J. O'Mahoney, and S. Vincent (Eds.), *Studying Organizations Using Critical Realism: A Practical Guide* (pp. 241–263), Oxford, England: Oxford University Press.*

In order to manage the large data set of collected primary data in a systematic way and to "produce a better accounting of the analytic process" (G. Guest et al., 2012, p. 253), a five-step approach was applied. This approach

combined Creswell's (2013) data analysis spiral for qualitative data, Fereday and Muir-Cochrane's (2006) hybrid approach for thematic analysis, and G. Guest et al.'s (2012) recommendation on applied thematic analysis. Although the following five steps may seem a linear, step-by-step approach, the analysis procedure was rather iterative and reflexive:

1. Develop the code manual.
2. Become familiarised with the data.
3. Test the reliability of the codes.
4. Code and identify the themes.
5. Interpret the data.

Step 1: Developing the code manual. As a codebook would be generated in QSR NVivo enabling the researcher to group the collected primary data accordingly, an initial list of potential codes was manually generated and first listed in Excel. These initial potential codes were perceived as prefigured codes (Crabtree & Miller, 1999). They were created deductively (i.e., theory based from the literature review) and considered the aspects of organisational culture, like the code "history" derived from Allaire and Firsirotu (1984) and Schein (1990); SSO; and lean systems, like the code "leanness" derived from Jørgensen et al. (2007). As retroduction implies a continuous dialogue between the emergent and prior theory, this initial list served as a starting point in the retroduction process. To summarise, 15 potential prefigured codes were generated. All codes were provided with a definition (a brief and a full one) as well as some information on where the code was established (see Table 14).

Table 14

Initial List of Prefigured Codes Using the Example Code “History”

Aspect of code	Example for code “history”
Theory from the discipline	Organisational culture
Code number	4
Prefigured code name	History
Brief definition	Shared history of the organisation
Full definition	Shared history of the organisation, which is a prerequisite for an organisation to allow a culture to form
Where is the code established?	Literature review: Allaire & Firsirotu (1984); Schein (1990)

This initial list of prefigured codes was enhanced by structural codes generated by considering the themes and topics of the interview schedule and the focus group guide (see Table 15). The list of structural codes consisted of a brief and a full definition. Furthermore, a description of when to use and when not to use the code was defined. Finally, an example was given. When creating this structural code list, the themes discussed in the semi structured interviews and the topics covered in the focus groups were directly mapped with the prefigured theory-based codes. This led to nine codes that were established as a first version of the codebook in QSR NVivo.

Table 15

Structural Codes Mapped With Prefigured Codes, Using the Example Code of “Organisational Culture”

Aspect of code	Example for code “organisational culture”
Interview theme/ focus group topic	Organisational culture
Theme/question number	Interview Question 1; Focus Group Topic 1
Structural code name	Organisational culture
Brief definition	Organisational culture of the Maastricht shared service centre (SSC)
Full definition	Views of interviewees and participants on the way of working before and after lean systems were established in their group, department, or SSC.
When to use	Use this code to capture descriptions regarding the way of working over a period of the last 13 years that are in direct response to the interview or focus group questions and all associated probes.
When not to use	Do not use this code when assumptions are being shared.
Example	“It was segregation. ... Everybody is doing his own way.”
Theory-based codes that might be mapped with the emergent code	Code 2: organisation Code 4: history Code 5: leadership Code 6: cultural orientation Code 8: negative impact of SSC Code 10: lean system

Step 2: Familiarisation with the data. In Step 2, the researcher’s objective was to become familiar with the collected primary data. Hence, the quality-checked and verified transcriptions of the semi structured interviews and the transcribed focus groups were printed out, read, and reflected on for overall meaning, and notes were written on the print-outs (Creswell, 2013). The focus lay first of all on the answers and not on the raised questions in order to identify the major ideas behind the given answers (i.e., the main meaning). Field notes were written in the margins of the print-out, such as “In the start-up phase of the SSC,

the employees did everything to be successful.” After that, the sections of the interviewer or moderator were read to classify the segments of the interview or focus groups encompassing the raised questions and the probing. This approach was done to verify the quality of the conducted interviews (Barriball & While, 1994; Kvale, 2007) and the focus groups (Morgan, 1996) (see table 8 and table 10 above).

After that, the transcript was segmented in order to “assess and document the overall quality of the data” and to “facilitate the exploration of thematic elements” (G. Guest et al., 2012, p. 50). Due to the consistently applied interview schedule and focus group guide, the text could be easily divided into segments, which corroborates the advantages of semi structured interviews.

In the process of retroduction, the derived major ideas were compared with the theoretical memos that had been created directly after each interview and focus group. If required, the theoretical memos were adjusted in the interview and focus group log. In order to ensure that Step 2 was consistently carried out with all transcribed interviews and focus groups, a checklist was created and used (see Appendix C, Table C3).

Step 3: Testing the reliability of the codes. The list of the nine structural codes, which represented the first version of the codebook in QSR NVivo, was tested by the first interview conducted with one of the lean implementation experts. This led to a first verification and was later repeated by testing the reliability of the codes with the interview of the second lean implementation expert. The established codebook enabled the researcher not only to fulfill the analysis objectives but also to conduct the coding in an efficient way.

Step 4: Process of coding and identifying the themes. The fourth step involved the process of coding and the bundling of the data into themes. For the

coding process all transcripts were screened and indexed (i.e., labelled with a code) by using the codebook. All transcripts were uploaded in QSR NVivo and that the tested structural codes (nodes) were applied. As the focus lay on the question, "What specific instances of meaning exist in this text?" (G. Guest et al., 2012, p. 53), the codebook in QSR NVivo was continuously enhanced and detailed by adding new codes or sub codes. Examples include "organisational culture_starting phase (2000)", "organisational culture_SSC (before 2009)", "organisational culture_lean system (as of 2009)".

Furthermore, the background information, such as length of employment, collected during the interviews and focus groups was allocated to classifications in QSR NVivo. The outcome of the reflection, like, "What has been learned from the particular interview?" (Kvale, 2007, p. 56), was added as a memo.

As the development of the final codebook was an iterative process (G. Guest et al., 2012), already coded transcripts had to be verified and recoded (if necessary). Figure 26 illustrates the iterative process in general and shows that three versions of the codebook were established before the final codebook emerged.

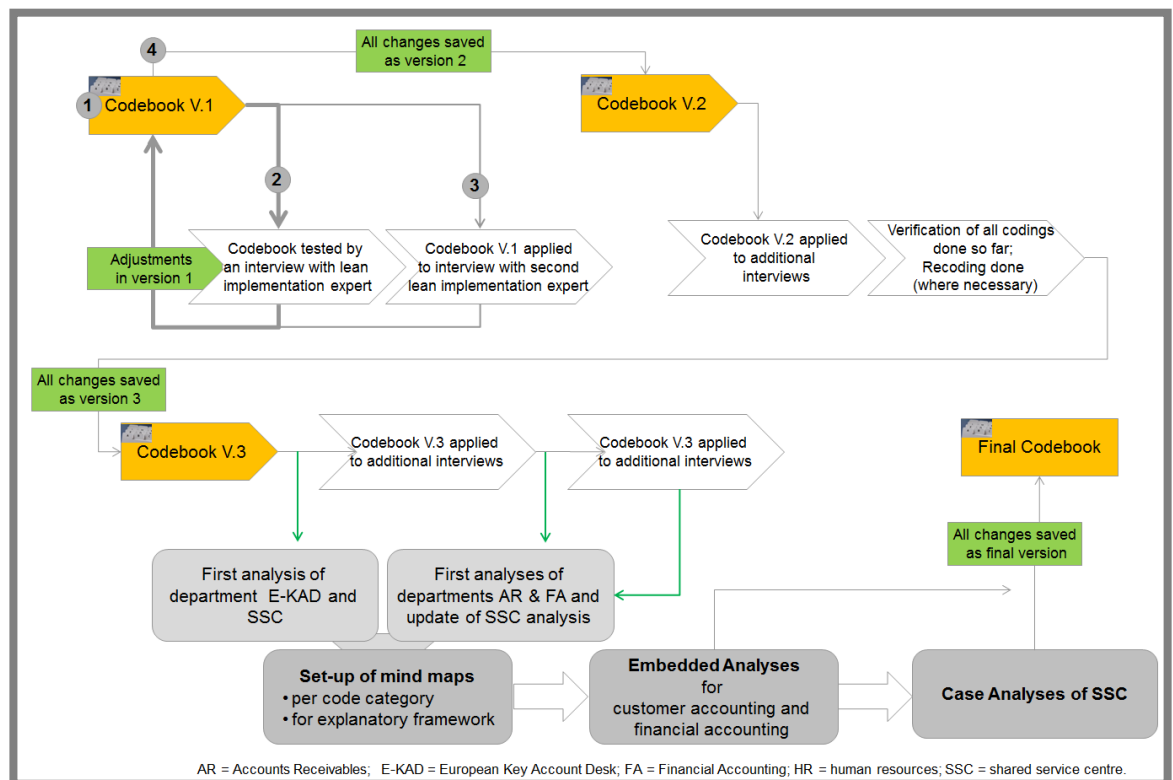


Figure 26. Iterative process generating the final codebook.

The coding process was started at the SSC level, with transcripts of lean implementation experts and executives (being) analysed, followed by departmental interviews and focus groups (department head, group leader, and employees), finalised with the interviews that provided specific or external perspectives (e.g., HR, Billing, Customer Master File). This order supported the embedded case approach. A detailed example of the coding process is shown for the department of E-KAD in Appendix B (see Figures B6–B9).

Based on the final codebook and with the aim of the study in mind, themes were derived from the pool of “codes aggregated to form a common idea” (Creswell, 2013, p. 186), thereby giving meaning to the aggregated codes. Overall, the researcher was looking for broader patterns in the data and started to focus on relationships between codes and themes. Thus, all nodes were read again, and by applying the guiding question, “What is the interviewee (or are the focus group participants) saying here?” mind maps per code category were generated in Mind

Map. Figure 27 displays the mind map of the code category “organisational culture” at SSC level.

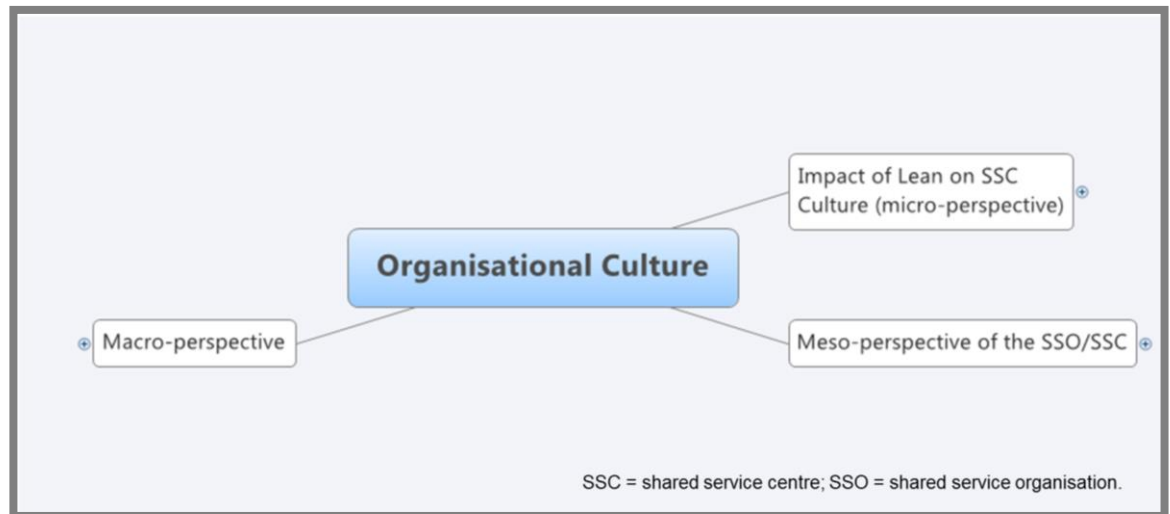


Figure 27. Mind mapping to derive themes for example code category “organisational culture.”

Additional mind maps were generated to create the explanatory framework by showing generative mechanisms (e.g., mind map showing the topic of “collaboration/teamwork”). After all mind maps had been established, the content of the mind map was linked with theory (in the process of retroduction) by considering, at the same time, the memos saved in NVivo.

Although several themes could be derived, only the noteworthy themes were considered for further analysis and constituted the major findings of the study. These main themes were cultural differentiation during the SSC’s maturity phases, cultural actors’ agency¹² on organisational culture, and leanness of the implemented lean system. Furthermore, these three themes were checked for any interconnections (Creswell, 2009). Table 16 displays how the themes fit to the research questions and objectives.

¹² Cultural agency is the exercising of the capacity to shape and influence organisational culture (e.g., policy design and implementation) rather than the role holders per se.

Table 16

Major Findings in Accordance With Research Questions and Objectives

Research question	Research objective	Major finding/theme
1. What aspects of organisational culture are influenced when introducing a lean system in a captive shared service organisation (SSO)?	To identify the organisational cultural types and attributes that are addressed by the implementation of a lean system in a captive SSO	Cultural differentiation during the shared service centre's maturity phases
2. How is organisational cultural change managed when shaping a captive SSO into a lean system?	To explore how culture (change) management happened during a lean system implementation	Cultural actors' agency on organisational culture
3. To what extent is it feasible to achieve the organisational cultural change objectives of a lean system implementation?	To challenge the sustainability of the implemented lean system	Leanness of the implemented lean system

Step 5: Interpreting the data. In order to make sense of the data, a reflection on the lessons learnt was carried out to go beyond the themes and get “to the larger meaning of the data” (Creswell, 2013, p. 187). To support this reflection, Vincent and Wapshott’s (2014) framework was applied for interpreting the data because it enabled the critical realist to dissect “the causal powers that affect institutional mechanisms” (p. 148). Hence, “in order to undertake such a stratified examination” (Vincent & Wapshott, 2014, p. 151), the present case considered Vincent and Wapshott’s four types of causal power, namely downwards and upwards normative causal explanations as well as downwards and upwards configurational causal explanations. Figure 28 demonstrates Vincent and Wapshott’s framework applied in the present study and shows how the framework is interrelated with the

analytic themes and the research questions.








Four types of causal power (Vincent & Wapshott, 2014)	Impact on the causal properties of the mechanisms studied (derived from Vincent and Wapshott (2014) and applied in the study)	Theme/s	RQ1	RQ2	RQ3
<u>Downwards normative causal explanation</u> 	Explain how normative expectations on leadership behaviour have an impact on lean systems and on leanness	• Leanness • Cultural actors' agency		✓ 	✓
<u>Upwards normative causal explanation</u>	Explain the way in which normative practices in leadership have an impact on lean systems and on leanness	• Leanness • Cultural actors' agency		✓ 	✓
<u>Downwards configurational causal explanation</u> 	Explain the level of practiced continuous improvement introduced by lean systems (i.e., upwards configurational causal power) and analyse the influencing structural factors (i.e., downwards configurational causal power) which hinder the SSC from fully practicing continuous improvement	• Leanness			✓
<u>Upwards configurational causal explanation</u>	Explain how the implementation of lean systems is established to have an impact on organisational culture	• Cultural differentiation • Cultural actors' agency	✓ 	✓	
Legend: RQ = research question SSC = shared services centre  = Inter-connections  = Potential conflict					
Research Questions: 1. What aspects of organisational culture are influenced when introducing a lean system in a captive shared services organisation (SSO)? 2. How is organisational cultural change managed when shaping a captive SSO into a lean system? 3. To what extent is it feasible to achieve the organisational cultural change objectives of a lean system implementation?					

Figure 28. Vincent and Wapshott's framework applied in the present study. Based on "Critical Realism and the Organizational Case Study: A Guide to Discovering Institutional Mechanisms," by S. Vincent and R. Wapshott, 2014, in P. K. Edwards, J. O'Mahoney, and S. Vincent (Eds.), *Studying Organizations Using Critical Realism: A Practical Guide* (pp. 148–167), Oxford, England: Oxford University Press.

As to the downwards normative causal explanations, the normative leadership behaviour expected from the SSO management when practicing lean systems differed from the practiced leadership behaviour. This deviation created a conflict that impacted the lean system and its leanness. Thus, the two themes of the cultural actors' agency on organisational culture and leanness of the implemented lean system had been analysed in detail and their interconnection verified. Furthermore, the analysis of these two themes in accordance with Vincent and Wapshott's (2014) framework supported answering Research Questions 2 and 3.

A similar conflict was expected between the downwards and upwards configurational causal explanations. The upwards configurational causal explanations investigated the impact of lean systems on organisational culture (demonstrated by a lean impact framework), whereas the downwards configurational causal explanations, the structural factors like SLA, HR policies, and practices, determined the level of leanness. Thus, all three themes were analysed and their interconnection discussed. Moreover, the analysis of the three themes in accordance with Vincent and Wapshott's (2014) framework supported answering all research questions.

Overall, two main views were applied in the data analysis to reveal the stratified ontology: Hurrell's (2014) view on mixed-methods research in critical realist ontology and Vincent and Wapshott's (2014) framework for interpreting the data. The analyses of the themes were conducted at embedded case level (service or departmental level like Customer Accounting and Financial Accounting) and at single case level (SSC), as shown in Table 17.

Table 17

Overview of the Embedded Cases Used to Represent the Findings

Perspective: Customer vs. Financial Accounting			Employee Opinion Survey data used for triangulation	Analysis level of embedded cases
Service line	Department	Voices collected		
Customer Accounting				
Accounts Receivables	Accounts Receivables	Interviewed managers & focus group participants	2010–2013	Customer Accounting
Accounts Receivables	European Key Account Desk	Interviewed managers & focus group participants	2010–2013	
Customer Master File	Customer Master File	Interviewed managers only	Not used	
Billing	Billing	Interviewed managers only	Not used	
Financial Accounting				
Outsourcing Control	Control Centre Outsourcing	Interviewed manager & focus group participant	Not used or available	Financial Accounting
Financial Accounting	Cluster 1	Interviewed manager & focus group participants	2010–2013	
Financial Accounting	Cluster 2	Interviewed managers & focus group participants	2010–2013	
Financial Accounting	Cluster 3	Out of the scope	Not used	
—	Human Resources	Interviewed manager & employee only	Not used	

3.6. Conclusion of Methodology and Methods

The intention of this Methodology and Methods chapter was to present and critically assess the research approach used for the present study. In line with critical realism, a case study was chosen as research strategy conducted as a third-person inquiry. In accordance with the recommended mixed-methods

approach (Jung et al., 2009) and an applied multilevel study, primary qualitative data were collected in semi structured one-to-one interviews in combination with focus groups, since “critical realists recognize the significance of meaning construction” (Smith & Elger, 2014, p. 111). Furthermore, different types of secondary data were applied to comprehensively answer the research questions, to understand the case, and for the purpose of triangulation. Due to inconsistent data, the business partner perspective was not considered in this study.

In order to analyse data, thematic analysis as a qualitative method was applied to interpret the meaning of the qualitatively collected primary data, in which an embedded approach at service level was supportive in generating a stratified and differentiated analysis. To reveal the stratified ontology, two additional approaches were applied in the data analysis, Hurrell’s (2014) view on mixed-methods research in critical realist ontology and Vincent and Wapshott’s (2014) framework for interpreting the data.

As the underlying worldview of this study is critical realism, the findings of this research reflect the social reality at the time they were collected. As knowledge is amended or superseded constantly, the findings are not repeatable (Marshall & Rossmann, 1999), although a “chain of evidence” (Yin, 1981, p. 63) was generated to allow other researchers to follow the applied procedures. Despite the verbatim transcripts, which offer the opportunity for other researchers to simulate the interviews and focus groups, the present study is not realistically replicable, as the social actors would probably construct and elucidate the perception of the social reality differently. Analysis was also driven by the researcher’s role, which was characterised by already existing relationships to the interviewer as well as by the researcher’s underlying values and biases (Norris, 1999). Consequently, the social reality reflected in the findings is most likely

provisional (Bryman & Bell, 2011; Dobson, 2002; Saunders et al., 2009), corroborating the critical realist's view that knowledge is fallible (Sayer, 2000), due to a "stratified and differentiated social ontology" (Reed, 2009, p. 431) that might result in misinterpretations.

However, retroduction took place to foster limited generalisation, as the discovery of underlying generative mechanisms is conceptually and empirically significant (Vincent & Wapshott, 2014). Although this case study represents a rather limited scope of inquiry, theoretical generalisation based on the study's explanatory framework, was achievable. Following Eisenhardt's (1989) view, theory building requires tying the emergent theory to existing literature. Consequently, the discussion of the findings included a reflection on questions like, "What is this similar to, what does it contradict, and why? A key to this process is to consider a broad range of literature" (Eisenhardt, 1989, p. 545). Besides limited and theoretical generalisation, the researcher's interest was always to "keep searching for new knowledge" and not in finding "the ultimate truth but, rather, the best available for the moment" (Gummesson, 2000, p. 97), which confirms the fallibility of knowledge (Sayer, 2000).

To summarise, the outcome of the present study explains the interplay between the events and actions perceived by the social actors who participated in this multilevel study at the time the data were collected (cross-sectional with the inclusion of longitudinal elements) as well as the underlying structures and mechanisms of the case as interpreted by the researcher. Due to the research strategy, the outcome provides rich and detailed empirical evidence to explore and explain the role of organisational culture in a captive SSO shaped as a lean system.

Chapter 4: The Case

The case of the present study is represented by a captive SSC of a single SSO of a global service company. The choice of the case followed the recommendation of the literature review to create empirical evidence in a captive SSO/SSC (either a regional centre or a global hub-and-spoke model) that offers rather transactional services than specialist services to assure analysing an organisation that has already gone through some of the maturity stages and has established a lean system.

As already mentioned in the chapter Methodology and Methods, “critical realists adhere to a stratified or ‘depth ontology’” (O’Mahoney & Vincent, 2014, p. 9). In order to “reveal different features of the same layered reality,” the phenomenon (captive SSO as lean system) was analysed in a context with macro, meso, and micro levels in which “certain mechanisms may or may not operate” (Hurrell, 2014, p. 263). When introducing the case, the macro and meso level will be considered, whereas the micro perspective will be further analysed in the section, Findings. Figure 29 illustrates the three perspectives.

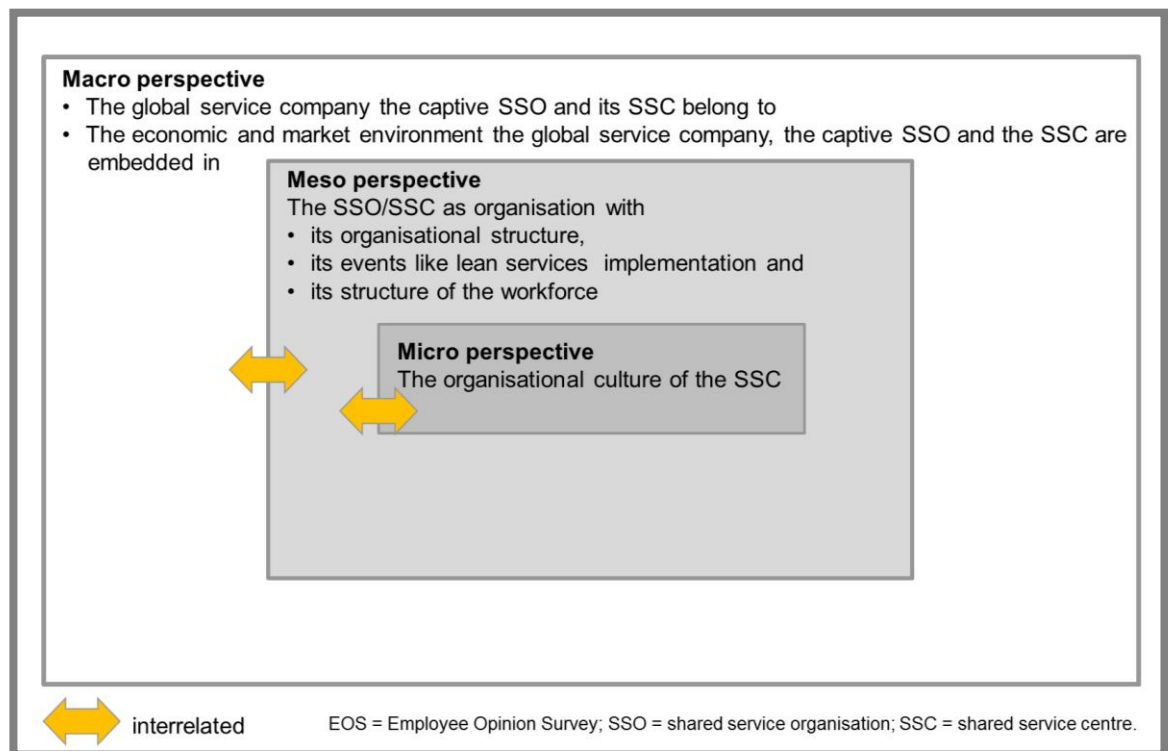


Figure 29. The three perspectives of the case.

4.1. Case Introduction From a Macro and Meso Perspective

A captive SSC of a single SSO of a global service company was chosen as the case of this present study. In the subsequent discussion this global service company is named Endurance (pseudonym) and presents the macro perspective. Endurance is a publicly traded company with its headquarters in Germany. The company has multiple strong brands and is the leading global player within its service sector branch. As to the nature of the organisation, Endurance can be categorised as a company generating revenue of 40 to 60 billion Euros per year and having a workforce of 300,000 to 500,000 employees.

From an organisational perspective, Endurance consists of several business units offering their services in nearly every country in the world. For the present study, one of these business units, Global Business Services (GBS), was of particular interest as it acts as an internal shared services provider for all other business units of the company. This internal shared services provider is headed by Endurance's chief financial officer. Thus, GBS has no distinct representative on

Endurance's executive board. GBS was founded in 2006 and comprises several service lines offering different shared services like finance operations, HR operations, and information technology services. The usage of the services offered by GBS is voluntary for the business units. As GBS is set up as a cost centre, its main objective has been to generate value for the business units by continuously reducing costs, according to a 2010 strategic paper. Figure 30 illustrates the organisational set-up of the company Endurance.

As to the meso perspective, Finance and HR Operations (FHO) was the first service line within GBS implementing lean systems. Hence, this SSO was chosen in order to investigate the phenomenon of captive SSO as lean system.

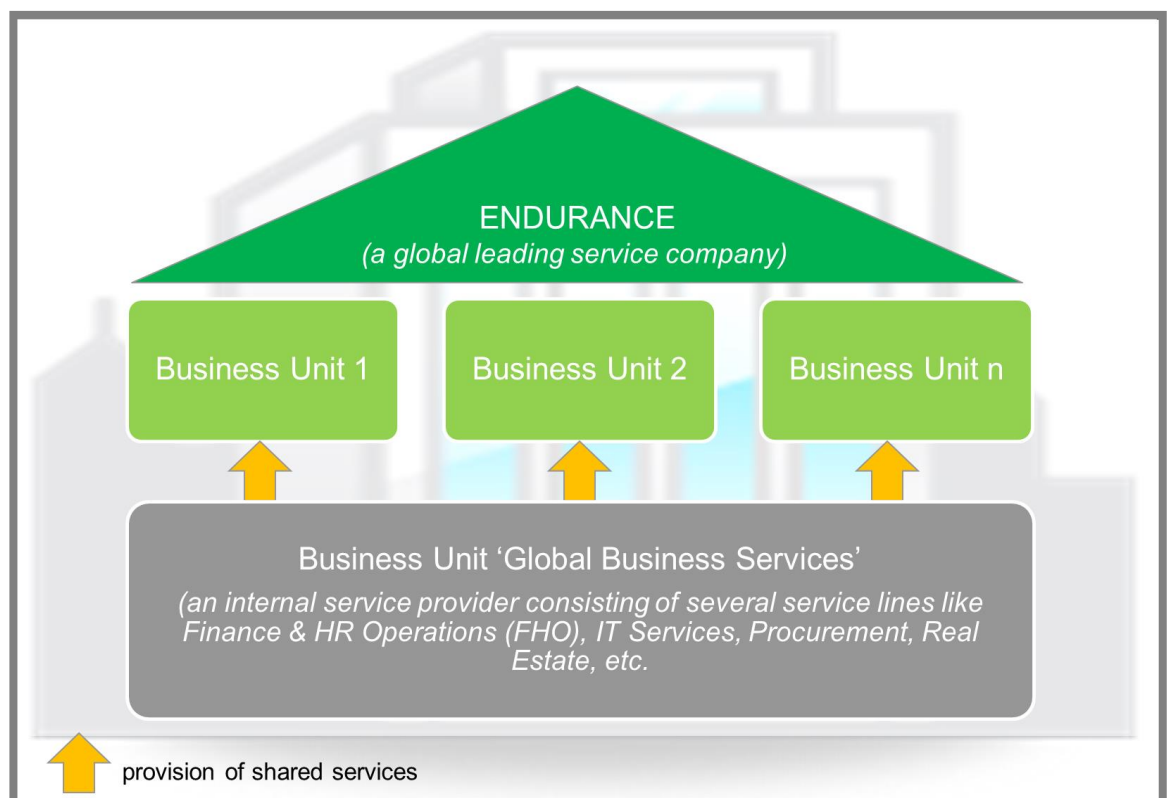


Figure 30. The organisational set-up of the global service company, Endurance.

The following information was taken from FHO's 2014 web presence unless otherwise stated: FHO's key objective is to provide a comprehensive portfolio pertaining to HR and financial transactional activities of all Endurance's business units at the best cost and high quality. In order to achieve this, FHO serves all

business units (business partners) through its network of captive SSCs and dedicated outsourcing partners. As to FHO, it is essential to ensure that its business partners can work easily and effectively with FHO, as FHO's aim is to cover all its business partners' needs in a professional manner. According to FHO, the SSO strives to continuously optimise its services and processes through methodologies like six sigma and lean management as well as with the knowledge and experience of its employees. Based on its many years of experience, FHO likes to highlight its ability to consult its business partners and to propose best practice models to them. Through its worldwide geographical presence, FHO presents itself as being able to provide consistent and sustainable services at divisional, regional, and local levels by using its captive SSC network as well as its dedicated outsourcing partners.

As to its organisational structure, FHO is organised by region, which means that in each of its regional organisations (e.g., Europe, Asia Pacific, Americas) similar services regarding HR and financial transactional activities are provided to the business partners located within the respective region by the SSC of this region. Thus, FHO is headed by a service line head who manages regional directors, who are responsible for their respective region in which several SSCs are located. For example, for the region of Europe, the regional director for Europe is responsible for the Maastricht SSC as well as for the SSC located in Ostrava, and both provide the requested services to their business partners located in Europe. Within each captive SSC of FHO, a centre head leads the SSC that consists of several departments providing the respective service (e.g., accounts receivables as a transactional activity of Finance Operations provides the service customer accounting). Within each department, several groups are embedded. Figure 31 reveals the organisational structure of FHO as captive SSO by taking

the European region with its Maastricht SSC (in the Netherlands) as an example.

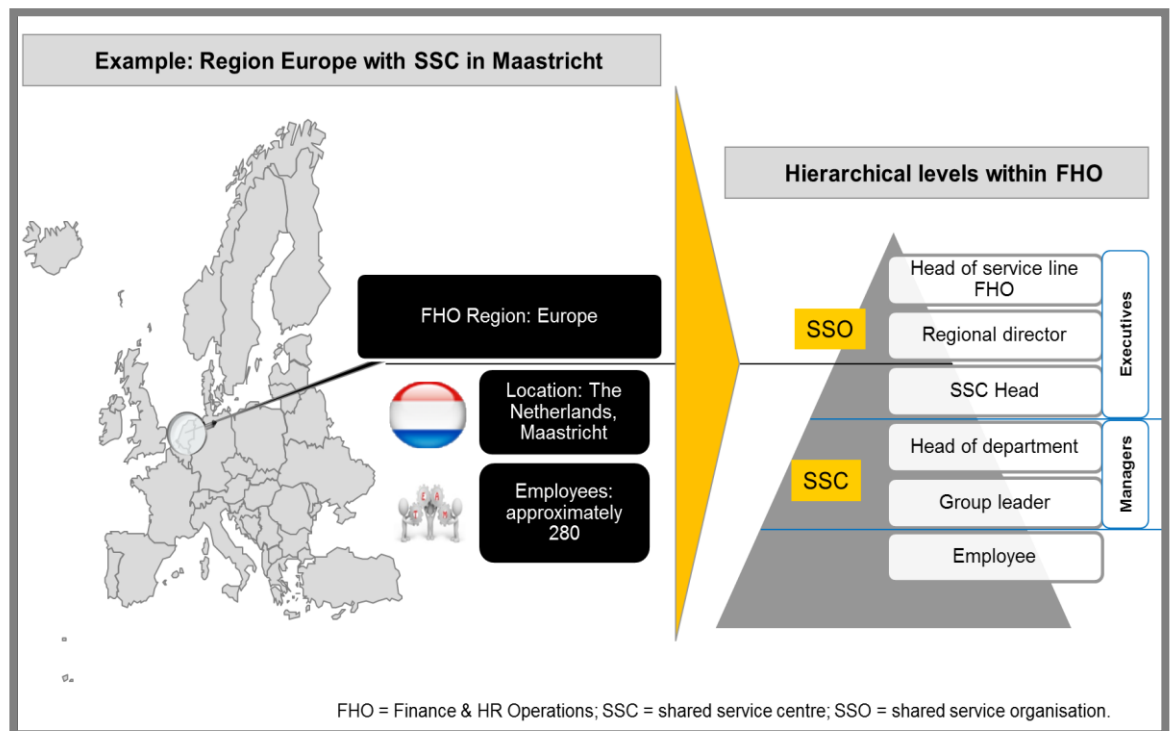


Figure 31. Organisational structure of Finance and Human Resources Operations (FHO), using the example of Region Europe with Maastricht shared service centre (SSC).

Considering the interdependencies of the macro and meso perspectives, it is important to mention that FHO has to compete in the open market (e.g., with outsourcing companies that compete for outsourced contracts). Although FHO is a captive SSO, there is no mandate for Endurance's business units in place to engage FHO, or any other GBS service line, as internal shared services provider. Thus, FHO positions itself as a captive SSO, which also works together with dedicated outsourcing partners to better balance the cost and quality expectations of Endurance's business partners. Figure 32 illustrates the network of the SSCs' captive and outsourcing partners that is currently being used by FHO, based on 2012 documentation.

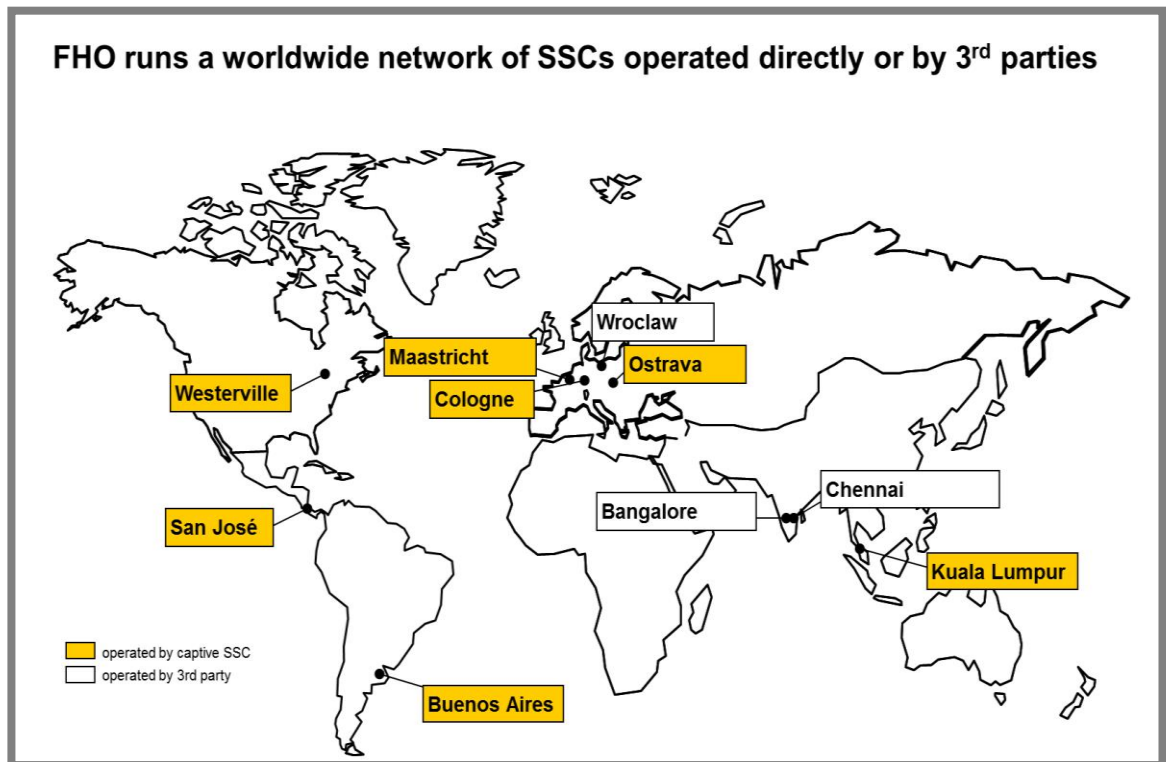


Figure 32. Shares services centre (SSC) network of FHO.

Moreover, the commercial alignment between the SSCs and their local or regional business partners is based on SLAs that cover the efforts spent for providing the requested services. The costs of these efforts are charged monthly by each SSC to its business partners. Any other costs at SSO level are charged via the global charge that is allocated to the different business units. As already mentioned, since GBS and thus its service lines are set up as cost centres, all costs are finally allocated to the business units of Endurance.

4.2. Lean System Implementation: An Event Introduced at Meso Level

Since 2009, FHO has introduced lean systems in all of its captive SSCs worldwide (like Malaysia, Costa Rica, the Netherlands, Germany) and in all of their services (finance and HR operations). According to FHO 2012 documentation, lean systems were introduced to create a solid foundation for operational and execution excellence, and at the same time to establish a culture of continuous improvement.

With LEAN...

Finance and HR Operations (FHO) creates a solid foundation for operational and execution excellence, and at the same time establishes a culture of continuous improvement.

The program "LEAN" was initiated in order to...

- **...increase employee satisfaction**
- **...improve communication structure**
- **...achieve quality improvements, and to**
- **...secure sustained competitiveness through increased productivity and so identifying potential capacities!**

LEAN targets at a cultural change, with the awareness of every individual to become a role model for other colleagues within the group.

Figure 33. Mission and mandate of the lean system implementation in FHO.

From 2012 presentations used in the lean system implementation by FHO, Figure 34 shows one slide presented by FHO's service line head when talking about the rationale of the lean system implementation within FHO. See the blue dotted outlined area of Figure 34.

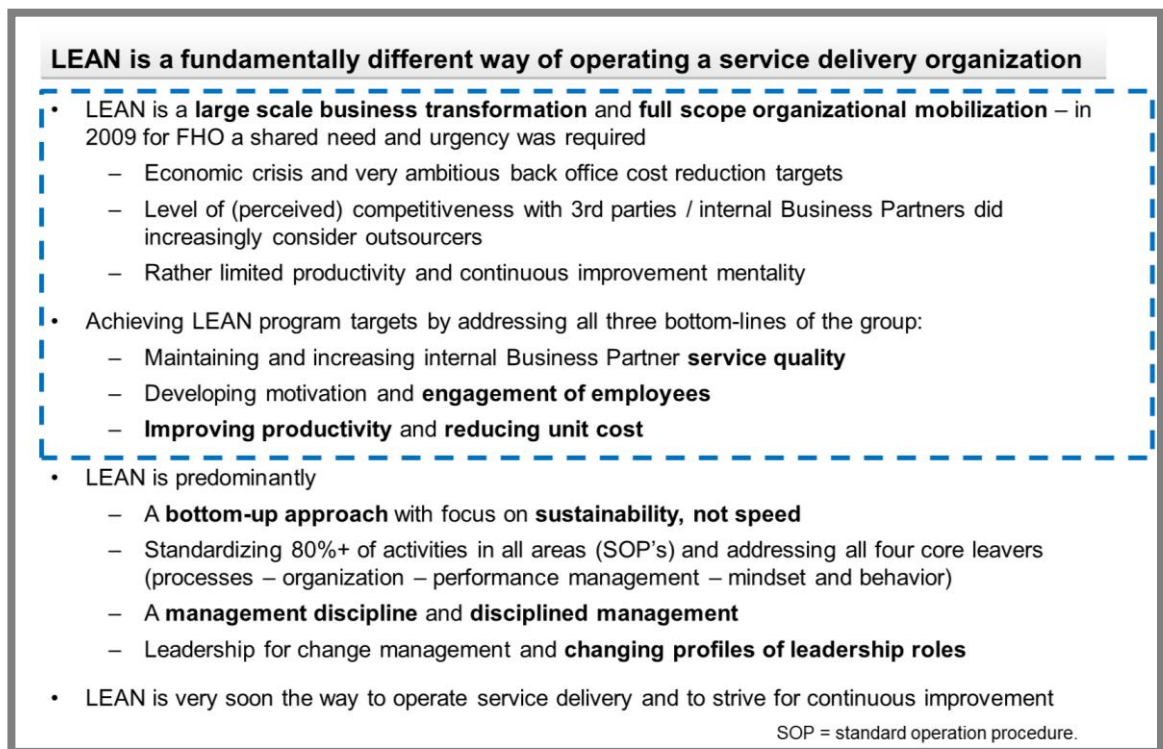


Figure 34. Rationale and approach of lean system implementation in FHO.

When the lean system implementation was started in March 2009, two pilot departments in Finance Operations were chosen, namely the SSC in Cologne (Accounts Receivable) and the Maastricht SSC (Accounts Payable). After that, the implementation was conducted in waves, consisting of multiple projects each lasting 4 months, and was rolled out in all SSCs worldwide. In each centre, it was planned to establish lean systems in every department. Depending on the size of each department, several projects were conducted at group level before lean systems were fully established in each department. The implementation followed a standard approach introduced by an external consulting company. As shown in Figure 35, the implementation approach that was applied by FHO covered four organisational dimensions: processes and systems, performance management,

organisational structure and skills, and mindset and behaviour.

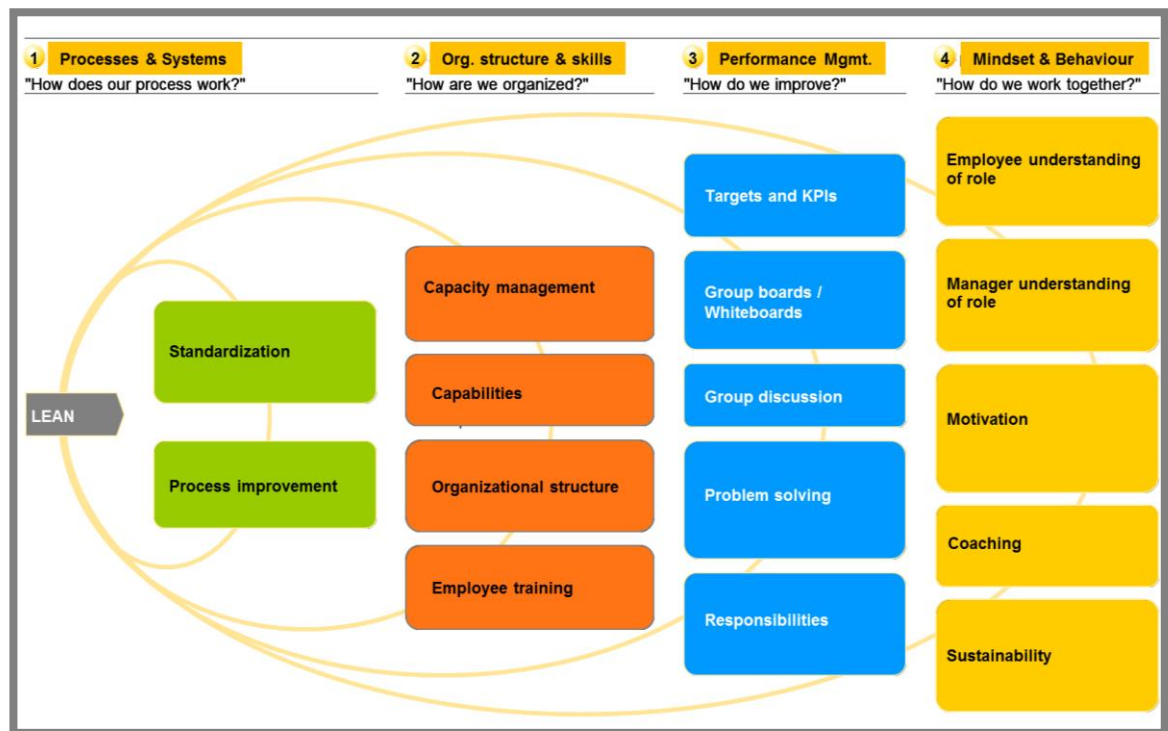


Figure 35. Four dimensions of the lean systems implementation in FHO.

The dimension of mindset and behaviour and partly the dimension of organisational structure and skills (like capabilities and trainings) covered the human aspects of a lean system implementation, which means the HRM practices (Birdi et al., 2008). The other two dimensions, processes and systems and performance management, focused on the implementation of structures, representing operations management practices (Birdi et al., 2008).

4.3. The Maastricht SSC as Single Case: The Meso Perspective

In general, an SSO is built up of one or many SSCs ("Shared-Service-Center", 2010). As each SSC can be perceived as one lean system, one of these centres was investigated as an exemplar. Since the Maastricht SSC was the pilot for the implementation of lean services in Finance Operations Europe, it was chosen as a single case.

According to its own "change story", the Maastricht SSC was established in 2000 as the European Financial Accounting centre with the aim to provide finance

services for 16 European countries of one of Endurance's business units. After several years of growth, a period of standardisation followed, before the first offshoring and outsourcing projects started in 2009. This evolution demonstrates the permutation as highlighted in the literature review. In 2013, the Maastricht SSC purely operated for Finance Operations and had a total headcount of approximately 280 people. According to 2014 website data, the Maastricht SSC is organised in different service lines to best serve its business partners' needs, namely Accounts Receivables, Outsourcing Control, Financial Accounting, Customer Master File, and Billing. The Maastricht SSC is supported by the HR department in their internal HR-related tasks like recruitment, payroll, and talent management. Additional regional support functions are in place like the departments of Business Process Optimisation (BPO) and Strategy and Performance that offer support to all captive SSCs within the region. Within one of these support functions, the lean implementation experts were located, who were fully dedicated to the lean systems implementation in the region Europe. Figure 36 represents the organisational set-up of the Maastricht SSC as well as its integration in the SSO of FHO. Furthermore, Figure 36 portrays the main hierarchical levels, namely the executive, manager, and employee levels.

Considering the interdependencies of the macro and meso perspectives, some more contextual information on the SSC's economic environment is necessary. Therefore, several labour market-related aspects of the Maastricht location are shared, namely the Dutch economy, the unemployment rate of the Limburg province, the locational attractiveness for shared services, and the access to the local labour market.

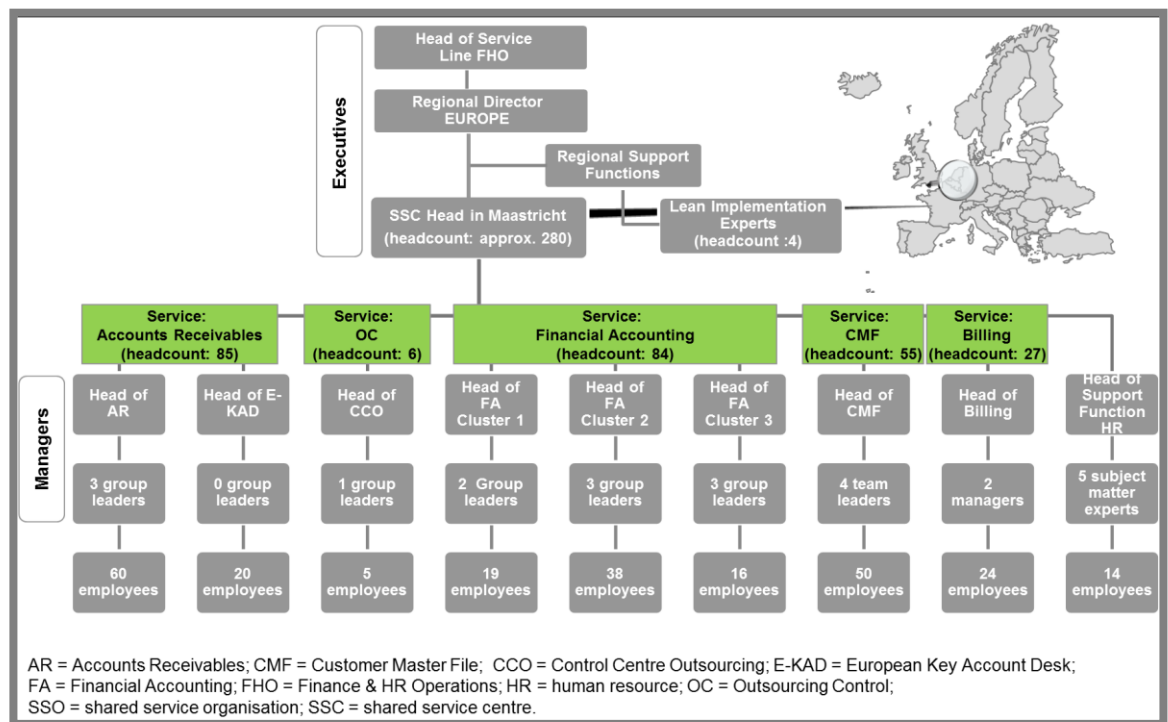


Figure 36. Single case study set-up within the shared service organisation FHO.

As to the location, Maastricht is a city that belongs to the region Maastricht (also known as South Limburg), an area of South Netherlands in the province of Limburg. According to the *World Factbook* (Central Intelligence Agency, 2013),

After 26 years of uninterrupted economic growth, the Dutch economy—highly dependent on an international financial sector and international trade—contracted by 3.5% in 2009 as a result of the global financial crisis. ... In 2012-13 tax revenues dropped, GDP contracted, and the budget deficit deteriorated. Although jobless claims continued to grow, the unemployment rate remained relatively low at 6.8 percent.

Considering the Limburg province in particular, the unemployment rate (i.e., unemployed persons as a percentage of the economically active population; see Eurostat, 2014) in 2009, the year when lean services was introduced, was at a level of 4.4%. Later, the unemployment rate fluctuated. It first increased in 2010 to more than 5%, before it declined in 2011 again. Then the unemployment rate increased again in the following years to reach 6.7% in 2013 (see Figure 37). Considering these ups and downs, the rather fluctuating unemployment rate can be perceived as unstable and thus might have created uncertainty for the

employees. Whether there is a correlation between the unemployment rate for Limburg and the staff turnover rate in the Maastricht SSC will be discussed later.

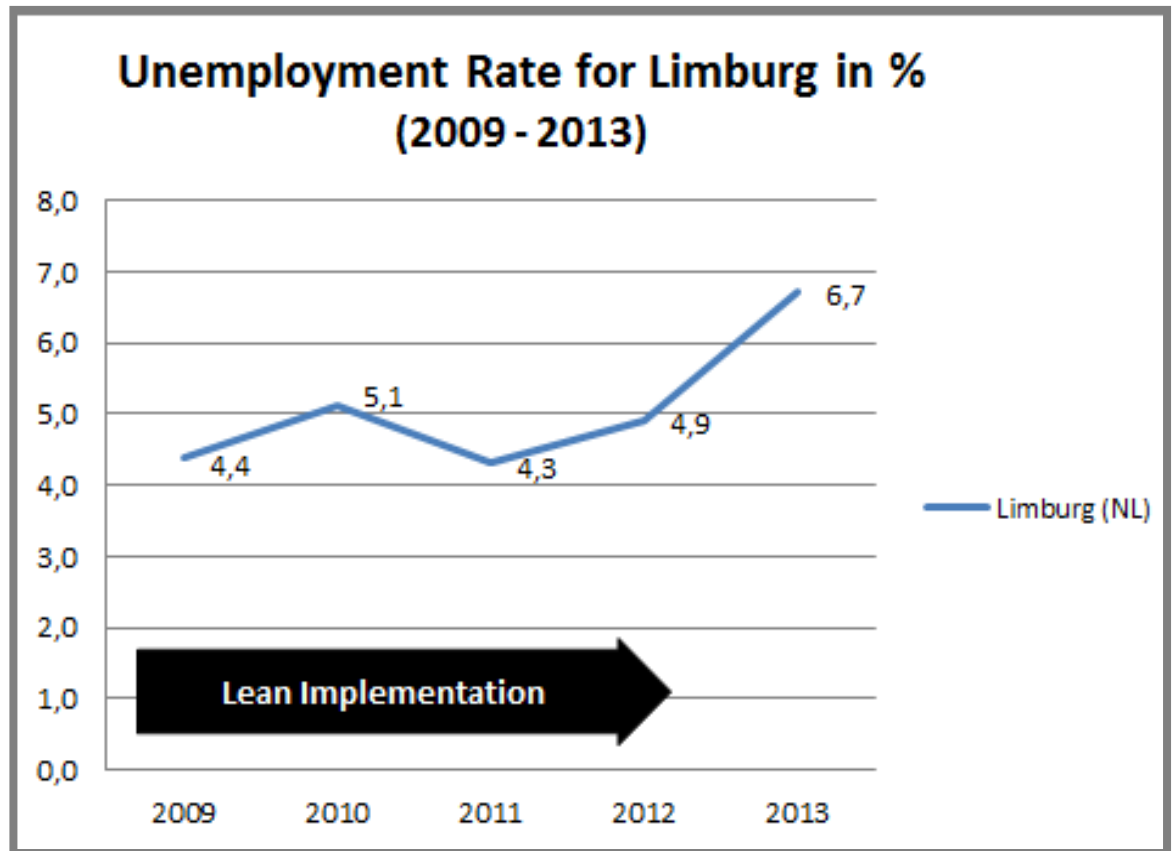


Figure 37. Unemployment rate for the province Limburg. Derived from Unemployment Rate for the Province Limburg (in %), by Eurostat, 2014, retrieved from <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

As to the attractiveness of the location for shared services as highlighted in the literature review (Harvey, 1982), the region Maastricht is known as a geographical centre for “shared services and call centres, top-end retail and production, service and creative industries” (Regus, 2013). As shared services is an essential industry for the region, “in the next few years investment will ensure that these services are further developed. In addition to attracting new companies, the development of shared service centers is one of the main targets of the Province” (Maastricht Region, 2013). Furthermore, “knowledge development and innovation” in the area of shared services “occurs in renowned research institutes such as the Hogeschool Zuyd, the Open University in Heerlen, Maastricht

University, the Technical University in Eindhoven and the RWTH in Aachen” (Maastricht Region, 2013). Due to its strong and close relationship between private enterprise and academic institutions, students (approximately 30,000 at any one time) represent an attractive source for employment for the Maastricht SSC. Despite these arguments for the location, Maastricht is not a low-cost location compared to locations like India.

The labour market-related aspects mentioned above influence the workforce structure of the Maastricht SSC. As to the workforce of the SSC, interviewees from the HR department highlighted that the average length of employee retention is 7 years, although the Maastricht SSC has constantly reduced the number of employees since its opening in 2000. Furthermore, interviewees from the HR department shared that at least 50% of the workforce still works in the Maastricht SSC since its opening. Staff turnover data are presented in Figure 38.

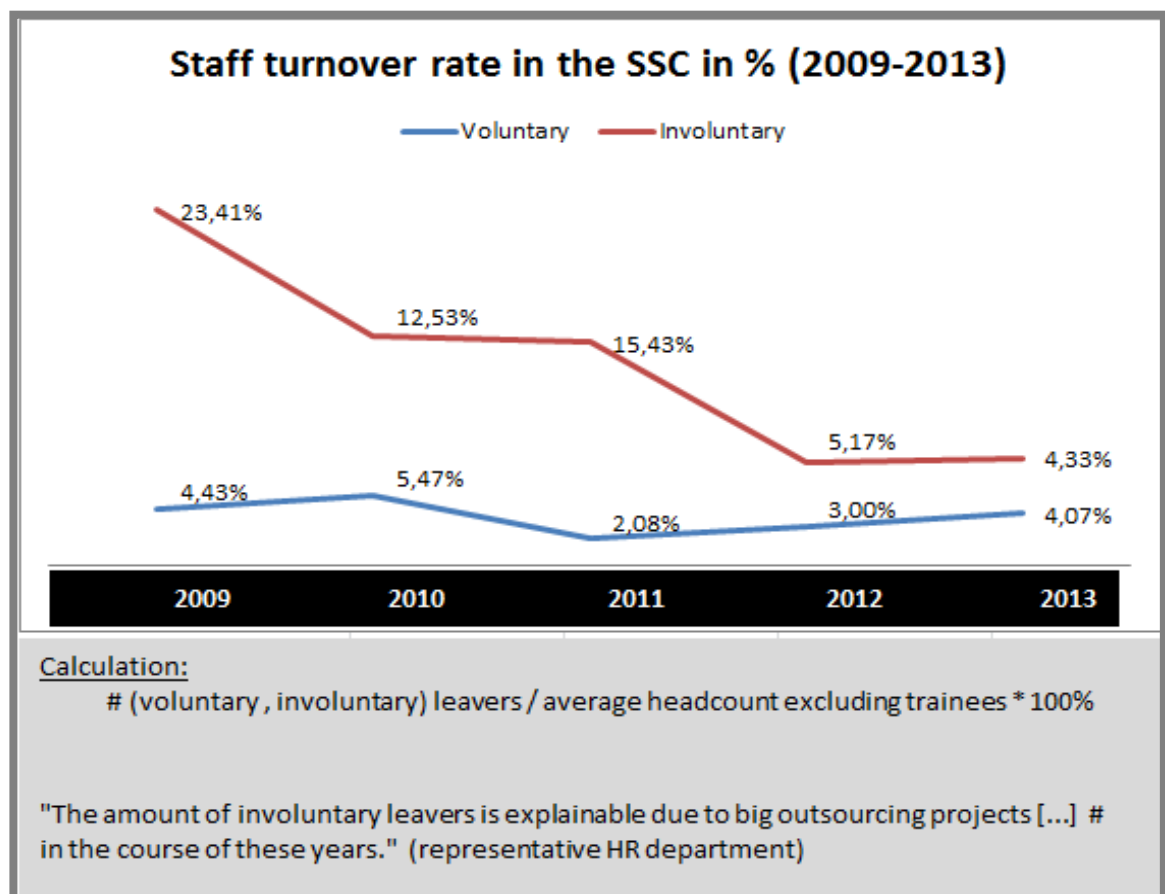


Figure 38. Staff turnover rate of the Maastricht shared services center (SSC), 2009–2013, derived from information shared by representatives from the Human Resources (HR) department.

Considering the staff turnover rate of the Maastricht SSC and the unemployment rate for Limburg, there is no apparent correlation. However, when managing staff turnover, the approach to recruitment and selection changed due to these labour market-related aspects. Whereas in the beginning of the Maastricht SSC, people were hired “who don’t have an education except for their high school diploma”, the Maastricht SSC now “recruit totally different people than [it] used to recruit”, according to a representative from the HR department. The HR department representative continued,

We are in a some kind of a lucky position at the moment, because there are not a lot of jobs, so we can also recruit people who are basically not a fit for the job but are having a higher degree ... because we have so many bachelor and master graduates who can’t find a job.

When considering Maastricht as a location for shared services, most of the interviewees mentioned that the competition from low labour-cost markets (e.g., Eastern Europe and Asia) increased over the last years. In particular, the years of the economic crisis (2008–2009) were a turning point in the strategy of the Maastricht SSC and the Region Europe. Consequently, the strategy of the Maastricht SSC changed from being a pure transactional SSC into a “centre of excellence” serving more specialist services rather than transactional services and with an embedded hub to consolidate additional transactional tasks within Europe and further standardise these tasks in order to make them ready for offshoring.

4.4. The SSC’s Service Lines and Departments as Embedded Cases: The Meso Perspective

The Maastricht SSC consists of eight departments that offer five services to the business partners (excluding HR, as this is an internal support function of the SSC). The following sections introduce the different service lines based on the information shared on the SSC’s 2014 website. The following information is taken from this source unless otherwise stated.

Service line: Accounts Receivables. The service line Accounts Receivables consists of all (external) customer-related activities and comprises two departments, namely Accounts Receivables and the E-KAD. Both departments offer the service of collecting outstanding receivables as well as the handling of customer queries to their business partners in order to improve and optimise their cash position. Whereas the Accounts Receivables department manages the local (external) customers of its business partners and their customers’ receivables, the E-KAD department takes up an (external) high-priority customer position across the different European countries.

The Accounts Receivables department manages (external) customers located within the Benelux countries and positions itself as a department where knowledgeable and experienced people cooperate and add value by working in a competitive customer-oriented environment, in which the optimisation of the cash situation and the well-being of people are considered equally important. Following Aguirre, Couto, Disher, and Neilson's (1998) view, the type of services provided by Accounts Receivables can be categorised as mainly transaction-based, since collection and query handling tasks are rather "routine, high-volume tasks that are highly sensitive to scale" (p. 6). Accounts Receivables consists of 64 people, thereof four managers with responsibility for 60 employees. In 2010 (from June to December), lean services was first introduced in the collection teams before it was implemented in the query handling teams in 2011 (from January to June).

The E-KAD department acts as a single point of contact for the most important (external) customers of its business partners, which have a centralised accounts payable department in their own company in place. Thus, E-KAD ensures that its business partners meet the (external) customers' requirements with a centralised approach, and it aligns with existing and ongoing centralisation of the customers' account payables departments. E-KAD bundles and develops finance expertise for the customer by standardising the receivables approach (i.e., collections and query management) for the most important customers across the European countries. E-KAD claims that it overlooks the receivables and billing process in order to detect and to solve root causes of recurring errors. Following Aguirre et al.'s (1998) approach, the type of services provided by the department E-KAD can be mainly categorised as specialist services, as the standardisation of the receivable approach involves consulting tasks that rather "require a combination of broad expertise and customization" (p. 6). However, the embedded

query handling and collection activities at customer level across Europe imply transaction-based activities as well. The E-KAD consists of 21 people, thereof one manager with responsibility for 20 employees. Hence, there is no group leader in place. E-KAD introduced lean systems in 2012 (from February to July), which was the last wave of the lean system implementation in the Maastricht SSC.

Service line: Outsourcing Control. By the end of 2009, most of the accounts payables activities had been outsourced to a dedicated outsourcing partner. Thus, the service line Outsourcing Control is in charge of managing the relationship to the dedicated outsourcing partner as well as the remaining activities (e.g., mailroom-like scanning and sorting of incoming invoices, sending payment files to the bank) for its business partners. The remaining activities can be characterised as purely transaction-based work (see Figure 39). This service line is the smallest of all service lines within the Maastricht SSC. The department has no dedicated department head, as it is managed by one of the heads of the department Financial Accounting. The department consists of six people, thereof one manager (group leader) with responsibility for five employees. Before the outsourcing occurred, lean services had been introduced in Accounts Payables in 2009 as one of the two pilots in FHO.

Service line: Financial Accounting. The service line Financial Accounting provides all general ledger-related activities such as the reconciliation of balance sheet transactions, general ledger postings, statutory reporting, value-added tax declarations, period-end closing operations, processing of profit and loss data, internal and external audit support, and ad hoc reporting and analysis. As Financial Accounting serves different European countries, it is divided into three departments or clusters (each cluster represents one department) representing the financial accounting activities.

Cluster 1 represents the Benelux countries and France, including matters pertaining to financial accounting processes. This department consists of 22 people, thereof three managers and 19 employees. Cluster 2 covers the UK and Ireland, the Nordic countries, as well as the Cash and Banking processes. This department has 42 people, thereof four managers and 38 employees.

Cluster 1 and 2 can be characterised as a combination of transaction-based type of work (e.g., general ledger postings) and specialist services. Specialist services require “considerable contact with internal customers” (Aguirre et al., 1998, p. 6). As tasks like period-end closing operations are done in close alignment with the controllers of the business units, these two clusters cover specialist services. Within Clusters 1 and 2, lean systems were introduced several times because the organisational structure of the service line Financial Accounting was undergoing changes during the lean system implementation period. Thus, the lean system implementation projects did always cover a different scope of activities. For example, Financial Accounting for UK and Ireland was covered at the end of 2009, whereas the Benelux countries were covered in 2010. The final lean system implementation project was done within the last wave in 2012 (from February to July) to consider the adjusted organisational structure accordingly.

Cluster 3 covers all statutory, tax, and value-added-tax-related tasks. Thus, it provides purely specialist services (see Figure 39). This department consists of 20 people, thereof four managers and 16 employees. In this department, lean systems had not been introduced yet when the interviews were conducted.

Service line: Customer Master File. The service line and department Customer Master File was created to form a centre of excellence for managing customer master data. The department Customer Master File takes care of the creation and maintenance of customer accounts and customer tariff for the

(external) customers of its business partners. In 2012, the team provides support for 10 European countries. The service line Customer Master File is, after Accounts Receivables and Financial Accounting, the third biggest service line, as it consists of 55 people, thereof five managers and 50 employees. Lean services were implemented in 2012 (from February to August). As this department was still under construction during this period, the lean services implementation was focused only on tools (e.g., capacity management) than on cultural aspects. It has to be mentioned that the underlying intention had been the bundling of all Customer Master File tasks in Maastricht, before offshoring this service will be near or offshored to one of the captive SSCs (e.g., Ostrava).

Service line: Billing. Since 2009-2010, the Billing service line has been responsible for the management of the European billing activities that had been offshored to the captive SSC in Malaysia (FHO Region Asia). Following Aguirre et al. (1998), the Billing department offers specialist services (e.g., process optimisation). This department was not covered by the lean system implementation at all. To summarise, Figure 39 gives an overview of the different departments and service lines introduced above by applying Aguirre et al.'s approach.

Description taken from Aguirre et al. (1998) ...

Transaction-based

Description:

Operating Philosophy:

Expertise-based*

Description:

Operating Philosophy:

...

* stands for specialist services

... and applied to the service lines:

Service Lines								
Service	Accounts Receivables		Outsourcing Control	Financial Accounting			Customer Master File	Billing
Department	Accounts Receivables	E-KAD	Outsourcing Control for AP	FA Cluster 1	FA Cluster 2	FA Cluster 3	CMF	Billing
# of people	64	21	6	22	42	20	55	27
# of managers	4 (1 head & 3 group leader)	1 (1 head & 0 group leader)	1 (0 head & 1 group leader)	3 (1 head & 2 group leader)	4 (1 head & 3 group leader)	4 (1 head & 3 group leader)	1 (1 head & 4 team leader)	1 (1 head & 2 managers)
Span of Control	01:20	01:20	01:05	01:09	01:13	01:05	01:13	01:12
Type of Service	mainly transaction-based	mainly expertise-based*	transaction-based	transaction-based & expertise-based*		expertise-based*	transaction-based	expertise-based*

AP = Accounts Payable; CMF = Customer Master File; E-KAD = European Key Account Desk; FA = Financial Accounting; GL = General Ledger; VAT = value-added tax.

Figure 39. Differentiation between transaction-based and expertise-based service applied for the service lines in the Maastricht SSC. Based on Shared Services: Management Fad or Real Value, by D. Aguirre, V. Couto, C. Disher, and G. Neilson, 1998, p. 8, Chicago, IL: Booz-Allen & Hamilton.

All eight departments of the above-mentioned five service lines represent embedded cases, which offered multiple levels of analysis (e.g., by type of work done by the department), which were further aggregated at services level in order to understand at micro level the impact of the type of work on organisational culture. However, due to the different ways of implementing lean systems (e.g., Customer Master File, Financial Accounting Cluster 3, and Billing), the main emphasis of the analysis lay on the two biggest service lines, Accounts Receivables and Financial Accounting (including Outsourcing Control). For the service line Accounts Receivables, the Accounts Receivables and E-KAD departments acted as embedded cases, whereas Financial Accounting Cluster 1 (including Outsourcing Control, as this department was headed by the same department head) and Cluster 2 were used as embedded cases for the service

line Financial Accounting. As demonstrated in Figure 39, both service lines offer a combination of transaction-based type of work and specialist services. Whereas the service line Accounts Receivables focuses on customer needs, the service line Financial Accounting (including Outsourcing Control) focuses on statutory regulations. Hence, in the chapter on Findings, three different perspectives will be introduced for analysis: (a) the Customer Accounting perspective to address the Accounts Receivables service line; (b) the Financial Accounting perspective to address the Financial Accounting service line, including Outsourcing Control; and (c) the SSO/SSC level perspective, which comprises the views and opinions collected from the head of FHO, the head of the SSC, the lean implementation experts, and the representatives from the HR department. In order to strengthen the analysis of the findings, an outsider perspective was further considered as also SSC managers with an outsider perspective on the lean system implementation were interviewed.

Figure 40 represents the lean system implementation plan between 2009 and 2012 in the specific groups, departments, and processes of the Maastricht SSC via the conduct of projects and waves. The projects and waves of the two service lines Accounts Receivables and Financial Accounting (including Outsourcing Control) are highlighted, which are represented by the Customer Accounting and Financial Accounting perspectives.

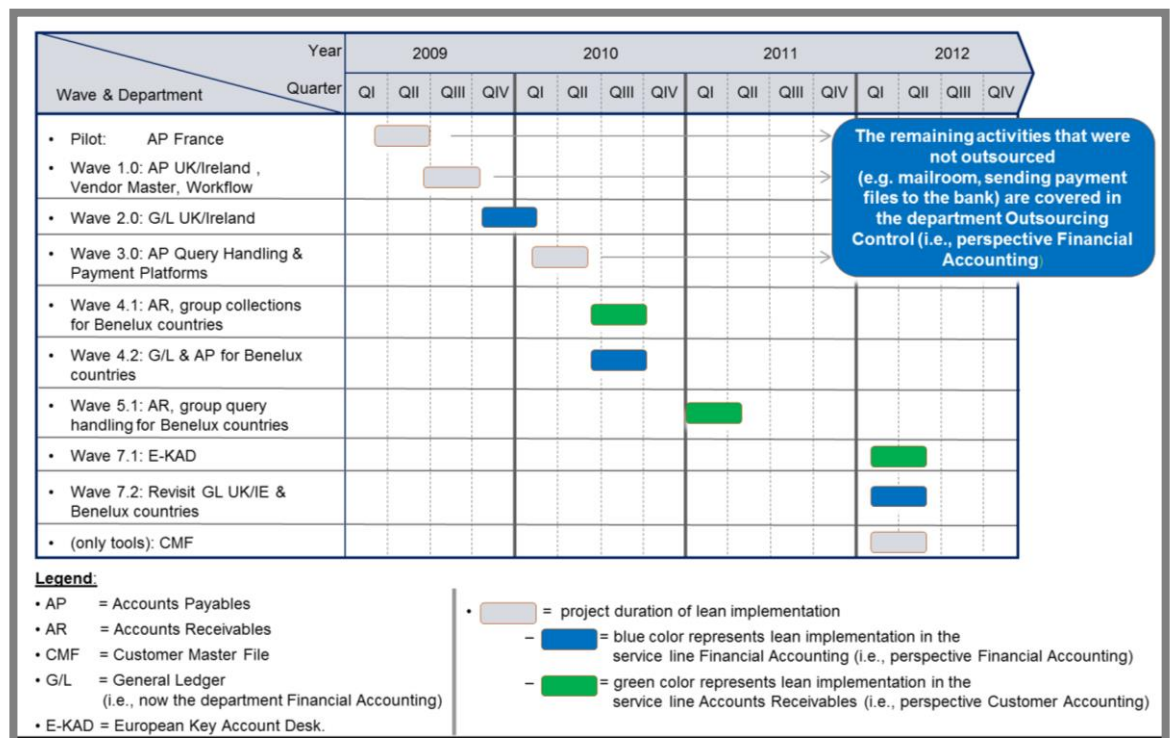


Figure 40. Lean system implementation plan for the Maastricht SSC.

To summarise, a captive SSC (Maastricht SSC) of a single SSO (FHO) of a global service company (Endurance) represents the case of this present study. The Maastricht SSC is characterised as a regional centre that offers more transactional services than specialist services, that has already gone through some of the maturity stages, and that has implemented lean systems. The case was considered from different perspectives, Hurrell's (2014) macro, meso and micro levels, in order to understand the phenomenon of the captive SSO as a lean system and the generative mechanisms from the organisational cultural dimension (micro level). The case was considered in a context in which "certain mechanisms may or may not operate" (Hurrell, 2014, p. 263) by always taking into account that all levels are interrelated. Due to the embedded cases, additional analyses were conducted for Customer Accounting with emphasis on customer needs and Financial Accounting with focus on statutory regulations (Eisenhardt, 1989; Yin, 2009).

Chapter 5: Findings

As already mentioned in the chapter, Methodology and Methods, three themes emerged in the findings: (a) cultural differentiation during the SSC's maturity phases, (b) cultural actors' agency on organisational culture, and (c) leanness of the implemented lean system. In the next sections, the findings on these three themes will be represented from a micro perspective influenced by the two other levels, the macro and meso perspectives (Hurrell, 2014). Furthermore, Vincent and Wapshott's (2014) framework was applied as already described in the Methodology and Methods chapter.

5.1. Cultural Differentiation

The formation and history of Maastricht SSC. As organisations are influenced by their history, and a shared history is a prerequisite for an organisation to allow a culture to form (Allaire & Firsirotu, 1984; Schein, 1990), a brief introduction into the historical events that shaped the Maastricht SSC seems fitting at this point. The organisational culture of the Maastricht SSC has been influenced by three major organisational events: (a) the set-up of the Maastricht SSC itself, (b) the implementation of fragmented and standardised processes, and (c) the introduction of a lean system. These three events at the meso level preceded three different maturity phases of the Maastricht SSC, which the researcher has labelled the *start-up phase*, the *service-provider phase*, and the *business partner phase*. As the start-up phase represents the time period from 2000 to 2003 and the service-provider phase characterises the time period from 2004 to 2009, both phases include longitudinal elements from the past as shown in Table 3. Moreover, the business partner phase (kicked off with the introduction of the lean system in the year 2009 and still continuing when the semi structured interviews and focus groups were conducted in 2013/2014) covers longitudinal

elements from the past (i.e., 2009 – 2012) as well as from the present (2013 and 2014) as revealed in Table 3. Further longitudinal elements covering the year(s) beyond 2014 (i.e., to a certain degree the postrationalisation regarding the future) were driven by questions discussed in the semi structured interviews as well as in the focus group regarding the future prospects of the lean system.

The start-up phase lasted from 2000 to 2003 and was characterised by continuously increasing new business. As the goal of taking on the vast majority of the European region's finance activities was apparently overambitious, the transition plan was halted in 2003 with the intention of stabilising the already transitioned-in activities first (based on the Maastricht SSC's 2012 "change story").

The start-up phase was followed by the standardisation and fragmentation of processes, which enabled the Maastricht SSC to act as an in-house service provider. Later, as a result of the SLA implementation, the SSC became more customer-driven (Deloitte Consulting, 2011; Forst, 1997; Goh et al., 2007; Grant et al., 2007). Thus, the period 2003 to 2009 was labelled as the service-provider phase. The end of the service-provider phase was seen as marked by the first offshoring projects, such as the offshoring of billing services to Kuala Lumpur (Malaysia) as well as the first outsourcing of transaction-based work (as with Accounts Payables), which were triggered by increased expectations of the business partners on quality and cost.

Besides these offshoring and outsourcing projects, all interviewees and all focus group participants agreed that 2009 marked the beginning of the implementation of lean systems within the Maastricht SSC (see Figure 40). As a consequence, the Maastricht SSC evolved into a business partner for its internal customers and acted customer responsive. Hence, the period as of 2009 was labelled as the business partner phase. In April 2014, the business unit that was

once the driver for building up the centre, and which is still its biggest business partner, decided to take back (insource) its Customer Accounting processes (Accounts Receivables, E-KAD, Customer Master File, and Billing) and to outsource the Financial Accounting activities (Clusters 1 and 2). The Financial Accounting Cluster 3 was to be transitioned to the corporate centre of Endurance. Decisions about the future of those services offered to other business units were pending in 2013.

Context and working environment of all three phases. The interviewees who already worked as employees in the start-up phase (see characters listed in the Appendix B, Figure B10) explained that during this phase the centre was growing tremendously by bringing in new financial activities from the 16 European countries into the Maastricht SSC. Chloe, once an employee in Financial Accounting and now an executive, explained the purpose of setting up the Maastricht SSC: “So basically the centre was meant to grow and grow—years after years—having more and more activities coming in.” As the vast majority of the staff was newly hired (for the SSC) while the non-managerial professional employees in the different country branches were leaving Endurance, there was a lack of country and business-related knowledge at the SSC, as Scarlett, a manager in Customer Accounting and Oscar (manager, outsider perspective) confirmed, who both worked as employees in Customer Accounting during this period. Due to the new financial activities that came in incessantly, implying that the workforce was still absorbing the previous new activities, Oscar explained that the “first few years in [the Maastricht SSC] were quite disastrous”, and Scarlett described the working atmosphere as “chaotic.” Oscar described his view on the time pressure caused by the ambitious transition plan: “[The] time taken for increasing and getting the knowledge, the in-depth knowledge of [Endurance]

specifics, was too short.” Scarlett provided a lively description of the working atmosphere, which was further characterised by an increasing backlog:

We were just throwing more people at it. So the initial plan was that we would be in query handling with I think 50 or 60, and at a certain moment we were with 260. ... There were no real work processes, and there was a lot of manual work coming. And a lot of paper, pure paper ... and I think ... the biggest difficulty was that they had tried to capture the way of working how it was done in the countries. And documented that in a way so we could follow the same process here in the shared service centre, but obviously being in a decentral environment, requires different process or different way of working as being in a centralised environment. And ... at the same time there was a knowledge drain. ... So, we could clearly see that we were trying to work our way through but without real strict guidelines.

Jacob, however, a manager in Financial Accounting who worked as an employee in Financial Accounting during this period, highlighted the carefree working atmosphere: “There was less ... pressure at that time from competitions also from other locations or other, even third-party providers, that was ... at my level ... not felt.”

To summarise, the perceived “chaotic” working atmosphere (i.e., micro perspective) introduced by an event at the meso level was characterised by backlogs, manual work, incessantly incoming work, and newly hired employees. This atmosphere was a consequence of an insufficient number of automated processes, lacking guidelines, time pressure, and a lack of knowledge. Any information related to KPIs being discussed in the team(s) was not given by the interviewees. Hence, the rather inadequate way of working for a centralised organisational unit at micro level combined with activities at meso level, like the ambitious transition plan and the loss of professional workers, which influenced the structure of the workforce, generated the perceived chaotic working environment. From a macro perspective, competition with external shared services providers appeared to be low or non-existent. Moreover, the recruiting of new employees seemed to be easy, most likely because the young people who were

hired constantly on the labour market were not necessarily experienced or did not have a university degree. Finally, as to Endurance, enough money was available to set up the Maastricht SSC.

The start-up phase (2000–2003) was followed by the service-provider phase (2003–2009), which was marked by two organisational events. The first event happened in 2004, when a vast programme was launched to globally standardise and fragment the finance and accounting activities by implementing top-down standard process templates to be applied via a standard software. Not enough additional Endurance business units joined the centre as business partners. Scarlett (manager in Customer Accounting) remembered the top-down changes that were introduced:

The processes were designed by the [programme] team, and the people [employees] had to execute. And it was even so bad that the system [standard software] allowed them only to follow the process as it was. And it was ... from an organisational perspective, quite a big journey, because first people would do it end-to-end and with the ... [new] template they were only doing a certain part of the process. ... The people were not prepared at all for what was going to happen. ... And on top of that, we had new business units coming in that they were not aware, that they were not familiar with ... and that were massive volumes.

Jacob, who was already in a managerial role in Financial Accounting during this period, emphasised the necessity of the programme to stay competitive as a SSC located in Maastricht:

We get at that time from [the programme] the process. ... We understood that if we are not becoming process experts, we will never be recognised here as a good place to be. And it has been a long journey. ... I think that was where we moved from ... a set of activities to really process management.

The second event was introduced by the business partners, because they had started focusing more on costs and billing, which led to the introduction of the SLA charging model in 2007. Elizabeth, a lean implementation expert, but working

as an employee in Financial Accounting during this period, explained what happened:

When the business partner started to talk about cost, talked about charging, then it started the mindset to see, "Okay, how could we streamline things, how could we manage to work as a shared service centre?" So we were quite good at the end in terms of process improvement, in terms of what is required ... to be a shared service centre.

Both events impacted and pushed the maturity level of the SSC to become a customer-driven service provider (Deloitte Consulting, 2011; Forst, 1997; Goh et al., 2007; Grant et al., 2007). However, with the standardisation and fragmentation of the processes in 2004, the working atmosphere of the service-provider phase was perceived as isolating. Hence, Chloe (executive) described, "Each department was ... looking at its own objective without eventually having an objective which was really fitting the company." Albert (executive) saw this isolation as a result of the fragmented set-up of SSO/SSCs: "That is clearly a disadvantage if one puts things into shared service centres, because it's the idea to tailor and specialise, and the disadvantage of tailoring and specialising is it that things become silos." Moreover, Chloe described the increased competitive environment, which was felt at the end of the service-provider phase: "The competition was very high at that time, and external competitors ... were also knocking on the door of the company and obviously offering far more competitive pricing for services than we were delivering."

To summarise, the perceived isolated working atmosphere was generated by the fragmented processes introduced by the extensive standardisation programme in 2004 (an event at meso level), which divided the end-to-end process responsibility into discrete process expertise and was reinforced by the lack of an overarching objective for the SSC, while the competition increased at macro level of the company and wider market. Although the standardisation

programme was introduced to strengthen the competitiveness of the SSC located in a European country, the way of implementing the programme happened in a top-down fashion and with little involvement of the employees.

Combined with more new business coming in, the employees felt that this was too much to handle. It took the Maastricht SSC several years to stabilise within an increasingly competitive environment, exemplified by business partners with a stronger cost focus and later reinforced by an economic environment that was marked by the economic crisis of 2008–2009.

At the beginning of the business partner phase (kicked off as of 2009), the first offshoring and outsourcing projects were conducted (Oscar, manager with outsider perspective), which generated a working atmosphere of uncertainty.

When the first reorganisation started here, ... you saw that the mindset of the people was also changing because people thought, "Okay, I have a contract for life here and I can work here till I'm 65 and I can retire." ... But then people saw a change that it might be an option that they couldn't work here for that long and that their job was maybe going away. ... So you saw that some insecurity came into the organisation. (Grace, employee in the SSC)

In addition and prompted by the economic crisis, the lean system was introduced at the same time. Albert (executive) explained the situation Endurance was facing during this time: "The company was going through a very difficult phase in its markets. We had to cope with very significant EBIT [earnings before interest and taxes] decline, and we were looking for optimisations of all our processes to reduce cost." Thus, the lean system implementation created further uncertainty as Chloe (executive) recalled: "At the very beginning, lean was seen as a cost-cutting initiative."

Although the mandate and mission from the FHO's senior management demonstrates that lean systems was not mainly implemented to generate short-term gains to make up for the losses caused by the economic crisis, but rather as

a cultural change approach to ensure lasting improvements (see Figure 41), this dual purpose was not commonly expressed across the different hierarchy layers of the SSO/SSC.

When asking the interviewees to share the main reason for implementing lean systems, nine out of 15 interviewees mentioned cost reduction. Furthermore, Chloe described the impact of the workforce's perception on the lean system implementation: "So lean at the very beginning was seen as the FTE [full-time equivalent] cutting, which you can imagine for each transformation, it was very difficult to come up with a change and explaining the change to [the employees]." This perception was reinforced by the fact that the department affected by the pilot of the lean system implementation was outsourced (Harry, manager in the SSC). The second most frequently mentioned reason (five out of 15 interviewees) was the necessity to comply with directives from the management and was pointed out by using the phrase "we had to do lean." Thus, it is comprehensible that the implementation of lean systems was perceived primarily as a top-down project, as Albert explained: "This is another initiative, this is another programme coming from management, and we will survive it, and we will get through it."

Ranking	Reasons for implementing lean systems					number of interviewees (multiple answers given)
1	Cost reduction					9
2	'We had to do lean!'					6
3	To ensure sustainable competitiveness					4
	To achieve the next maturity level of shared services					4

Case view	Reasons for doing lean systems					
	To ensure sustainable competitiveness	To achieve the next maturity level of shared service	Pre-Outsourcing activity	Cost Reduction	We had to do Lean	it's good for both (organisation and employee)
SSO/SSC level	4	2		4	1	2
Embedded case: CA	X	1	1	1	2	
Embedded case: FA	X	1	1	3	2	

CA = Customer Accounting; FA = Financial Accounting.

Figure 41. The reasons given by interviewees for implementing a lean system.

Answers from interviewees at the SSO/SSC level versus the ones at service levels (i.e., Customer Accounting and Financial Accounting as embedded cases) were compared, and the results are shown in Figure 41. At the SSO/SSC level, both the purpose of generating short-term wins (i.e., “cost reduction”) and ensuring lasting implementation (i.e., “to ensure sustainable competitiveness”) were seen as the two dominant reasons, whereas the awareness of this dual purpose diminished at the service levels. As to the services’ own view, managers from Financial Accounting (like Jacob, Holly, and Abigall) understood cost reduction as the main driver for lean systems, and both embedded cases, Customer Accounting and Financial Accounting, acknowledged the managerial obligation (“we had to do lean”) to be an additional main reason. The long-term objective of ensuring sustainable competitiveness was not mentioned at all by the representatives of Customer Accounting and Financial Accounting.

Chloe described the impact of the uncertain working atmosphere (generated either by outsourcing or offshoring) on the lean system implementation,

when she recalled: “We don’t know any more what would be our future. And therefore, maybe, what’s the point to think about continuous improvement, because it does not mean anything for me and there was nothing in it for me.” The uncertain working atmosphere that was caused by the restructuring events, all understood as cost- and FTE-cutting activities, was further strengthened by a lack of understanding with regard to the strategy of the Maastricht SSC. Grace (employee in the SSC) described what happened:

We recently had a strategy week here in [the Maastricht SSC] and that was also because of the low score on strategy for the EOS [Employee Opinion Survey]. And we saw that in the beginning we had ... all kinds of transactional things and now you see ... that those things are transitioned to other shared service centres or outsourced. And that you see that we are becoming more of a hub with CMF [Customer Master File], for example. We bring it here, we standardise it, after some years it will go somewhere else, ... and we have the specialised activities here [to become a] centre of excellence [for] the GL [General Ledger] activities. So there are some more specialised ... activities that are difficult to send to a low-cost country.

Then Grace summarised, “I think that that is a different strategy than we used to have where it was just absorbing all kinds of activities, doesn’t matter what exactly.”

Moreover, the economic crisis changed the labour market and thus, in turn, the recruitment opportunities of the Maastricht SSC. Therefore, the workforce structure of the Maastricht SSC changed because employees with a higher education could be hired. Grace analysed what this meant for the working atmosphere: “You can attract different kind of profiles with people who can easily absorb more activities than we require actually from the job. So, we set the standard much higher.” This change created further uncertainty among the previously hired and existing workforce. Grace explained,

What we see in the organisation is that the people who work here for 14 years who most people don’t have an education except for their high school diploma, feel a bit left behind because they have the feeling, “Okay those bachelor and master students who just graduated are much faster and smarter than I am.” And they feel a bit threatened by their colleagues.

In addition, Grace pointed out that limited education, the ongoing restructuring, and the strategy that implied ongoing change (generated by the hub aspect) created further uncertainty for the long-term employees:

There are people who are a bit more afraid of maybe losing their job, also because they experienced already quite some reorganisations here, so they have a different background and also that they think, “Am I still good enough in the future? Can I still meet the requirements of this changing organisation?” And that causes insecurity and I think ... that more and more people are getting a bit more insecure about their jobs, and I think that is something that changes if I look at years before then people were not expecting that there were coming any reorganisation to this centre.

To summarise, the perceived uncertain working atmosphere was generated either by offshoring or outsourcing (events at meso level), which was apparently not common for the Maastricht SSC. This uncertainty was further strengthened by the introduction of lean systems, because the lean system implementation was understood as a headcount reduction rather than a cultural change to ensure sustainable competitiveness. This perception is understandable and was reinforced as the pilot department for introducing lean systems was outsourced after the lean system implementation. Furthermore, the lack of understanding of the strategy and thus the implied lack of future prospects corroborated the uncertainty felt by the employees. Interestingly, an interrelation between introducing lean systems and the strategy of the Maastricht SSC was neither visible nor expressed by the interviewees. Moreover, the Maastricht SSC as an organisation seemed to have learned that changes are introduced top-down, as this was the rationale that was understood by most of the interviewees.

Although all restructuring (offshoring, outsourcing, and lean system) was introduced at the meso level, restructuring was generated at the macro level, which means by increased business partner expectations on cost reduction and on quality improvement and underpinned by the economic crisis.

The economic crisis changed the labour market, which influenced the structure of the workforce in the Maastricht SSC. This changing workforce structure fostered further uncertainty, as employees with higher education were hired who increased the level of productivity within the centre. Furthermore, the rather fluctuating unemployment rate might have created additional uncertainty for the employees.

Overall, during the three maturity phases of the SSC, the perceived working atmosphere changed from “chaotic” to “isolated” and finally to “uncertain.” All changes were introduced top down and were generated by macro events.

Within the next subsections, the following subthemes that emerged from the data will be further described: (a) sense of unity; (b) sense of responsibility, influence, autonomy, and control; and (c) sense of clarity, operational performance, and motivation. These subthemes will be described along the three maturity phases as they evolved in each phase and characterise the differentiating features of the organisational culture (i.e., micro perspective) of the SSC in each phase impacted by the macro and meso events explained above. An emphasis will be placed on the development of a lean impact framework, which explains how the implementation of lean systems is articulated to have an impact on organisational culture (i.e., an upwards configurational causal explanation; Vincent & Wapshott, 2014).

Sense of unity. The sense of unity describes the collaboration between the departments and the cooperation within the teams, called horizontal unity, as well as the interaction among the different hierarchical levels, called vertical unity. This section elaborates on why and how the different senses of unity evolved in each of the three maturity phases and the historical and organisational events of the Maastricht SSC.

Several interviewees highlighted that they perceived an exciting “start-up feeling” at the beginning of the Maastricht SSC. Although Grace (employee in the SSC) was not part of the workforce during the start-up phase, she shared the perception with her colleagues who had been working in the SSC since its beginning, saying, “People had the feeling that everything was possible; we could do everything; there was enough money for everything.” Chloe (executive) summarised the way of working during this phase:

The culture was really a to-do [can-do] mentality, you know. Everybody wants to make it a success and will go for it. A lot of cooperation, a lot of people heavily involved in making a lot of overtime, coming up with a lot of ideas, and because it was really starting from scratch, an organisation that we want to be a success.

This strong willingness to make the SSC a success united the workforce. Grace and her manager Harry, who both joined the Maastricht SSC after the start-up phase, supported Chloe’s perception of the close cooperation within the centre. Harry concretised the kind of friendships that existed within the SSC: “They were the ones playing cards, bowling, etc., and so that became in my view very personal. ... That was one of the strengths of the [Maastricht SSC] ... the personal commitment to each other and the level of team spirit.”

To summarise, the perceived sense of unity among the workforce, visible in the close cooperation among the workforce and by the personal relationships between the employees, was apparently encouraged by the strong willingness and objective to make the Maastricht SSC a success. The necessity for close collaboration was originated in a chaotic working environment developed during the previous, overly ambitious transitions.

In the service-provider phase, the sense of unity among the workforce deteriorated as the organisational culture was perceived as rather silo oriented. Thus, the organisational culture was described as a departmental silo culture, with

departments acting as isolated companies. Chloe (executive) summarised the organisational culture as follows: “We were all sitting in the same building, reporting to the same manager, but at the end you had eventually seven different kind of companies within a company, because each department somehow had its own culture.” Lauren is a lean implementation expert, who, back then, worked as an employee in different roles in Customer Accounting and Financial Accounting and later in BPO. Lauren described how authority was concentrated at the department head level: “The department heads were the little boss.” This view is congruent with Harry’s opinion: “There was no collective view of the way forward.”

This limited sense of unity among the departments was also perceived by the majority of the focus group participants for Customer Accounting. Imogen and Rosie, both employees who participated in the focus group for Customer Accounting, shared their opinion on the collaboration between the departments by choosing the picture shown in Figure 42.

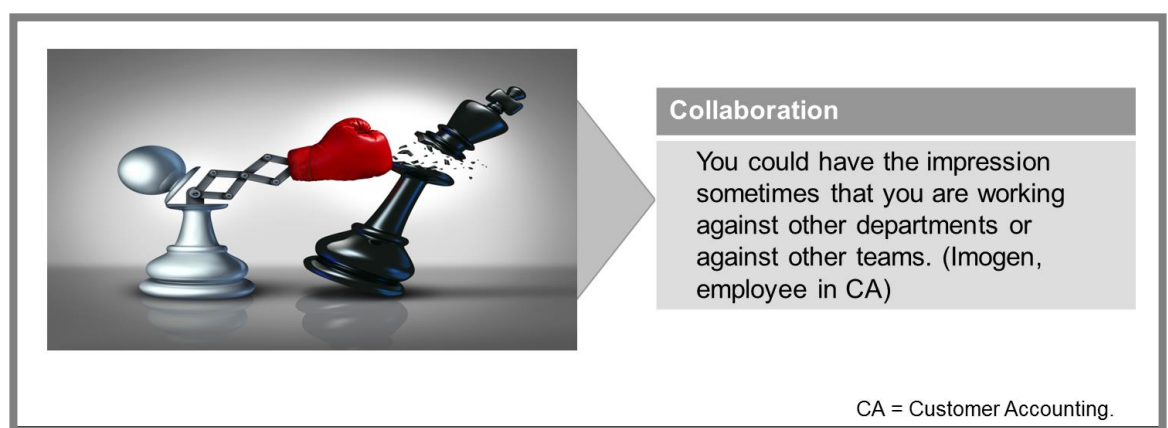


Figure 42. Employee’s perception of the way of collaboration between the departments during the service-provider phase.

The perception of the participants from the Customer Accounting departments in the focus group was also underscored by Holly (manager in Financial Accounting). Holly explained the situation in her department:

Everybody was doing it differently, so there was less sharing in how we did it. And less visible. ... It took a long time, and everybody made their own

templates. ... Everybody had a different process. A template within but not [a] shared service approach.

In addition to the little collaboration among the SSC departments, the cooperation within the teams seemed to rapidly deteriorate as well. This limited sense of unity and cooperation within the respective teams and departments was expressed by the participants of both focus groups from Customer Accounting and Financial Accounting, when they chose the picture shown in Figure 43.



Figure 43. Employee's perception of the way of cooperation within the teams during the service-provider phase.

This perception of a rather isolated way of working was shared at the managerial level as well, when Abigall (manager in Financial Accounting) said, "I think that everybody worked more on their own than as a team. Yeah, and then I think everybody just ... they did their bucket of work, and they didn't worry about what everybody else was doing."

Although team targets, in other words, KPIs within the dedicated departments did exist, they were not discussed or shared with the employees.

Amy, a manager in Customer Accounting, explained,

There were team targets, but actually they were finding out at the end of the months if they had met it or not. But during the months, they were not really discussing between each other, or the team leader ... was not actually sharing this result.

On top of that, according to Lauren, the KPIs were perceived as meaningless by the employees because

the way that the KPIs were translated to the team, it was not something that the team could really refer to on a day-to-day work. So, very too high level, too much management talk, management communication towards the team.

To summarise, the previously rather intense sense of unity among the workforce among the departments and within the respective teams had deteriorated. This weakened sense of unity was visible in the way the workforce collaborated and cooperated. The decline in collaboration and cooperation can be traced back to the isolated working environment and was generated by the fragmented and standardised processes, which implied a strict adherence to the processes configured in the standard software. Although KPIs were in place, they did not bind the employees into a team as they were neither shared nor discussed.

As to the business partner phase, nearly half of both the interviewees and focus group participants highlighted that lean systems positively influenced transparency and visibility, which, in turn, stimulated teamwork and thus a sense of unity within the respective teams and department. Grace (employee in the SSC) described the change in general: “I think that you saw that everything that was hidden or was somewhere which was not visible, it all came on the table and it was all visible for everyone.” Transparency and visibility became in particular manifest in whiteboard sessions. These are regularly scheduled team meetings, in which the team stands around its whiteboard that usually consists of several sections with visualised data (like with the business partners’ aligned KPIs for quality and productivity, continuous improvements, and team information.

The [whiteboard] had the biggest impact so that we actually stand up and talk and hear what the others are doing and share ideas in that way, that was missing before—so there was a lot more interaction after lean. (Holly, manager in Financial Accounting)

Elizabeth (lean implementation expert) explained from an employee perspective how beneficial this visibility is:

I would say also, having the visibility on what your colleagues are doing, which was one of the findings that we had, every time that people are always complaining about “I have a high workload, I don’t know what my colleague is doing, and I stay doing overtime, and my colleague is leaving on time and it’s frustrating me,” and things like that. So this visibility makes people happy.

Apart from the transparency and visibility of the way of working, “lean has brought this alignment on what are the KPIs that could reflect the team effort but also reflect the business and the customer demand” (Lauren, lean implementation expert). Furthermore, Lauren highlighted an aspect that had changed since the introduction of lean systems, when she said that it provided “a good translation of KPIs that was meaningful for the team.” Amy also revealed that meaningful KPIs, which are discussed during the whiteboard session, unite the team: “Now we try to see as a team how we can reach these results. ... There’s a lot more flexibility, too, from one agent to help another one.” Isaac (manager in Customer Accounting) further strengthened the sense of unity within his department by implementing collaborative targets to foster the cooperation between the teams: “When I decided that [breaking through the fences within my department] should happen, of course I put a lot of incentive of collaborative IKOs [individual key objectives].”

Transparency, visibility, and the discussion about meaningful KPIs were positively associated with better teamwork and a feeling of fairness.

Before [lean] ... you had [a] one to one ... maybe even [on a] monthly basis, and then you have a supervisor there with his favourite employee, and other employees ... are really feeling attacked personally. And they got also the feeling that there are some favourites in the team, and nobody is asking them what they are doing. And when you are around the [whiteboard] and there is an issue, there is a problem of performance, everybody is asked. It is a generic question, it’s a global question and everybody is feeling in the same boat. So we all get out or we all sink. (Elizabeth)

As to teamwork, the focus group participants from Customer Accounting emphasised that they felt that either the teamwork in their department was already

at a very good level and thus lean systems did not change this level, or that teamwork improved due to lean systems. Mason (employee in Customer Accounting) explained his and Summer's opinion on the already existing good teamwork: "In our department we always have that because our supervisor really wanted us to work together. So, we already did that." In both cases, the good or improved teamwork was always represented by choosing the puzzle picture shown in Figure 44. Maisie and Charlie, both focus group participants working together in one of the Customer Accounting departments, shared their viewpoint on the improved teamwork, when Maisie said: "I still believe that after the lean we had more of a team than before." Charlie made an attempt to analyse why this is the case, when he explained what the picture in Figure 44 meant for him.

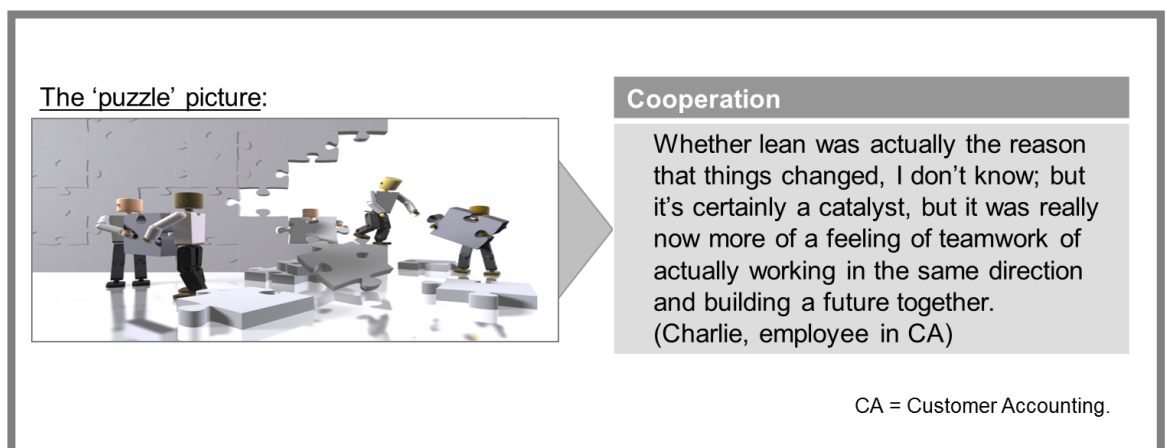


Figure 44. Employee's perception of the cooperation within the team during the business partner phase.

The statement about good or improved teamwork was reinforced by the focus group participants, too, as they had to assess the current level of teamwork on a scale from 1 (*poor teamwork*) to 10 (*very good teamwork*). Figure 45 demonstrates the results of the self-assessment per participant. The perception of the focus group participants (expressed verbally and via self-assessment) can be corroborated by secondary data. Employee Opinion Survey scores on teamwork were based on the category of Cooperation with the statement, "In my immediate

team, we help one another by sharing experiences and knowledge.” According to the teamwork scores, approximately 90% of all employees who participated in the yearly Employee Opinion Survey of the two Customer Accounting departments (which the focus group participants also belonged to) strongly agreed or agreed on the good cooperation within the respective teams. Even though one of the departments (Customer Accounting Department 1) already scored a high percentage at the beginning of the lean system implementation, its score nevertheless increased by 19%, whereas the other department’s cooperation score improved significantly by 93% (Customer Accounting Department 2). Both improvements can be interpreted as a positive influence of lean systems on the cooperation within the respective team or department. Figure 45 displays the consistency between the data collected in the focus group and the secondary data from the Employee Opinion Survey.

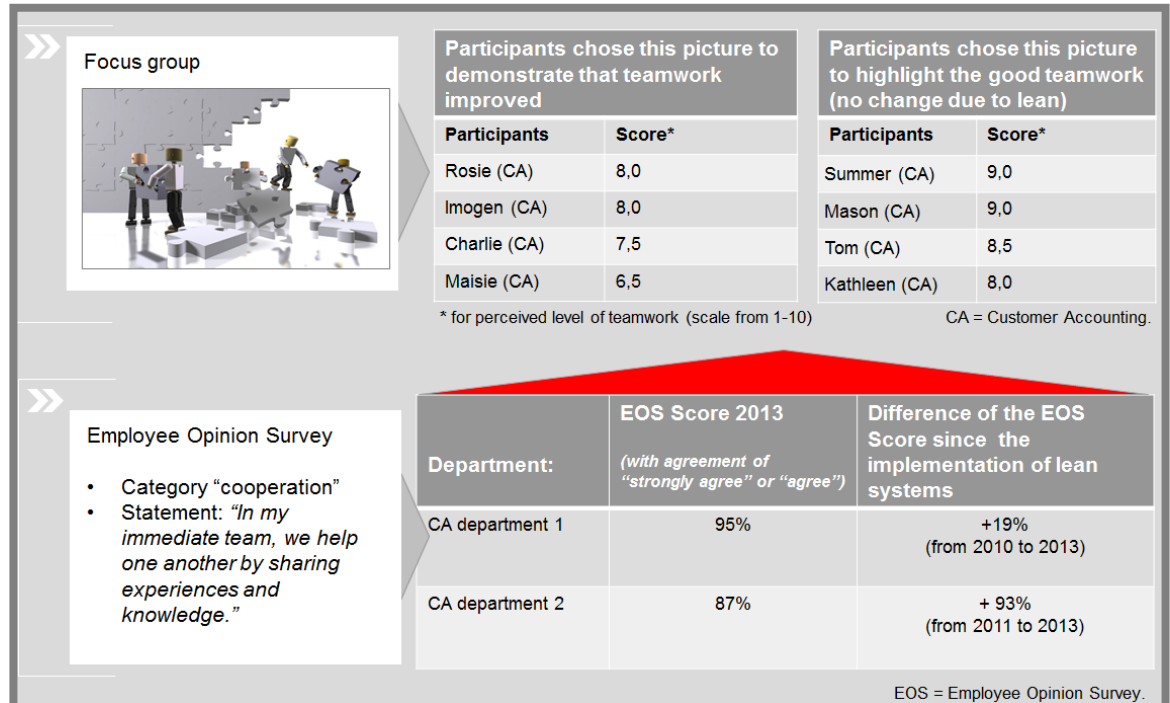


Figure 45. Triangulation of the cooperation within Customer Accounting (CA) departments.

As to the Financial Accounting departments, a less consistent perception of the cooperation within the respective team was found. Freddie, as well as Sienna

and Jasmine (employees working together in one of the Financial Accounting departments), expressed very clearly that the teamwork improved: “Also the one [picture] with the puzzle, that’s more or less the same; [our team is] working together in the puzzle” (Freddie). Yet, the participants of the other Financial Accounting department said that nothing had changed at all and evaluated the level of teamwork quite differently (see Figure 46).

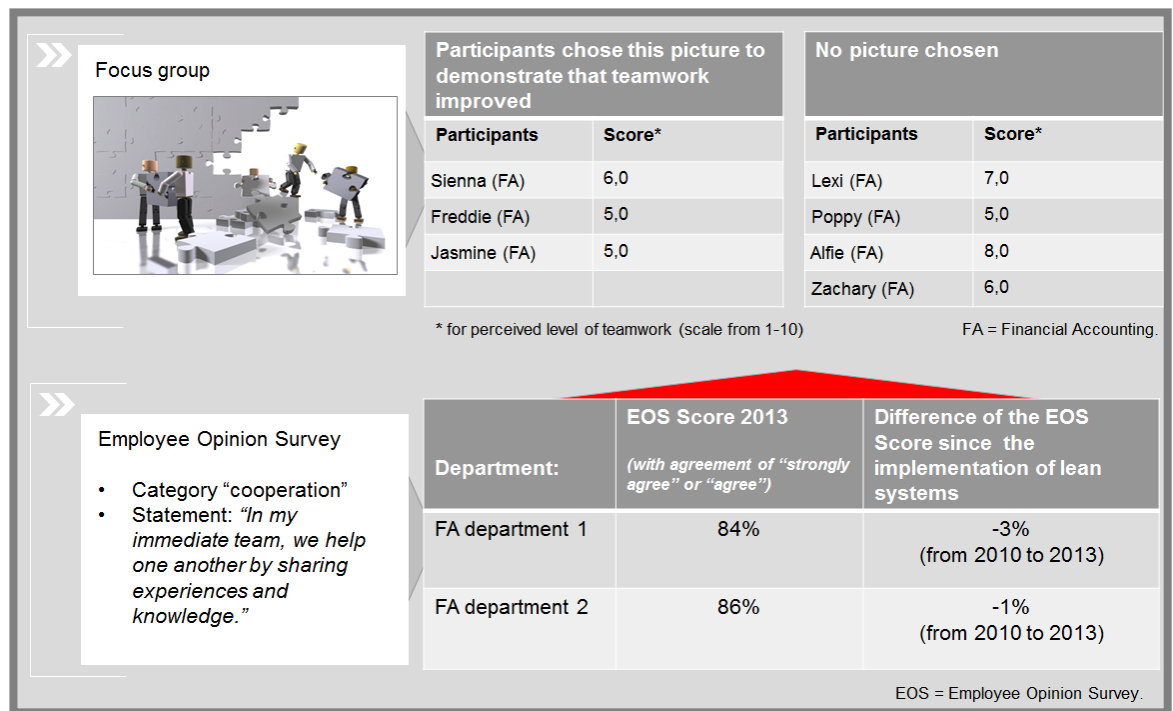


Figure 46. Triangulation of the cooperation within Financial Accounting (FA) departments.

Hence, Lexi (employee in Financial Accounting) explained what Poppy, Alfie, and Zachary felt as well:

We have actually come to the conclusion that there isn’t that much of a huge difference before and after [lean], and we’ve got ... collaboration within our teams or our own department. ... It’s not necessarily that that’s gone better or worse.

However, Lexi, Poppy, Alfie, and Zachary’s manager, Holly, argued, “There are changes due to lean,” but those depended on the team maturity. Thus, Holly explained how she perceives the teamwork within her teams:

We have teams that are more mature, so they’ve been together for a longer time, and you also notice that they are cooperating in a very different way.

... Where we have newer teams, we have a bit more obstruction in the backgrounds. ... And [the younger teams] don't really enjoy doing the [whiteboard]. ... They want to continue down their individual path. They don't see the benefits as such yet.

According to the Employee Opinion Survey scores on cooperation, approx. 85% of all employees who participated in the yearly Employee Opinion Survey of the two Financial Accounting departments (which the focus group participants also belong to) strongly agreed or agreed on the cooperation within the respective teams (Figure 46). Although these Employee Opinion Survey scores are quite similar to the ones from the Customer Accounting departments, they do not confirm the focus group scores or vice versa, because the focus group scores are lower. Thus, the overarching view and understanding of the teamwork within the Financial Accounting departments appeared less consistent than with Customer Accounting. As the focus group was conducted after the announcement of the outsourcing (in May 2014), and the Employee Opinion Survey scores for 2013 had been collected in September 2013, the announcement might have lowered the mood of the employees and thus impacted the views expressed within the focus group for Financial Accounting.

Although the perception of teamwork in Financial Accounting was not as homogeneous as in Customer Accounting, half of all the interviewees and of the focus group participants perceived an increased sense of unity within the respective team or department (i.e., cooperation) compared to the former service-provider phase. This cooperation was characterised by better teamwork and interaction, both promoted by the introduction of the whiteboard sessions and meaningful KPIs, which increased transparency and visibility.

Besides the strengthened cooperation, nearly half of the interviewees and all focus group participants stated that the communication became more active, and united the different hierarchy layers within the Maastricht SSC (i.e., vertical

sense of unity). This was mainly driven by the implemented information cascade. As each hierarchy layer conducted a whiteboard session (at lowest level) or performance dialogues (between the hierarchy levels), an information cascade was built up during the lean system implementation in order to connect all hierarchy layers by a consistent flow of information, starting from the team level up to the head of FHO. Whereas in the whiteboard session there were “people speaking up, highlighting for discussion things which have not worked well the day or the week before, giving progress reports on issue resolution or improvements and so on” (Albert, executive), Chloe (executive) explained that she used her performance dialogues to discuss overarching issues like the optimisation of the value-adding activities.¹³ Furthermore, Chloe summarised the importance and the advantage of this information cascade for her as an executive:

Today, the management is far more involved in the day to day, [as they] are having a weekly, what we call lean performance dialogue. ... That cascading level of information was not existing at all, which is today existing, and [the executives] are always supporting the organisation.

Lauren analysed what this meant from the perspective of influencing the organisational culture, explaining the underlying shift in authority: “Before lean implementation, the department heads were the little boss. This disappeared a bit with lean implementations because things were more visible, and the head of the organisation was taking over the role of the boss.” Moreover, the participants of both focus groups acknowledged a more active dialogue and the fact that they received more feedback from their line managers.

Figure 47 displays the consistent perception of the focus group participants, as most of them chose the same picture to describe the change in communication

¹³ “Those activities within a company or supply chain that directly contribute to satisfying end consumers, or those activities that consumers would be happy to pay for” (Hines et al., 2011, p. 254).

(more dialogue, more feedback) generated by lean systems. Sienna (employee in Financial Accounting) and Maisie (employee in Customer Accounting) explained this change, as shown in Figure 47.

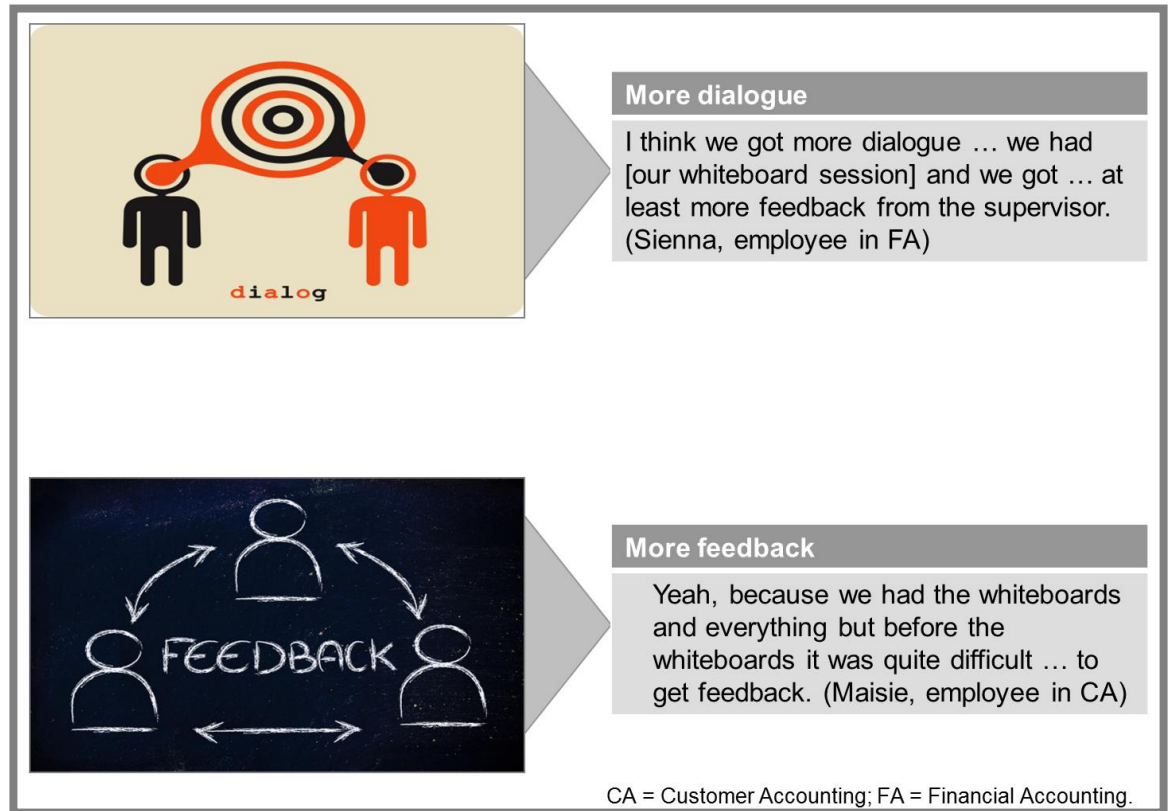


Figure 47. Employees' perceptions of the communication within Customer Accounting (CA) and Financial Accounting (FA) departments during the business partner phase.

All hierarchy layers acknowledged an increased vertical sense of unity among the hierarchy levels, demonstrated by a more active communication (more dialogue, more feedback) among all hierarchy layers, but also by an intensified involvement of the line managers. Thus Poppy (employee in Financial Accounting) said, "I think before we didn't have a lot of interaction really with the manager and now at the whiteboard." Holly succinctly summarised why this happened: "Because now we communicate more ... [and] to be honest because the communication barrier is smaller."

To summarise, besides the strengthened horizontal sense of unity, nearly half of the interviewees and all focus group participants further acknowledged an

intensified sense of unity among the hierarchy levels of the Maastricht SSC. This vertical sense of unity became visible in a more active communication, but also in an intensified involvement of management and interaction between the hierarchy layers as communication barriers became smaller. This intensified vertical sense of unity finally led to a shift of cultural change authority from the department heads to the head of the SSC. The sense of unity became manifest in the implemented information cascade, which connected all hierarchy layers by a consistent flow of information. As this information cascade started from the team level (whiteboard) up to the head of FHO, it, in turn, manifested transparency and visibility.

In addition to the sense of the horizontal and vertical unity, the horizontally oriented sense of unity (between the departments) was further strengthened by lean systems. Four out of the 15 interviewees stated that the implemented information cascade, which had also been used to discuss performance and escalations along the hierarchy levels, fostered a sense of unity among the SSC departments, which became visible in an increased openness of sharing. Harry (manager in the SSC) described increased openness of sharing as “the sharing between the departments. There is more a culture of sharing the stories not only their successes but also their ... mistakes but also ... their learning points.” In addition, Harry made an attempt to clarify the intensity of this sharing: “And I think ... it’s beyond accepted, it’s almost an obligation. There are no walls prohibiting us to share this with each other, with the sole purpose of ... being better as a team in the end.” Albert recognised the increased horizontal sense of unity among the departments as well and analysed that the reason for this can be traced back to the visibility, to the artefacts, and the systematic techniques introduced by lean services:

People realised that ... there are same pain points, same difficulties or challenges and that there is a lot of value in trying to solve things together.

They see the same whiteboards from its layout and from the “look and feel” now in the various departments. They see that the approach to solve problems is very much the same, they have same reward and recognition systems and models behind it. They join the same town hall meetings, where it was before departmental meetings.

Harry shared his observations and the impact of this increased horizontal sense of unity on the organisational culture of the Maastricht SSC:

What I clearly saw was a stronger collaboration, cooperation level fundamental between the financial accounting cluster, but also the customer accounting cluster. It was not yet really one organisation because of course there is some differentiation between the services that they provide, but at least we had instead of six different departments, we reduced it to two clusters.

Overall, Harry, Albert, Chloe, and Elizabeth, who shared their view from an overall SSC/SSO perspective, acknowledged that a horizontal sense of unity was strengthened, visible in a stronger collaboration between the departments (like sharing of successes and mistakes), and generated by artefacts (e.g., whiteboards) and systematic techniques (like problem solving, getting the same information in the town halls). As to the services perspective (i.e., embedded cases), the improved collaboration was confirmed by half of the participants from both focus groups, who, when asked to select the picture that demonstrated best the collaboration among the departments, chose the picture shown in Figure 48.

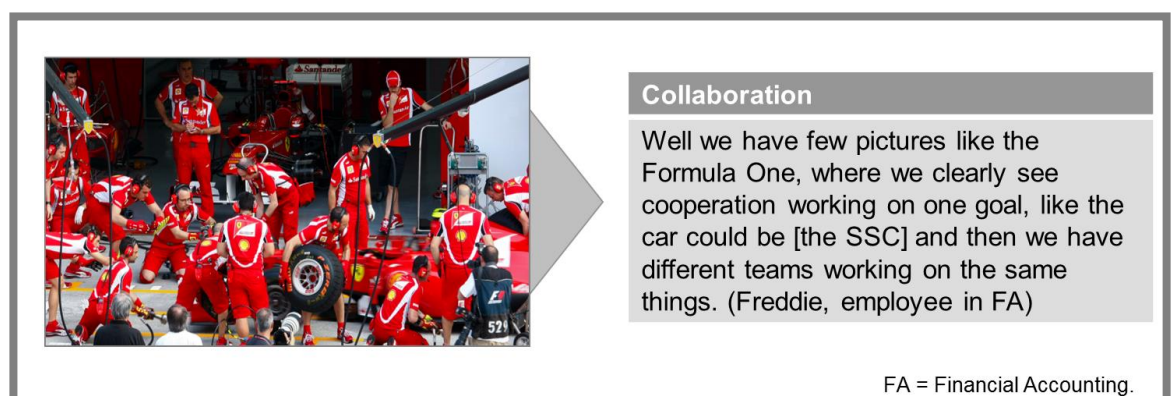


Figure 48. Employees' perception of the collaboration among the departments in the shared service centre (SSC) during the business partner phase.

Although the collaboration within the Maastricht SSC was perceived to have improved, the interviewees evaluated the current level of collaboration as still limited as it did not come intrinsically from the workforce. Jacob (manager in Financial Accounting) summarised what most of the other managers stated as well: “[The collaboration between the SSC departments is] very, very limited ... when I say, it's very, very limited, it's very, very limited from the own initiative of the person.” He added that collaboration between the departments only used to happen when there was a dedicated need and event:

[It is] limited ... to issues to be resolved or if we have an initiative ... we are jointly involved [in], then [the] team will work together, but there is no ... discussion on end-to-end process or we know that certain things are coming in AR [Accounts Receivable] and ending up in GL [General Ledger].

The Employee Opinion Survey scores of the category Cooperation (statement on “My immediate team cooperates well with other departments”) that demonstrated the view of all employees who participated in the survey of the Customer Accounting and Financial Accounting departments confirmed the findings that lean systems positively influenced the collaboration between the departments. However, the level of collaboration showed improvement potential, as the score was above 80% in only one department (see Figure 49).

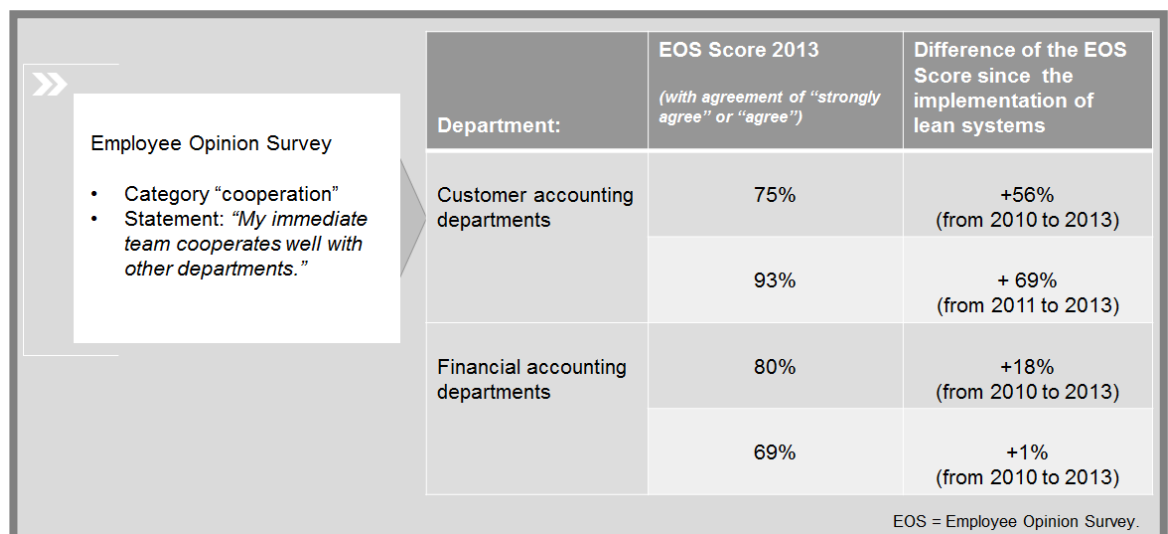


Figure 49. Triangulation of collaboration among the departments.

When enquiring the reasons for the limited intrinsic collaboration between the SSC departments with the interviewees, the first root cause was shared by Benjamin (manager with outsider perspective): “We have the e-mail culture. ... It's very funny, but that's the way it goes.” When digging into the topic, Benjamin further explained,

[It is due to the employees'] mental limitation, meaning ... it doesn't come up to them. Why don't just ... if I have an issue with that person, and I know that they are sitting in the building ... just go and see [him/her] for a second.

When further discussing the root causes for this behaviour, Grace (employee in the SSC) summarised briefly what several interviewees thought as well: “I don't think it's about willingness. I don't think it's about recognising the needs, I think it's mainly because of time. People will not take the time to go to the forum, where they can exchange.” Also Jacob recognised that time restriction is an impediment to fostering collaboration, but not only at employee level, also at managerial level: “Even as managers, we of course have discussion together, but to really look at improvements across departments, we are not that good yet, because we still are having our agenda ... with our own area.” Moreover, Jacob realised that the root cause is neither a lack of willingness nor a lack of capabilities (“I believe that the teams are now ready to interact more”). Therefore he made it very clear that even freeing up time for collaboration will not be enough; collaboration has to be embraced as a priority:

We all recognise the benefits of doing alignments, but if there is not somebody driving it ... people have a tendency still in this organisation to go back to the own priorities. ... People are still not recognising it as the priority.

Elizabeth (lean implementation expert) expressed her opinion quite strongly when she shared her view that collaboration has to be initiated by the head of the Maastricht SSC:

Somebody needs to set the flame The SSC head has the performance dialogue every week with every service line manager. And with that she is comparing across departments what is going well and what is not going well. And of course, one of the outcomes is, "Why is it well here and not really working in that area?" and there started the sharing.

Oscar (manager with outsider perspective) saw that collaboration can be only initiated when the senior management team in the Maastricht SSC is aligned: "I believe in one face, one vision. ... In this kind of environment I believe that the [senior management team] should speak the same wording. And we should avoid too much of differences and differentiations." Isaac (manager in Customer Accounting) found that this rather limited collaboration could be solved by setting up collaborative targets and linking them to the incentive scheme of the SSC departments:

But eventually if ... my colleague or my peer misses the BPSS [Business Partner Satisfaction Survey] or EOS [Employee Opinion Survey] target, what do I care? Anyway I will optimise my own incentive through my own target. And I'm going to be very blunt to you. ... From an incentive perspective, I do not give a damn. ... I protect my life, my line, and nothing else.

To summarise, during the business partner phase, the formerly deteriorated sense of unity among the workforce was reintensified due to the introduction of lean systems. Thus, the interviewees and the focus group participants perceived not only a sense of unity within the respective team or department, but also an increased vertically and horizontally shaped sense of unity, namely among the hierarchy layers and among the departments. This increased sense of unity was visible as the teamwork and the interaction within the teams and departments and the different hierarchy layers increased, but also as the communication between the hierarchy levels became more active, management got more involved, and sharing between the departments and teams happened. Furthermore, meaningful KPIs were discussed regularly to focus on accomplishing one goal. This unity became manifest in the implemented artefacts (e.g., whiteboard sessions,

information cascade), but also in systematic techniques (e.g., problem solving). These artefacts and systematic techniques are based on transparency and visibility fostered by lean systems and supported by a strong willingness to be successful as a collective and a community. However, the current level of the horizontal sense of unity among the departments (collaboration) was seen as still limited, as collaboration was not intrinsically driven by the workforce. The main reason was lack of time caused by not giving collaboration between the SSC departments the priority needed for improvement. The positioning of collaboration between the SSC departments at an inadequate priority level seems to be a result of lacking collaborative targets and an insufficient alignment at senior management level. This notion would corroborate the missing link between lean systems and the strategy of the Maastricht SSC as elaborated earlier.

An additional aspect to the sense of unity is systems thinking and *end-to-end thinking*, which means the full understanding of the entire value stream and the impacted and involved departments of the Maastricht SSC. Nearly half of the interviewees recognised that the level of end-to-end thinking was rather poor because the organisation simply did not know the entire process flow, and employees did not know who was responsible for what activity. Jack (employee in Customer Accounting) described his view: “I think often the ... bigger picture is being missed and understanding the impact both positive and negative on the bigger picture. And the bigger picture being what’s at the very end of ... the process.”

Despite an improved sense of unity, end-to-end thinking had not entered the Maastricht SSC yet to ensure a smooth flow along the value stream. The head of the Maastricht SSC conducted performance dialogues with each of the respective direct reports. Thus, in an isolated way rather than in a collaborative

way, the information cascade did indeed serve as a means to foster the vertical sense of unity, but not the horizontal one, which means the horizontal, end-to-end flow. This finding can be seen as a result of the missing link between the lean system implementation and strategy.

Sense of responsibility, influence, autonomy, and control. This section demonstrates why and how the sense of responsibility, influence, and autonomy combined with the sense of control influenced the continuous improvement within the Maastricht SSC and the rationale generated by the three different maturity phases. In the start-up phase, Scarlett (manager in Customer Accounting) perceived the lack of guidelines implied that employees were trying to find their own way of working. This opinion was reinforced by Elizabeth, a lean implementation expert who worked as a regular employee in Financial Accounting during this period: “The way of working was like—doing the things however we think we should do them. ... So everybody is doing his own way.” Scarlett further explained that the lack of guidelines gave the employees the autonomy to create, influence, and try out new ways of working:

For me it was perfect, because it was like a playfield. “Okay, today we’re going to try this,” and then we went off and then halfway thinking that didn’t work out too well, “Let’s try that,” but there was also nobody ... who was checking what I was doing.

Jacob (now manager in Financial Accounting, but working as a regular employee in Financial Accounting during this period) emphasised the people-related aspects of such an environment:

There was a lot of opportunities for people who are willing to look at things to be independent, in taking initiatives in growing. ... And that left quite some room also for [the] development on an individual basis for the persons who were willing. It was easier ... also for the persons who were performing less to hide in such a structure.

As to continuous improvement during this period, Scarlett, Elizabeth, and Jacob made unambiguously clear that all improvement ideas were generated by

dedicated employees only (from the Continuous Improvement Department or innovative employees within the departments), rather than intrinsically or internally by the entire workforce. Scarlett explained, “Nobody was improving anything. People were drowning in the work. ... I remember that after a couple of months ... they came up with the Continuous Improvement Department.” Their observation regarding the reason for the top-down rather than bottom-up driven improvements confirms Oscar’s above-mentioned statement that the ambitious transition plan put time pressure on employees to absorb the new activities and hindered intrinsically driven continuous improvement. Although the Financial Accounting departments were not hit by such an overwhelming workload, continuous improvement was also driven by a few individuals only. Jacob explained, “And then of course already there was this idea of continuous improvement. ... So it was left to individuals and to teams to come to a certain improvement way in collaboration with the business partner, which was the country.”

To summarise, in the start-up phase, the perceived sense of autonomy combined with lacking control was mainly visible when employees were creating their own way of working, which was caused by an insufficiency of existing guidelines (which, in turn, was an effect of the inadequate way of working of the centralised organisational unit introduced during the set-up of the Maastricht SSC, as already mentioned). The sense of responsibility and influence was rather assumed by some individuals. This view was visible by top-down driven continuous improvements initiated by the Continuous Improvement Department or innovative employees. Continuous improvement that is intrinsically driven by the entire workforce was not possible due to the overwhelming workload (i.e., continually incoming manual work and backlogs) generated by an inadequate way

of working for a centralised organisational unit, the ambitious transition plan, and the loss of professional workers (i.e., chaotic working environment).

In the service-provider phase, changes in the processes were mainly driven by the top-down implementation of the extensive standardisation programme in 2004. After the programme, the Maastricht SSC experienced a period of stabilisation and consolidation, which enabled it to manage the new way of working characterised by standardised and fragmented processes. Therefore, it is not a surprise that none of the interviewees mentioned additional continuous improvements for the period 2003–2007. Although, with the implementation of the SLA charging model in 2007 and the focus on cost orientation, a change in the former top-down driven continuous improvement attitude could have been expected, the interviewees still described the way continuous improvement was done as mainly driven top down. This opinion means that continuous improvement was either done by support functions (e.g., BPO department) or by individual management team members who were constantly striving for improvements and for a redesign of processes and systems (Oscar, manager with outsider perspective; Lauren, lean implementation expert). Lauren, who worked in the BPO department during this period, described the way of managing issues as follows:

The agents were just trying to do what they have been asked to do and when. ... An issue came, so it was just delegated to the supervisor [group leader] and [the group leader] would have tried to find someone to fix it, someone in local BPO ... anyone else.

Amy, who joined one of the Customer Accounting departments of the Maastricht SSC as a manager towards the end of the service-provider phase, was also able to recognise this behaviour. She perceived the employees' way of looking at ideas as a "complaining mode" rather than a "continuous improvement mode." The latter one would have implied that employees felt accountable and responsible not only to generate, but also to implement ideas. In addition to this

perceived reduced sense of responsibility and influence, bureaucracy started entering the Maastricht SSC, as Grace (employee in the SSC) stated: “And now we can’t just create a new policy, we have to go to the works council, we have to [do] this and that and all kind of steps, and in the beginning that was different.”

Oscar summarised the situation succinctly:

We failed to build that kind of a working method: looking for new ideas, changing your style, adapting your processes by finding new ways around, optimising, thinking outside the box, doing it differently the way we act, challenging the way we act.

Abigall (manager in Financial Accounting) saw the reason for this within the SSC’s organisational culture:

There are some people who’ve been here for a long time. So they have been here for 10, 11, 12 years; so they were used to doing the way that. ... I think the culture very much in [the SSC] is ... “This is the way we do it. We don’t know why we do it this way, but this is the way we do it.”

To summarise, in the service-provider phase the formerly occasionally perceived sense of responsibility and influence evolved into a perception of a rather (general) poor sense of responsibility and influence, as reflected by the employees’ “complaining mode”. Moreover, due to the organisational set-up, the departments and teams had to rely on a support function when optimising processes. It seems that this situation was generated by the fragmented and standardised processes, which implied a loss of the employees’ end-to-end ownership and knowledge. Furthermore, an increased sense of control combined with a lack of autonomy was perceived as well, visible in the bureaucracy that entered the SSC. This means that the former way of working, which was caused by lacking guidelines, disappeared. As a potential root cause the centralised way of working can be named, which was introduced by the programme and thus, in turn, by standardised and fragmented processes (i.e., isolated working

environment). Other root causes (like more guidelines, size of the centre) could not be derived from the findings.

With regard to the business partner phase, nine out of 15 interviewees emphasised the improvements regarding employees taking ownership and accountability due to the lean system implementation. Grace (employee in the SSC) explained,

I think [lean] gave people an idea of—because it was all clear and transparent—that they also could all take the ownership. They cannot blame their colleagues anymore, “He’s not doing anything,” because it’s all out in the open. I think that also gave people more responsibility, unconsciously maybe.

Furthermore, Grace explained what ownership and accountability meant from an employee perspective: “And that can be a result of lean because it also made people more independent and think about certain things in a more deeper way and working on their own improvements.”

Grace’s view is in line with the opinion of nine out of the 15 participants from the two focus groups (Customer Accounting and Financial Accounting). This opinion was clearly expressed by Imogen (employee in Customer Accounting), who said that the employee’s influencing power on the organisation and on their work had improved, which can be understood as having been given the opportunity to take over more ownership and accountability. Thus, Imogen chose the picture shown in Figure 50.

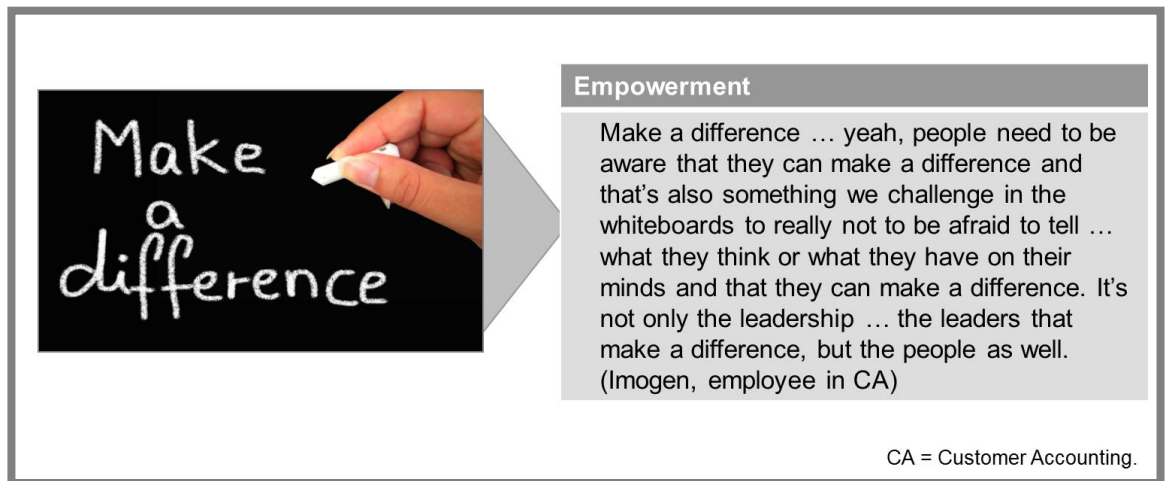


Figure 50. Employee's perception of the influencing power on the organisation.

Taking over ownership and accountability seems to depend on the opportunities that are provided by the leaders (as Imogen explained above), but also on the employee's own capability and willingness to accept responsibility and take control of how the respective issues develop. As Imogen highlighted, particularly the whiteboard sessions offer a platform for empowerment. Moreover, as the whiteboard sessions manifest visibility and transparency, Imogen stressed that they also foster a sense of control; she chose the picture shown in Figure 51.

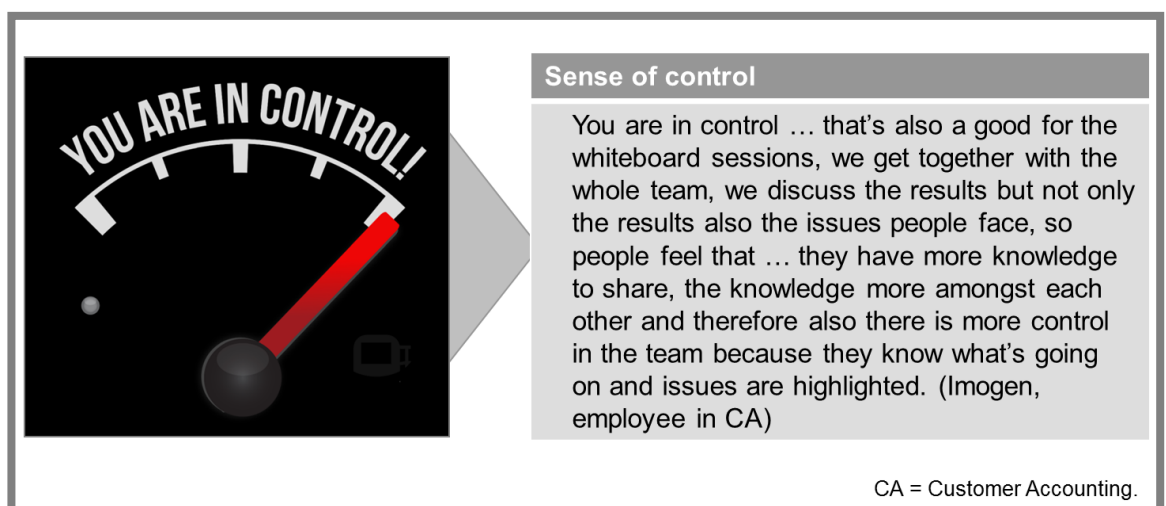


Figure 51. Employee's perception of sense of control.

Apart from the sense of responsibility and influence at employee level (demonstrated when employees took over ownership and accountability), the sense of autonomy (generated by the shift of decision-making to the employees),

and the perceived sense of control generated by a high degree of visibility and transparency (directly associated with the whiteboard session), the interviewees and focus group participants highlighted that lean systems introduced a systematic technique for continuous improvement. Elizabeth (lean implementation expert) explained what this systematic technique meant “lean brought the structure; how to structure ideas, how to talk about it, how to assign them, how to follow up on them.” Holly (manager in Financial Accounting) recognised that continuous improvement changed due to lean systems but emphasised more the aspect of making improvement opportunities visible first, before realising them: “The first step is actually making it visible, and that came with lean, it became more visible there.” Elizabeth and Holly’s view was confirmed by Imogen, when she explained the picture shown in Figure 52.

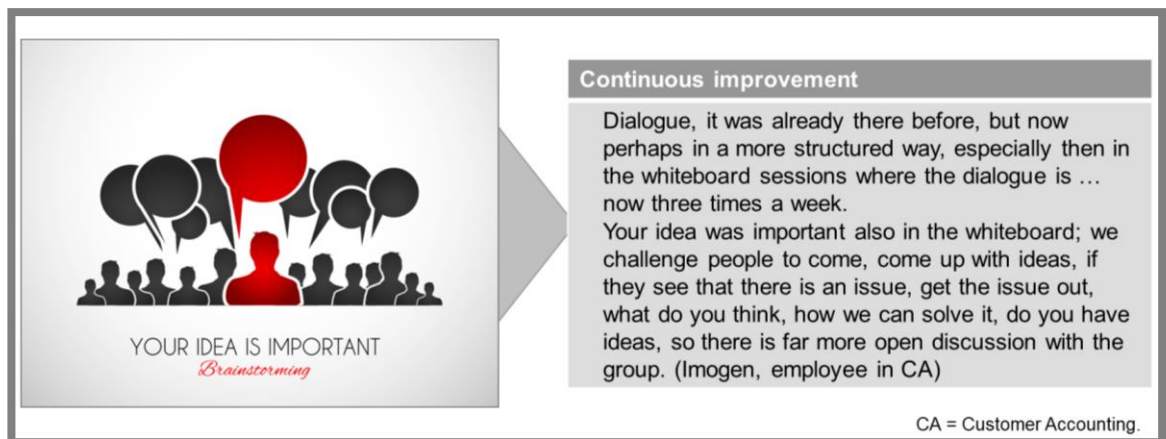


Figure 52. Employee’s perception of a systematic technique for continuous improvement.

Chloe (executive) summarised what elements were introduced to shape this systematic technique that fosters continuous improvement:

Different elements were considered and used, basically the first one being the introduction of the whiteboards, it’s because of the dialogue that you encourage and enrich doing the whiteboard that you can get ideas, that’s one of the elements. The second one is about, if you compare our current organisation versus the one 10 years ago ... what was negatively impacting me, our organisation at that time, it was the unstructured and non-standard way of making things, which is different today. Meaning that at the same

time of the lean introduction, the implementation of the so called sit-in were also helping people to think structurally about continuous improvement.

Jacob (manager in Financial Accounting) described how continuous improvement was therefore intrinsically driven by the employees: “Lean helped us ... to drive the continuous improvement from the team and not from the two or three persons only that were knowledgeable, very knowledgeable on the complete process.” Thus, a high portion of the focus group participants also felt that continuous improvement had changed for the better. Charlie (employee in Customer Accounting) explained how continuous improvement was practised in his department and team by choosing the picture shown in Figure 53.

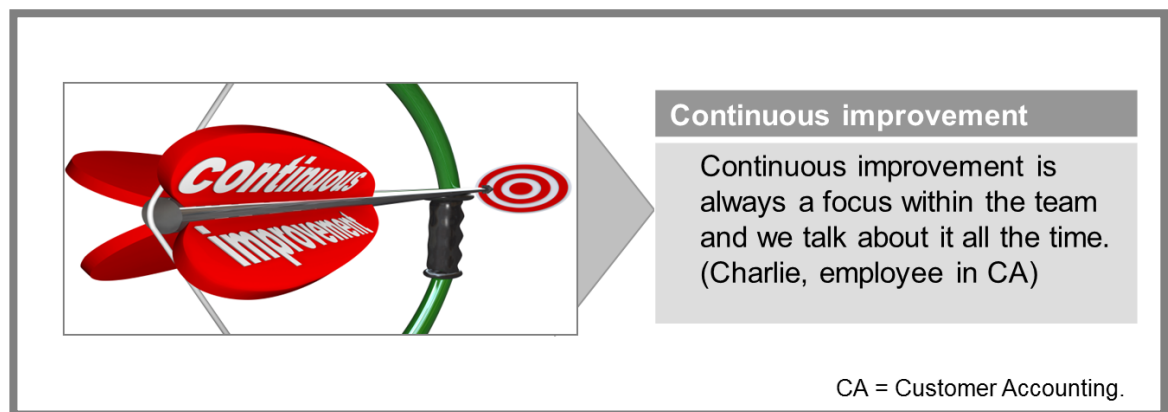


Figure 53. Employee's perception of continuous improvement.

Although a high percentage of the focus group participants acknowledged that continuous improvement had changed for the better, not all participants were sure that this change was caused by lean systems. As Figure 54 shows, Lexi, Poppy, Alfie, and Zachary (all employees in Financial Accounting) saw no change at all, a view supported by Abigall, working in the same Financial Accounting department at the managerial level.

Abigall saw the reason for this in the tendency to discuss mainly the facts and figures without focusing on opportunities for optimisation during the whiteboard sessions. Jacob explained what happened in his Financial Accounting department:

We have the whiteboards, so they have the capacity to express their issues. I think in the beginning we were not so good neither in using the whiteboards. ... Sometimes some supervisor also having the tendency to go [over] ... productivity [too much] rather than having this continuous improvement mindset, and from that on people kept that in their mind.

In addition, Holly described that her employees did not necessarily trace a change in continuous improvement back to lean systems (as Imogen, Rosie, Tom and Kathleen from Customer Accounting did):

If you would ask on the floor a lot of [the employees] would say, "No, that's not coming from lean," but of course encouraging continuous improvement is part of lean. ... So if you would ask the person, "No, that's not lean," it's hard to argue is it lean yes or no, but we do have ... more continuous improvement.

Participants' view on continuous improvement	
Charlie (CA)	✓
Maisie (CA)	✓
Mason (CA)	✓
Summer (CA)	✓
Sienna (FA)	✓
Freddie (FA)	✓
Jasmine (FA)	✓
Imogen (CA)	✦
Rosie (CA)	✦
Tom (CA)	✦
Kathleen (CA)	✦
Lexi (FA)	✗
Poppy (FA)	✗
Alfie (FA)	✗
Zachary (FA)	✗

✓ Improved due to lean systems
 ✦ Improved, but not due to lean systems ✗ No improvement at all

CA = Customer Accounting; FA = Financial Accounting.

Figure 54. View of focus group participants on continuous improvement caused by lean systems.

Regardless of the different views on whether lean systems was actually the cause for this change for the better regarding continuous improvement, the Employee Opinion Survey score on the category of Living Continuous Improvement, collected from all employees who participated in the yearly survey of Customer Accounting and Financial Accounting departments, showed an increase

in all the departments (that the focus group participants belong to) since lean systems was introduced. Thus, the Employee Opinion Survey score reinforced that continuous improvement had increased and was positively associated with lean systems (see Figure 55).

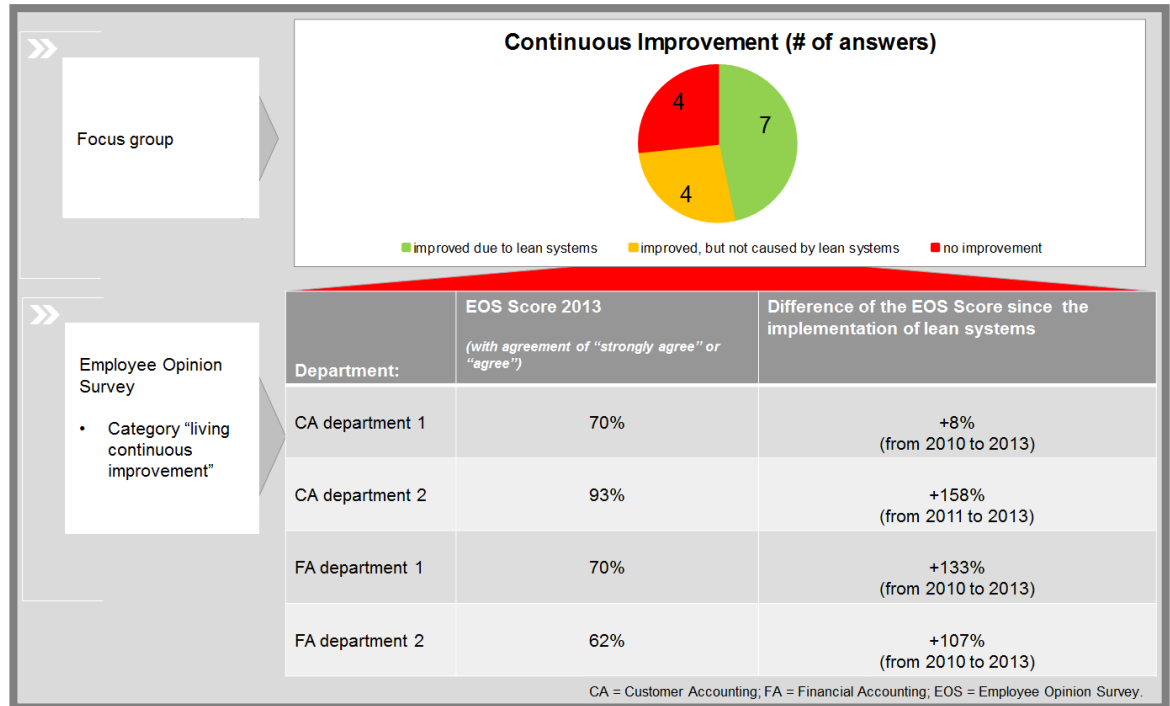


Figure 55. Triangulation of living continuous improvement.

To summarise, 10 out of 15 interviewees and nine out of 15 focus group participants acknowledged an increased sense of responsibility and influence at employee level compared to the rather poor sense of responsibility and influence as demonstrated in the former service-provider phase. This increase was visible when employees started taking over ownership and accountability and realised that they could make a difference. This change was generated by the transparency and visibility manifest in the whiteboard sessions, which offered line managers the opportunity to encourage their employees to take over more ownership and accountability. Furthermore, the whiteboard sessions viewed as a platform for empowerment gave the employees the opportunity to accept responsibility. In addition, the decision-making was shifted to the employees (as

described in a later section on cultural actors' agency). This increased decision-making at employee level supported the perceived ownership and accountability, which led to a sense of responsibility, influence, and autonomy. However, besides creating opportunities for employees to take over more ownership and accountability, the respective line manager's ability to enable them and a potential willingness of the respective employee are also important aspects (also described in the section on cultural actors' agency).

Furthermore, the focus group participants perceived a sense of control, which was directly associated with the whiteboard as it manifested visibility and transparency, but this time combined with an intense sense of autonomy. This perception was possible due to an intrinsically driven continuous improvement, which manifested in whiteboards and sit-ins, both supported by a systematic technique combined with transparency and visibility. The focus that was set during the whiteboard sessions influenced the intensity of practicing continuous improvement. The line managers' motivation and understanding of continuous improvement determined the focus in the whiteboard sessions. However, it can be argued that the more focus on continuous improvement, the more practiced it is. Moreover, it can be assumed that continuous improvement reinforced the sense of responsibility, influence, and autonomy.

Sense of clarity, operational performance, and motivation. This section describes the influence of the standardisation introduced by lean systems on the sense of clarity, but also on operational performance and motivation. Consequently, the focus will be mainly on the business partner phase. Six of the 15 interviewees and 11 of the 15 participants from both focus groups highlighted that the level of standardisation generated by the introduction of guidelines and structures had improved due to lean systems.

Jacob (manager in Financial Accounting) described why standardisation is important for the Maastricht SSC, in particular as the SSC is supposed to evolve into a centre of excellence, offering specialist services rather than transaction-based type of work:

If you want to be a centre of excellence, we have a role in standardising processes. Our role is not anymore to take activities here, to make sure that they can be kept in the same format as they were in the past. ... [When] an activity is coming, there is no added value if it's only to come here and keep it "as is," because then I think there are much better locations than us. So, in this location now, we need to look at way to standardise, to improve processes.

Holly (manager in Financial Accounting) reinforced Jacob's view: "And that's where we could improve at shared service centre, we really need to have much more standards." Furthermore Holly explained the changes that came with lean systems: "We ... were working more with tools, so it's more standard work instructions. ... [Before] lean ... we had work instructions, but they were not standardised, everybody wrote in their own language, their ... own formats." This notion was confirmed by Summer and Mason (both employees in Customer Accounting). Summer expressed her view with the picture shown in Figure 56.

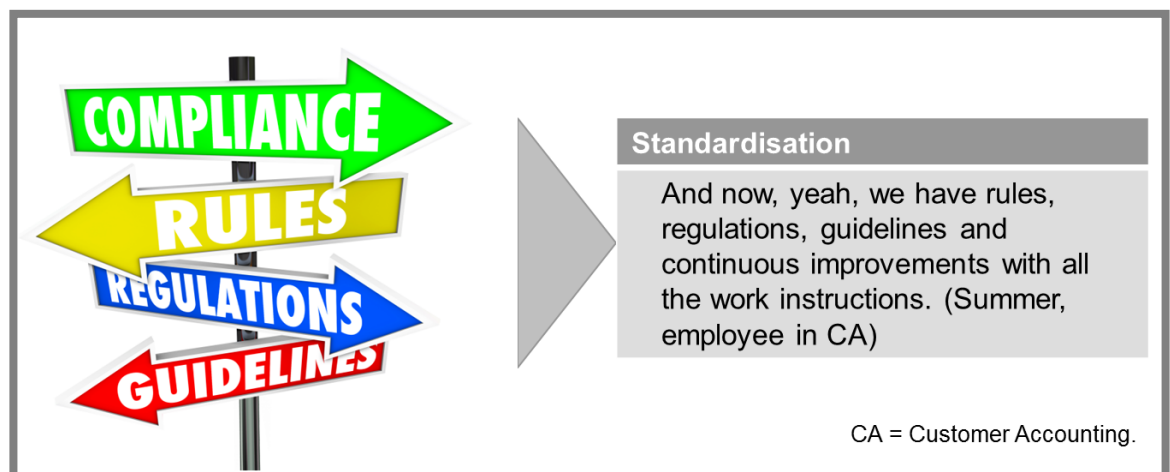


Figure 56. Employee's perception of standardisation in the Maastricht SSC during the business partner phase.

Standardisation was mainly introduced by standard operating procedures, as Chloe (executive) explained: "So, those are all the elements that are part of the

so-called SOP, so the standard operating procedure.” But Chloe also highlighted that a one-time set-up of the SOPs was not enough, as they require continuous maintenance: “You need also a systematic review of the SOPs, because [of the] dynamic environment ... not reinvent, but it needs to be revisited on a monthly basis.” Jack (employee in Customer Accounting) explained why the documentation of updates of a standard in an SOP is essential: “If [the SOP] is not followed up, after or over a period of time, [the employees] tend to fall back into their own habits again ... and therefore not working the most optimised way.” Jack added that standardisation became manifest not only in SOPs, but also in the “general structure ... of our processes and share drives and mentality-wise.” Charlie (employee in Customer Accounting) described the level of standardisation before lean systems was established: “Before, it was chaotic, that’s a strong word, but there was very little structure as to how we did things. We all tended to work in the ways we thought was best and with very little alignment, I would say.” Overall, more than half of the participants of both focus groups admitted a lack of clarity before lean systems was implemented, as Summer demonstrated by choosing the picture in Figure 57.

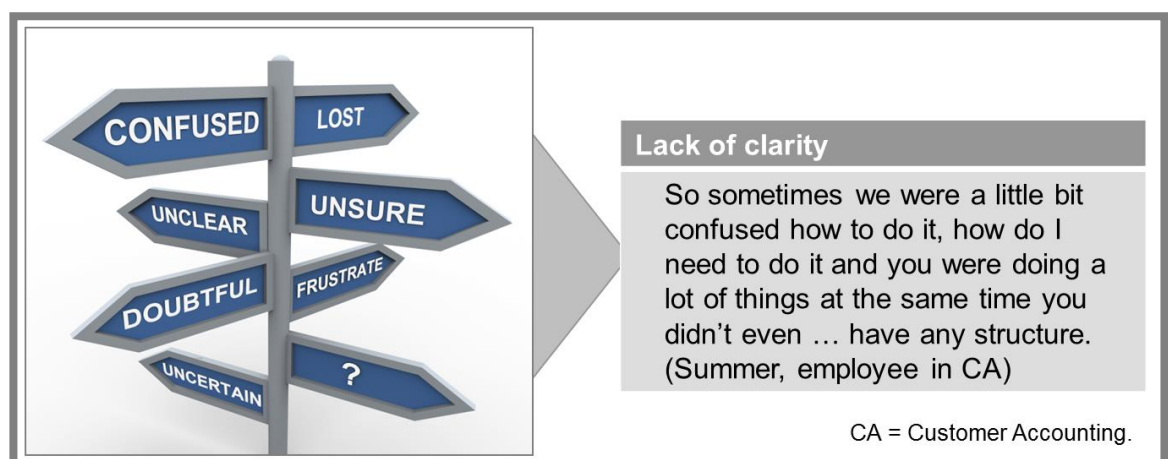


Figure 57. Employee’s perception of lacking clarity in the Maastricht SSC prior to the business partner phase.

Imogen explained how lean systems helped to create clarity as a result of more structure: “Before [lean, the employees] are confused [and] unclear; I think that lean has put a certain structure in place.” Moreover, Maisie, Charlie’s colleague in Customer Accounting, explained that standardisation as a result of more structure and guidelines was particularly beneficial for her team as it supported increasing the operational performance: “But I have to say our performance level for query handling went up, because we had a more structured way; we had one tool instead of 12 tools.”

Furthermore, Summer expressed that the clarity generated by the structured approach motivated her and her peer, Mason, as it helped achieving their targets: “[With lean] it’s more structured, it’s for everybody, and you have your targets. ... you have to reach at the end of the month and it’s also, yes, it’s motivating.” Thus, Freddie (employee in Financial Accounting) summarised that standardisation had positively influenced the operational performance, as shown in Figure 58.

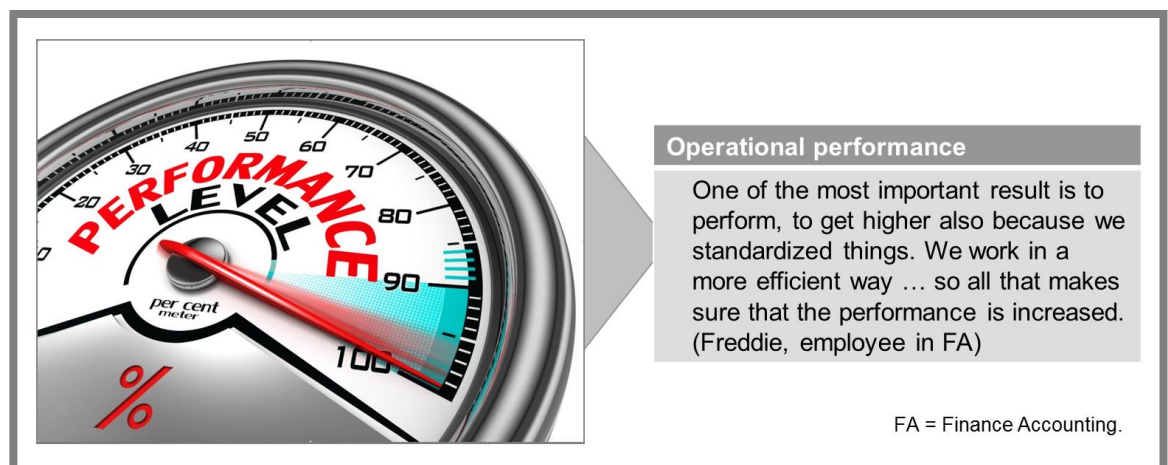


Figure 58. Employee’s perception of operational performance in the Maastricht shared service centre during the business partner phase.

To summarise, a sense of clarity was perceived in particular by the focus group participants. Thus, the employees felt less confused due to more structures and guidelines manifest in documented standards (SOPs). Furthermore, due to

the documented standards, the level of standardisation increased, as six of the 15 interviewees and 11 of the 15 focus group participants from both Customer Accounting and Financial Accounting pointed out. The need for standardisation was mentioned as a requirement when offering a shared service and to accomplish the strategic goal of acting as a centre of excellence. Standardisation generated by the introduction of guidelines and structure fostered a higher operational performance and thus, in turn, the accomplishment of targets, which led to an increased sense of motivation.

Overall, the interviewed executives and managers as well as the focus group participants perceived changes in the way of working due to lean systems, namely a strengthened sense of unity, an intensified sense of responsibility, influence and autonomy combined with a sense of control, a heightened sense of clarity, and an improved operational performance and motivation. These changes in the way of working were mainly generated by transparency and visibility, by a systematic technique, and by guidelines and structure and were manifested in artefacts like the whiteboards with meaningful KPIs, sit-ins, the information cascade, and SOPs. Figure 59 displays the lean impact framework derived from the findings. The intensity and the focus of these senses are influenced by the leadership behaviours, as shown in the next section on cultural actors' agency (which will enhance the lean impact framework).

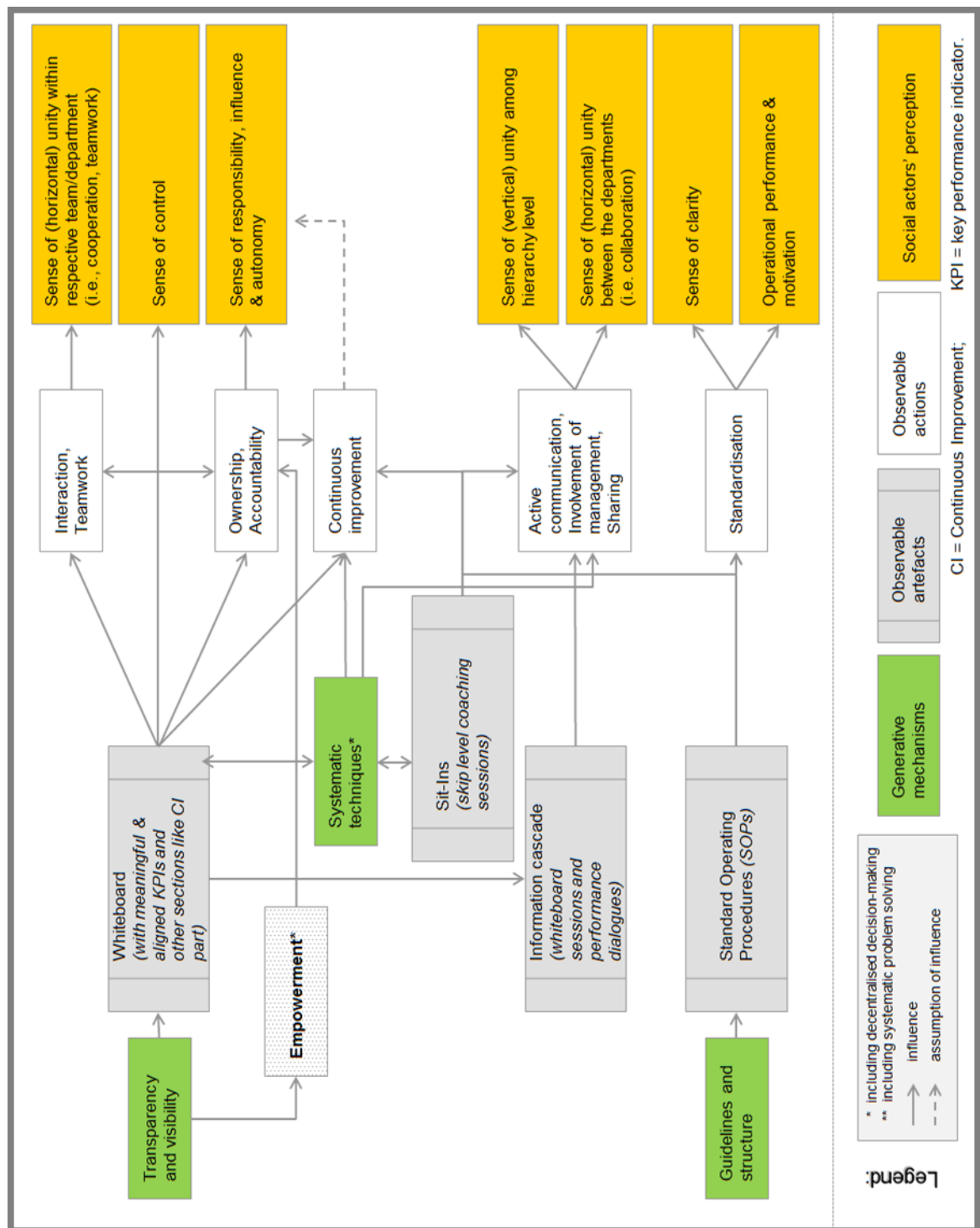


Figure 59. Lean impact framework (version 1).

Version 1 of the lean impact framework is shown in Figure 59. The generative mechanisms of the lean impact framework (like visibility and transparency) are highlighted in green, the observable artefacts (like the whiteboards) in grey, the observable actions (like teamwork) in white, and the perception of the social actors (like the sense of control) in orange. The lean

impact framework is influenced by two main aspects: (a) the cultural actors and their agency and (b) the structural factors impacting the leanness of the implemented lean system. Both are explained in the following sections.

5.2. Cultural Actors' Agency

For a further analysis of the influencing factors acting on the lean impact framework, the cultural actors and their agency on the framework will be analysed in the following sections. As there are several cultural agents within Endurance, FHO and the Maastricht SSC, the focus will be on those mentioned by the interviewees and focus group participants as the most influencing agents to make the cultural change at the Maastricht SSC happen. Furthermore the following sections will show that a particular leadership behaviour was expected by the SSO executives in order to fully unlock the potential of lean systems (downward normative causes). As shown in Figure 28, a potential conflict can be expected between the downwards and upwards normative causes, because a prescribed leadership behaviour is not always embraced by those who have to exercise it. Therefore, the practiced leadership behaviour (upwards normative causes) will be analysed, and its impact on the lean impact framework will be investigated.

The cultural actors and their agency in focus. Although several cultural actors like employees, SSC managers, FHO SSC executives, Endurance top management, works council, support function and departments, and business partners could have been considered for analysis, the following findings demonstrate that different roles and behaviours were required from those organisational members who were involved in the cultural change and thus represent cultural actors. Those organisational members were the FHO's senior management (i.e., executives), the managers of the Maastricht SSC (i.e., department heads and group leaders), the lean implementation experts (belonging

to a support function), and the SSC's employees. Interestingly, the cultural actor agency of Endurance top management was perceived as invisible and thus low.

Lauren (lean implementation expert) said,

We have been mainly seeing that part of [the head of FHO], so I don't know in the background how powerful or how ... if there was no [Endurance top management], I don't know how this will go. For me I mean the top was [the head of FHO].

The cultural agency of other cultural actors like business partners or works council was not mentioned at all by the interviewees and therefore not considered in the findings.

From an interviewee perspective, different organisational members and hierarchical layers like the FHO's senior management, the managers of the Maastricht SSC, the lean implementation experts, and the SSC's employees had to fulfil a mandate within the organisational cultural change (as presented in Table 18). Nearly half of the interviewees stated that the senior management introduced the change by setting the philosophy, showing strong commitment, and demonstrating the expected behaviour by role modelling. Lauren explained what that means:

[The head of FHO] is the key one, because if he's not there, he will not set his expectation and ... the philosophy he wants to implement in the organisation. He is the key one. And then, he will cascade that vision to his direct report, etc., until employees.

Furthermore, Lauren added an important aspect, which was the "very high commitment and belief from the senior management" in the change. The importance of strong commitment shown by the senior management was also shared by Albert (executive): "Demonstrating relentlessly the stamina, your own conviction, your own real authenticity; this is what I am standing for, and I am not giving in or up on anything of it, and with that getting your management team doing the same." As to role modelling, Albert elucidated what happened:

If I look back, specific things I tried to do is to become involved with people on the shop floor, and to convince them starts with spending time with them and to listen to them. It sometimes got me as a surprise how simple things were in terms of small size of a change what people were looking for, which however would enable making bigger things happening. ... Well later on, when things had started to move, I developed different tools and tactics to stay involved like the favourite sit-ins, participating in performance dialogues, ... doing Gemba Walks, and so on.

Despite the directive role of senior management in cultural change, the majority of the interviewees acknowledged the SSC managers as cultural actors with the most agency, which means they had to exercise their capacity to shape and influence the organisational culture. In order to exercise their agency on organisational culture, the interviewees emphasised the prerequisite that SSC managers needed to be convinced to guide their teams through the change. As Elizabeth (lean implementation expert) stated, "The [managers] need to be convinced. ... If the [managers] are not convinced, you can forget about your organisation." Thus, Chloe (executive) summarised, "It's all because ... the [group leaders] believe about it, and because they want to live it." This conviction would require that the SSC managers were open minded about, considerate, and reflective on cultural change in order to role model the expected bottom-up approach. Isaac (manager in Customer Accounting) described what that meant for him:

It is delegation and accountability and that goes along with each other. You cannot delegate without giving more trust and accountability and allowing people to do mistakes. And ... walk the talk. I could not do that without emotionally showing my dedication and my willingness and my personal drive to make it happen. I mean, the walk with the talk is fundamental.

This bottom-up approach was described by the interviewees as empowerment of employees and enablement of the group leaders to steer their teams.

Engaging the team by empowering them, they [employees] are the experts. They eventually have the solution, they have the brilliant ideas ... so it's about empowering them and of course empowering the supervisor [group

leader], so the middle management layer, providing them also with the wide tools that they can dialogue. (Chloe)

Less than half of the interviewed executives and managers saw that both senior management and managers influenced the cultural change. Furthermore, the lean implementation experts were viewed as cultural change support and thus rather as cultural actors with limited agency. Finally, the interviewees shared their view that employees were expected to practice the new way of working, introduced top down (as explained above). However, the interviewees acknowledged that due to lean systems the employees could voice and share their view during the whiteboard session. This view would imply that the interviewees acknowledged that employees have agency on organisational culture and that due to lean systems the employees can exercise their agency. However, this acknowledgement was presented rather as an expectation, as Chloe demonstrated: “They have to share it [the idea, solution, or concern], they have to express it. They can come up with ideas, they can come up with issues, they can ... they have to share.” Lauren succinctly summarised the different roles and behaviour required for the organisational change, when she said,

Everyone is key; every layer is key, because they have all role and responsibility too in this change. . . . For me the first key party is the top managers [senior managers and executives] and then just cascade it down, but for making the change happening ... these are the employees.

Based on the different views shared by the interviewees, Table 18 demonstrates the roles and responsibilities of the cultural actors and their behaviour required to role model the cultural change to exercise their agency.

Table 18

Roles and Responsibilities of the Cultural Actors

Actors	Roles & responsibility	Role modelling (examples)
Executives (senior management)	<ul style="list-style-type: none"> • Set the philosophy • Be strongly committed to the change • Role model the expected behaviour 	<ul style="list-style-type: none"> • Stay informed about and discuss cultural change (e.g., by weekly calls with representatives of involved departments or functions of lean system implementation) • “Go and see” (gemba) activities: • Be visible on the floor and listen to employees’ concerns • Skip-level sit-in with employees • Participate in whiteboard sessions and performance dialogues
Managers (department heads, group leaders)	<ul style="list-style-type: none"> • Make the change happen • Prerequisite: <ul style="list-style-type: none"> • Be convinced about the change • Be open minded for change 	<ul style="list-style-type: none"> • Reflect on and challenge the current status quo • Reflect on vision and strategy • Attend whiteboard sessions and challenge current performance • Empower employees and enable group leaders to steer (called a “bottom-up approach” by interviewees)
Lean implementation experts (support function)	<ul style="list-style-type: none"> • Support the organisation in its cultural change journey • Partner with departments 	<ul style="list-style-type: none"> • Attend senior management team meetings of the shared service centre in Maastricht to understand challenges of the organisation and each department • Challenge the managers to think about the requirements to make the change happen
Employees	<ul style="list-style-type: none"> • Practice the new way of working 	<ul style="list-style-type: none"> • Voice up and share concerns during whiteboard sessions

To summarise, different roles and behaviours were required from the organisational members within the organisational cultural change. The cultural actors were the FHO’s senior management, the SSC managers, the lean implementation experts, and the SSC employees, since they were all involved in the cultural change. Whereas the Endurance top management was a cultural actor with no visible agency, works council and business partners were not mentioned at

all by the interviewees as potential cultural actors. Despite the different roles of the organisational members, the majority of the interviewees acknowledged the SSC managers as cultural actors with the most agency on organisational culture and its change, as they were identified to make the change introduced by lean systems happen. While the senior management had to set the philosophy, the employees were expected to practice the new way of working, although it was acknowledged that lean systems enabled the SSC employees as cultural actors to exercise their agency.

In order to illuminate the different perspectives on a cultural actor's agency expressed by the different organisational members and hierarchical layers (see Figure 60), the opinions were analysed per hierarchy or expertise layer (i.e., executive, SSC managers, lean implementation experts, SSC employees).

Although executives like Chloe confirmed that the SSC employees can exercise their agency on organisational culture due to lean systems, it was striking that both executives emphasised that employees are cultural actors without or limited agency when introducing the change. As Albert (executive) said,

People are looking to their managers and leaders and try to understand what they expect from them. If they [employees] would just do their own things, it would likely be staying in comfort zone and clearly not establishing a new culture.

Based on the understanding that a line manager influences his or her direct reports, Albert further explained that a manager needs to go through the change first, which means that employees follow their manager in adopting the new way of doing things. Albert's view was underpinned by Elizabeth's (lean implementation expert) statement:

The adaptation process will not go faster if the manager is not already there. ... If you look to the manager and his team, who faster is the manager in adapting himself, who faster is the team in going into that mode.

Also Lauren (lean implementation expert) pointed out that employees are cultural actors with limited agency. “If tomorrow the employees are the only one wanting this change, this will not really happen, because there is no one [from the senior management] who is willing to make it as well,” The limited agency on cultural change at employee level was also perceived by Chloe, who said, “Whatever mixture you have in a team, I think the team is not the one that would be the main factor of a nonsustainable organisation.” Chloe added, “I truly believe that the team can be supported in that roadmap, but you really need to have a strong middle management,” referring to department heads and group leaders. Moreover, Chloe stressed that the managers are the cultural actors with the most agency on cultural change, in particular those on managerial levels who are close to the employees on a daily basis (like group leaders).

It goes back to how powerful you need your middle management to be, because those are the ones sitting close to your team on day to day. As a manager ... you are close to your team, but you will not be the one ... sitting next to each individual on the day to day. While this is one of the main role of a [group leader] being part of the team. (Chloe)

Chloe’s opinion on the strong cultural agency of the SSC managers was confirmed by most of the SSC managers. Apart from Holly, the majority of the managers viewed themselves as cultural actors with strong agency on organisational culture and its change. Harry (manager in the SSC) pointed out that middle management “are really the one who make or break the company.” Although the majority of the managers perceived themselves as cultural actors who were key for the change, a consistent perception of the influence of their own line managers was less recognisable. Whereas Scarlett (manager in Customer Accounting) agreed with the executives’ view on the influence of line managers on their direct reports, Isaac (manager in Customer Accounting) highlighted his independency from the senior management’s direction.

Scarlett's view was that the senior management influenced the SSC managers, who in turn influenced their employees: "[The senior management] gives you a certain direction ... and it influences me as a manager, and with that I am quite sure it influences the people that work for me." Although Isaac expected that his line is following his way, he demonstrated his independency from the senior management's direction when he highlighted that he only accepted lean systems because he

transformed it into something that would make sense for me and ... for my line and for my leadership style, from what I wanted to get out of it. [Otherwise] I would have complied, and today lean would not be here, for sure.

Although most of her peers viewed themselves as cultural actors with agency, Holly (manager in Financial Accounting) held an opposite understanding by perceiving the employees as the main force influencing the organisational culture and its change. Thus, Holly explained that the responsibility of the group leader is rather to orchestrate the change that is introduced by the team: "The [group leader] sets what do we do and needs to make sure we encourage and we enforce the message, but if the [group leader] wouldn't do anything, then the team would just overrule¹⁴ everything." Another exception from the overall view was shared by Jack (employee in Customer Accounting), who highlighted that everyone in the organisation has the power to influence.

When considering the employees' view on cultural agency (see the earlier section on cultural differentiation), more than half of the employees participating in the focus groups admitted that due to lean systems they were given the opportunity to influence the organisation and their way of working. Since the

¹⁴ Overrule should be understood as each employees would do what s/he wants to do; which implies a constant flux and no stable state of the environment.

establishment of lean systems, they viewed themselves as cultural actors with agency.

To summarise, most of the interviewees acknowledged that the main influencing power to introduce the cultural change is at managerial level in general (senior management and management level). Hence, the cultural actor of manager with agency on organisational culture driven by leadership behaviour is further illuminated in detail in the next section. The executives and the lean implementation experts highlighted that employees have a rather limited agency on organisational cultural change, although they acknowledged that due to lean systems the SSC employees can exercise their agency. The executives' opinion on the limited cultural agency of employees can be traced back to the understanding that people are influenced by their line managers. As the SSC employees act at the lowest hierarchy level in the organisation, it can be argued that employees are influenced as cultural actors rather than being cultural actors with agency. Apart from Holly, the majority of the SSC managers perceived themselves as the cultural actors with the most agency on cultural change. Holly saw the employees as the main force influencing the organisational cultural change. Holly's opinion and her leadership behaviour are further analysed in the next section. Jack represented an exception to the general view (that the managers in particular play a crucial role in cultural change), when he highlighted that everyone in the organisation has influencing power. Jack's exceptional view might be understandable as he had been employed as lean implementation expert before he joined Customer Accounting as a regular employee. Figure 60 reveals the different opinions per hierarchy or expertise layer on cultural actors' agency.

	Senior Management is key for the change	Managers are key for the change	The team/ the employees are key for the change	Comment
Albert	✓	✓	✗	
Amy		✓		Involve first positive thinking employees of the team
Benjamin	✓			
Chloe		✓	✗	the team/the employees can be supported in that roadmap, but you need a strong middle management
Elizabeth	✓	✓		
Grace		✓		opinion leaders within the team are important for the change
Harry		✓		
Holly			✓	
Isaac		✓		
Jack	✓	✓	✓	everyone of the organisation is in charge including lean implementation experts
Lauren	✓	✓	✗	everyone is key, but w/o management support it does not work
Oscar	✓	✓		lean implementation experts, managers and senior management team
Scarlett	✓	✓		
Focus group participants			✓	Due to lean systems people can make a difference!
				✓ = yes ✗ = definitely not!

Figure 60. Sources of influence on organisational cultural change.

After having analysed the cultural actors and their agency on organisational culture and its change, the following sections will analyse the expected and the practised leadership behaviour of the cultural actor of manager. The cultural actor of manager was identified as the one with the most agency.

Top-down: Active leadership expectations. With the implementation of lean systems the executives expected an active leadership behaviour from their managers. As to the expected leadership behaviour, Lauren (lean implementation expert) explained what happened during the lean system implementation: “They have aligned that a leader—a supervisor [group leader] or manager—has to be the one driving the teams, steering the team but not operational anymore.” “Operational” describes that department heads and group leaders worked on transactional tasks within the SSC instead of focusing on leadership. Albert (executive) analysed why this happened: “The future picture of where we want to

be is that managers spend much more time with their people.” Albert elucidated why such an active leadership was essential for him: “If managers understand that the service is produced basically with the people on the shop floor, they will share the perspective to spend value time with these people.” But Albert added a further aspect: “The second perspective is that managers can only control and steer performance and organisations if they understand from bottom up the root causes for good or poor efficiency and quality. ... This requires spending time with your teams.” Finally, Albert said:

The producers of the services are human beings. ... They want to feel recognised for what they are doing; they want have the opportunity to talk about what concerns them, what makes their day difficult. They want to be taken serious at eye level whatsoever their roles in the organisation are. One can get there only if one spends time and talks with these people.

Yet, Albert even went further when he quantified active leadership: “We made it very clear to our managers that in future we want them ... spending 70% with their people.” Prior to the introduction of lean systems, “it was something like 20–30% of time ... spent with directly interacting with people, while the other 70% was spent on all the other things like admin, meetings, solving difficult problems, and so on.” In order to clarify what active leadership actually meant for the management team, the Maastricht SSC introduced the differentiation of leaders versus managers. Lauren explained:

I think the introduction of that leader word has been quite interesting, because it was kind of making it always ... “leaders versus managers.” And I think then you could really see that some people were fitting to that kind of manager, and it would be very difficult for them to change towards becoming a leader and vice versa. So this helped the [leadership] team to understand what should be expected from their role. ... Therefore, they have to spend a good time with coaching their team, being on the floor, “go and see.”

In order to support the SSC managers in practising active leadership, coaching and leadership trainings were introduced. Albert explained what happened:

We've engaged with professional coaching firms at the beginning to deliver part of the coaching. In between, however, we worked with our HR organisations together to build up that type of change management coaching capability to a significant extent internally. I think, if I would look for where we are really invested in lean, this is investment in the coaching capabilities of our organisation.

Furthermore, Albert elucidated that "in Maastricht for specific level of management and leadership roles, concrete leadership trainings have been developed." Chloe shared what happened in the Maastricht SSC:

We had to develop some specific training ... but training is not about the theory, but it's really tips and tricks, so "if my team is reacting in that way, what can I do, what can I say, how can I help them, how can I coach them?" So those are the elements. Very, very practical training have been developed that we could support them on the floor.

Harry (manager in the SSC) summarised succinctly: "The manager is now focusing more on people management." Furthermore Harry recognised that the systematic techniques introduced by lean systems were supportive in harmonising the way of leading the teams due to guiding principles:

And by having the sit-ins, the lean dialogue, the whiteboards ... I think it enhanced the communication with the teams and the individuals as such in a more structured approach, meaning before lean it was more depending on how a manager as such felt how ... he thinks that he should manage a team and what is important. And by giving [the managers] these guiding principles, I think you've got more unity of how a manager ... should focus on.

To summarise, the normative expectations of leadership (i.e., downward normative causes) was defined by the executives as active leadership. This active leadership was supposed to help the leaders focus on people management as they were expected to spend more time with their employees in order to coach them on their jobs. For the support of the SSC managers, individual coaching and specific training were conducted. Due to lean systems, this leadership expectation was enhanced by systematic techniques that helped to provide a standard of leading within the Maastricht SSC (e.g., by applying the same tools and methods like sit-ins to practice an active leadership style).

Bottom-up: Actual leadership practice. As a consequence of this active and systematic leadership, the participants of both focus groups acknowledged a more active dialogue and the fact that they received more feedback from their line managers. These effects were already shown in Figure 49, which demonstrates the consistency of the focus group participants' perception, as most of them chose the same picture to describe the change in communication introduced by lean systems.

This intensified communication changed the interaction between employees and management for the better, as the leadership behaviour became less hierarchical and more interactive. This was demonstrated by behaviours like “now the manager is going directly to the team, it's not like, ‘Okay let's talk to the supervisor, supervisor to go to the team.’ No, it's like a straightforward line” (Elizabeth, lean implementation expert). Chloe (executive) indicated, “The management is far more involved in the day-to-day” business. Furthermore, Albert (executive) recognised an increased level of ownership for steering the teams and for supporting (coaching) them in managing their issues: “They [department heads and group leaders] have taken on more responsibility and accountability.” This increased level of ownership for people management was positively associated with an improved level of employee empowerment. More than half of the interviewees emphasised the improvements regarding employees taking ownership and their feeling of being accountable due to lean systems:

I think [lean] gave people an idea of—because it was all clear and transparent—that they also could all take the ownership. They cannot blame their colleagues anymore, “He's not doing anything,” because it's all out in the open. I think that also gave people more responsibility, unconsciously maybe. (Grace, employee in the SSC)

Furthermore, Grace explained what ownership and accountability meant from an employee perspective: “And that can be a result of lean because it also made

people more independent and think about certain things in a more deeper way and working on their own improvements.”

Grace’s opinion was confirmed by more than half of the participants from the two focus groups as shown in Figure 61, and was reflected in Imogen’s statement when she expressed that the employees’ influence in the organisation and on their work had improved, which can be understood as having been given the opportunity to take over more ownership and accountability and exercising their agency on organisational culture.

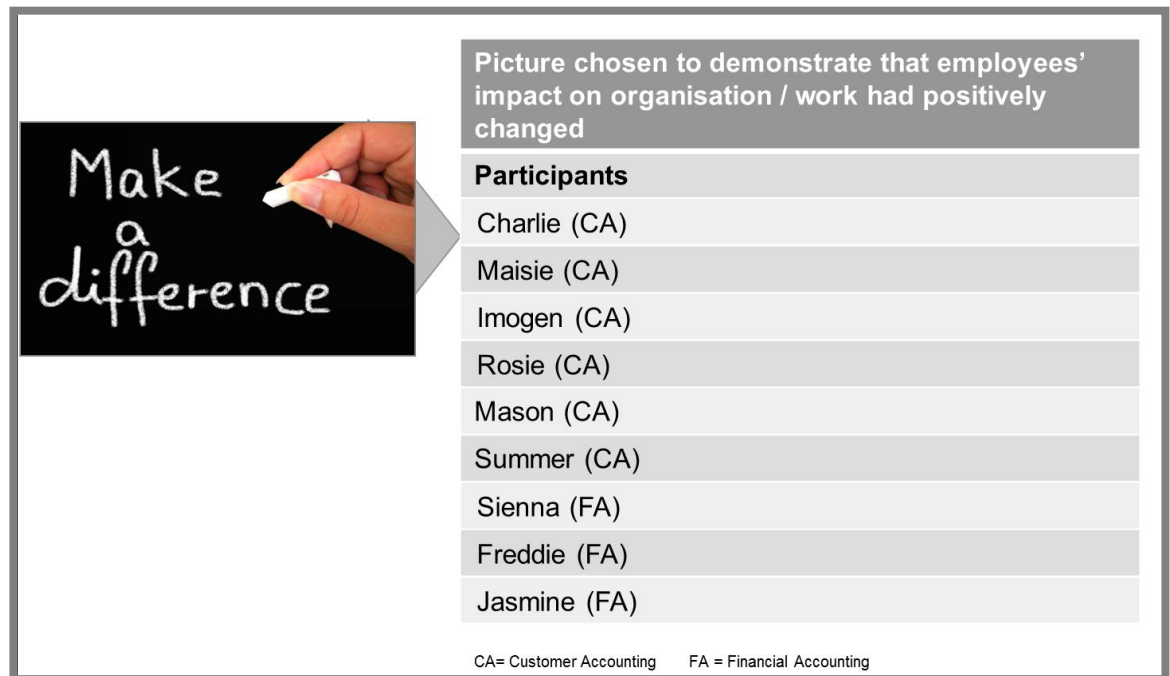


Figure 61. View of focus group participants on the change of ownership and accountability generated by an active and systematic leadership style.

However, taking over ownership and accountability seems to depend on three aspects: (a) the opportunities that are provided by the leaders, (b) the employee’s own capability, and (c) the willingness to accept responsibility and take control of how the respective issues develop. Albert (executive) explained how these three aspects come together, when he said that the employees feel “responsible for making decisions” but further elucidated how empowerment happened: “Now it’s about ... ‘My next level manager is giving me advice, is

coaching me, and is encouraging me to make the decisions in the space I'm responsible for.”

Yet, Isaac (manager in Customer Accounting) also saw a potential conflict between enabling the employees and offering them opportunities to take over ownership (second and first aspect) and an employee's possible unwillingness or lack of personal motivation to take over accountability (third aspect):

If you [get empowered] you have more freedom [autonomy], but you have more responsibility as well ... and then [the] next discussion is, what can you expect from people who are hired into a certain grade [who] have no intention to grow into the organisation to higher level of responsibility.

However, as demonstrated in Figure 61, more than half of the focus group participants acknowledged that they can make a difference as they can share their views, contribute to the discussion, and feel more empowered and independent. Lauren (lean implementation expert) had also observed that the decision-making was done by the employees at operational level rather than by the managers. Lauren also admitted that the employees' involvement in the decision-making process varied among the departments. Also Grace (employee in the SSC) emphasised the existing differences between the departmental leaders and their teams:

I think it's also difficult ... what the leadership style is of someone and how their personality is and if they want to keep everything under control themselves or that they can delegate quite easily. So yeah I think that differs per manager. And you see the differences per manager as well in the teams.

To summarise, the participants of both focus groups (Customer Accounting and Financial Accounting) acknowledged an intensified communication between the line managers and the employees, which was demonstrated by more dialogue and feedback. In addition, the leadership behaviour was viewed as less hierarchical and more interactive, as the management became more involved in the day-to-day business and concerns of the employees. Furthermore, an

increased level of ownership and accountability at all hierarchical levels was perceived by the interviewees and focus group participants. This increased level of ownership and accountability was regarded by the employees as an improved empowerment and thus, in turn, as a shift of decision-making down to the employee level. Hence, the increased focus on people management was positively associated with an increased level of empowerment. These changes were generated by an active and systematic way of leading introduced by lean systems (see lean impact framework version 2 as shown in Figure 62).

When comparing the top-down, active leadership expectations (downwards normative causes) with the bottom-up, active leadership practice (upwards normative causes), there is apparently no potential conflict, contrary to expectations. However, as indicated in the interviews and focus groups, the operationalisation of leadership seemed to differ per department despite a systematic and thus harmonised understanding of leading. This aspect of differently practiced leadership behaviour in the departments is clarified in the section below by analysing the leadership behaviour of the managers of the Customer Accounting and Financial Accounting departments.

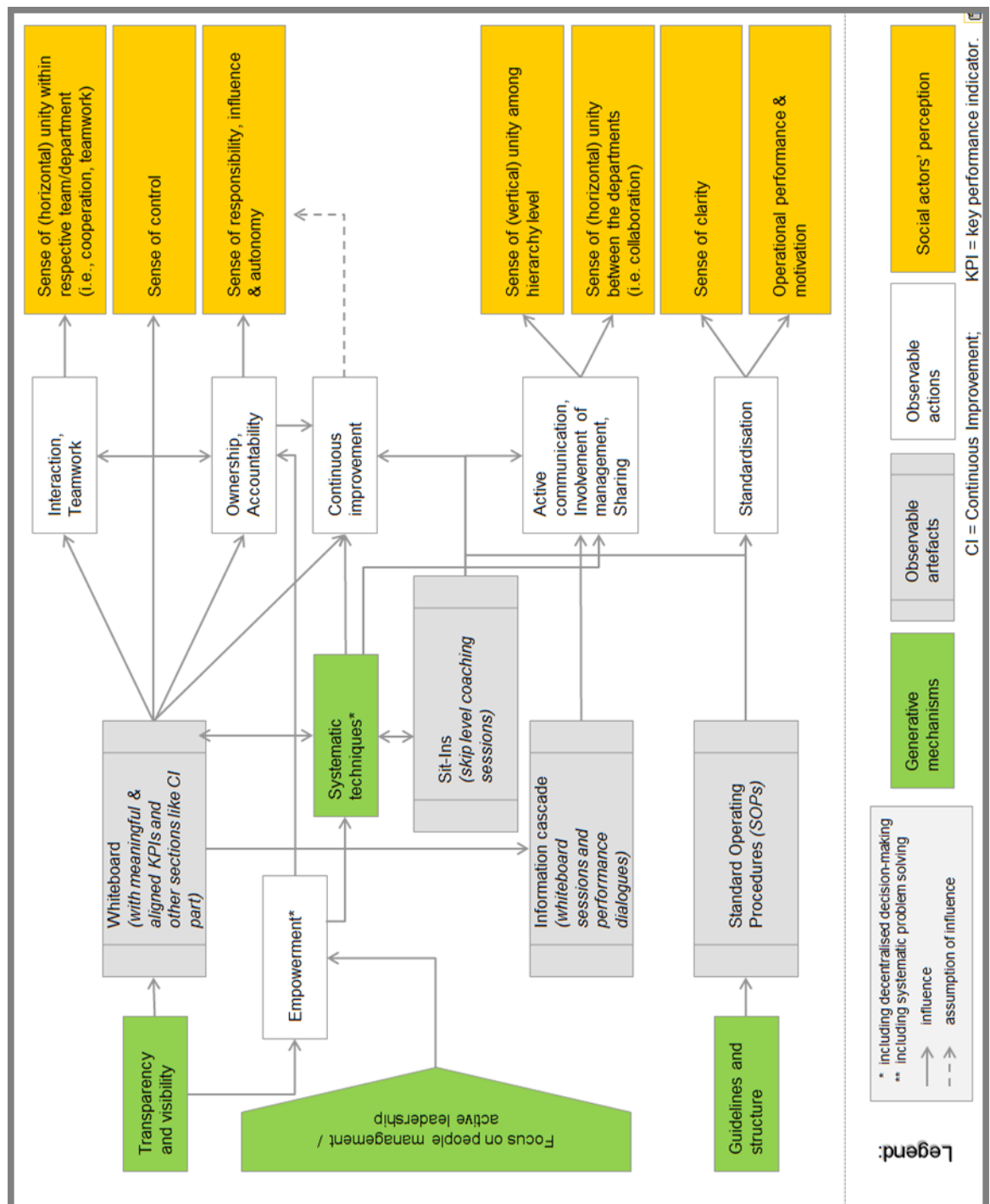


Figure 62. Lean impact framework (version 2).

Bottom-up: Actual leadership practice at departmental level. This section describes an analysis of the differences in applying the guiding principles (mentioned by Harry), as reflected in the behaviour of the line managers from Customer Accounting and Financial Accounting. These differences included the aspects of creating a vision and shaping a strategy, as well as communication and

empowerment, while always taking into account the line managers' understanding of the purpose of applying lean systems and its definition.

Considering the management of Customer Accounting, Isaac's (manager) leadership behaviour can be described as visionary, as he explained: "I knew what I wanted to achieve, so I had ... a mental picture of what I wanted the department to become and how I wanted the department to evolve in the long run." This is congruent with Amy's view, one of Isaac's group leaders, who compared his leadership style with that of her previous line manager: "[Isaac] has more vision, while the previous manager had more a result to reach, so that's I would say is the difference. Now we worked towards a vision, while at the beginning we were working towards a result." Moreover, Isaac seemed to empower his group leaders, because he said: "I constantly ask [my direct reports] to move out of their zone of comfort." Isaac explained that a continuous expansion of their comfort zone would empower his group leaders to strengthen their individual leadership style. "If you can shift [my direct reports] into their strengths ... then you can really unlock a certain number of things. Now that's how I did a little bit—meaning that today I would say I have as many leadership styles into the line as I have supervisors [group leaders]." Then he summed up his goal of maximum empowerment in a blunt statement: "I have made it clear to [my team] that ... my objective is to do nothing." In addition to his policy of minimal managerial intervention, Isaac ensured that his team embraced empowerment by giving them a frame, or controlled bandwidth:

[Job autonomy] is fundamental. I could not do that without giving a responsibility and autonomy to the people. But that autonomy, that responsibility had to be framed. And that is ... extremely important ... to have an extremely clear frame. And that's basic, what we would call the ground rules. And those ground rules are different per team.

Despite his empowerment approach, his interaction between him and his employees was perceived as limited. Amy emphasised, “[My department head] is closer to the [group leader] and the team leader, but to the agents not that much.” However, Amy admitted that Isaac is always open for feedback from anyone: “My current manager is open for discussion, and ... if we have constructive arguments about ... an approach that we would like to follow, [Isaac] is open for discussion.”

Isaac’s leadership intention can be understood as strengthening his team so that they can achieve the strategic objectives of his department by themselves. However, he also admitted that he would support his team in case they needed it: “I think in the background [my employees] know ... that I’m trying to just move it step by step and I’m trying to do the best for the line. But ... I’m never leaving them alone.” His approach of minimal managerial intervention (i.e., “doing nothing”) resulted in a feeling of empowerment at the next hierarchy level (group leader) but was also perceived as rather limited in terms of interaction. As Isaac is a visionary type of leader, his purpose of applying lean systems was to accomplish his vision and strategy: “So, for me lean was a change lever. So I have used lean for my own objective and purpose and vision.”

Furthermore, Isaac explained his intention of applying lean systems, adopting a long-term perspective (cultural change) rather than a short-term perspective (cost-reduction initiative): “I’m using lean as a tool towards that cultural change. Well, I never did use lean as immediate cost-savings initiative.” Then Isaac interpreted why lean systems should not be seen as a cost-reduction programme: “Now, that implies that we’re into gradual cultural changes as opposed to the rapid cost-reduction programme, and if you want to go to rapid cost-reduction programme, you don’t go to lean, you go to business process

reengineering.” Finally, Isaac explained why the focus on cost reduction would not help change the culture:

The cost savings is not the purpose, it is the result, and it's a natural result. ... You cannot connect people emotionally to cost savings. ... It just doesn't work. And you don't want it to work, because it's a cold ... and nonhuman perspective of business. And what middle management is meant to do is to transform that cold perspective into something that is acceptable by the main of people. Even though it doesn't really change the final result, but you cannot connect emotion with your people towards cost savings.

Not only Isaac was described as a visionary type of leader. Scarlett (manager in Customer Accounting) was described as visionary as well, as expressed by two employees in her department, Charlie and Rosie. Charlie expressed, “We have [Scarlett] as our leader. She's always been ... a great leader to work with, and she's always two or three steps ahead of everyone else with her vision.” This opinion is congruent with Scarlett's own understanding of leadership, because she said, “I prefer to get people buying into the vision and see the benefit of where we are heading to.” Furthermore, Scarlett's leadership motivation appeared to be learning and development, as this aspect seemed to be essential for her:

So ... learning, for me is part of my own DNA. So if somebody then puts that in as the culture in the organisation, it's not so difficult to relate to that. And to carry that out and actually think, “Yeah, this is indeed the way we should be working” and then transforming also the organisation into that direction.

Thus, it is not surprising that Scarlett does “skip-level sit-ins” with all of her employees. A sit-in is a “go and see” activity. It is a coaching session with the superior sitting next to an employee at the office desk to understand better the issues the employee is facing. It is an approach to practice empowerment and foster continuous improvement. In the lean systems project, the time that Scarlett spent with the employees was measured: “I think [the analysis showed] about 60–70% ... with people from the team.” Scarlett explained the benefits that a skip-level

sit-in offers her: "I have been doing sit-ins with [the employees]. ... Those that I have done ... tell me exactly where they are ... and when I perform a sit-in with them, I can give them immediately feedback to how they work."

Although Scarlett is a visionary type of leader like Isaac, Scarlett's leadership intention seems to be learning and development, compared to Isaac's policy of minimal managerial intervention. This intention led to the practice of empowerment demonstrated in spending a vast majority of her time with her employees. Thus, her involvement and, in turn, the intensity of communication can be described as high. Scarlett used the implementation of lean systems as cultural change lever to shape a culture of "continuous reflection and questioning" (Scarlett). Scarlett described "the continuous thinking about what [the employees] do and if they can do it better." This notion is in line with Scarlett's understanding of the purpose of applying lean systems within an organisation, because she understood continuous improvement as an important enabler for the organisation to adapt to the changing environment: "Continuous improvement is then also ... the adaptability to the changing environment that is outside" (Scarlett).

To summarise, both line managers in Customer Accounting were perceived by their employees as visionary types of leaders who promoted empowerment. However, the intensity of interaction, which in turn defines the intensity of communication (i.e. dialogue and feedback), varied due to their different leadership intention. Whereas Isaac mainly saw the purpose of applying lean systems in achieving his departmental vision, purpose, and objective (i.e., objective-driven leadership intention), Scarlett's opinion was that lean systems enabled the organisation to adapt to the changing environment outside. Hence, Scarlett's desire was rather people driven, because learning and development at employee level were essential for her. Moreover, both line managers defined lean

systems as “the new way of working,” as a “change lever,” and as a combination of organisational culture and tool.

As to the management in Financial Accounting, Jacob’s (manager) leadership style was perceived by the focus group participants as visionary, interactive, (i.e. dialogue and feedback oriented), and encouraging to raise ideas. Sienna, Freddie, and Jasmine made an attempt to demonstrate this view by creating the comparison shown in Figure 63 between the leadership behaviour before and after lean systems was introduced.



Figure 63. Employees’ perception of the change of leadership behaviour in one of the Financial Accounting departments.

This perception corresponds with Jacob’s self-perception as the coach or the guide of his employees:

I am there to guide. ... [The employees] should more see me as a person who will support them to drive things happenings, than to one who will decide it ... [like] “We do it that way.” ... [If the employees] have a good idea, that we think it's a priority as a team ... I am going to provide my full support and guidance for [them] to achieve it.

When talking about how to accomplish the business requirements and objectives, Jacob shared his leadership approach, which appeared to revolve around the individual needs of each employee:

Some people, once they go out of their comfort zone, they can go into a stressful situation. Our role as manager or [group leader] is to make sure that this can be done in a normal way, not creating too much stress but creating also some adrenalin for the people, that is recognised as a challenge on new things, so that is positive. And that's where for each person we need to adapt the speed.

Then Jacob elucidated that an intense interaction with the employees helped him to get to know the current pace of each individual, a knowledge he used for empowering his employees:

[Via] one-to-one ... the formal [but] also the informal ones. Being a lot present on the floor, so making sure that the team ... are doing the end-to-end job, and not that the [group leader] or the chief accountant is still the one doing the last step before going to the business partner. So, that's a change ... in the way of working, where the chief accountant is not ... the one who will ... add value to a certain task or to a certain process where [his or her] knowledge can be used, [it's more] how can this knowledge be embedded in the team.

Like Isaac's and Scarlett's leadership, Jacob's style of leading was perceived by his employees as visionary and interactive, which in turn implied more active communication. Jacob's leadership intention can be described as guiding and helping each individual to contribute to a joint continuous improvement journey. Therefore, Jacob applied lean systems as a cultural change lever to shape a

continuous improvement way of thinking. ... It's not a tool, it's really a way of thinking that we are implemented with dialogues that is important, and that's what I believe in, where teams can express themselves, what are the things they face on a daily basis and that can be improved and that's in parallel to that we are tracking how the initiatives, the actions taken are improving our final results, can be quality or productivity.

Hence, Jacob understood the purpose of applying lean systems as shaping a team spirit of improvement similar to the one felt during the start-up phase but on a

larger scale by involving the entire workforce. Thus, Jacob defined lean systems as a cultural concept.

As to Holly's leadership style (manager in Financial Accounting), the focus group participants recognised an increased intensity of interaction and communication. Poppy stated, "I think before we didn't have a lot of interaction really with [Holly] and now at the whiteboard." Holly herself noticed that she had come closer to her employees. However, the intensity and the focus of the interaction and communication seemed to be lower in comparison to some other line managers as described above. For instance, Poppy said, "No, we don't have sit-ins, we don't have follow-up." Furthermore, Poppy expressed that she would appreciate receiving individualised productivity feedback, a view shared by the other focus group participants of the department (Lexi, Alfie, and Zachary). Poppy stated,

And also because we're not involved in the management meetings, so we don't know what the feedback is. Why was [the productivity] low? Is that person maybe not performing properly? We don't know these things. From that point of view I find it a bit stressful, because I think it would be nicer if we had a more open dialogue about personal productivity.

However, Holly admitted that she was more involved in the day-to-day business now: "There is more running on operational items to myself, to be honest, because the communication barrier is smaller, so ... they share more readily. ... Well now obviously [the employees] see that [the] manager knows more." Although these increased requests for operational items offered opportunities for empowerment, Holly preferred to choose an approach of giving advice and of providing direction by giving instructions:

If I know the solution, I will give advice for where to find the answer, what we've done in the past, so what options they have. Sometimes I might also, depending on what it is, [say], "Okay, do this." Depends a bit on reality, which country it is, and who is asking, basically.

Holly's approach of giving advice and of providing direction by giving instructions instead of empowering the employees to make their own decisions seemed to influence her opinion that lean systems did not promote empowerment and decision-making at employee level:

I don't think lean has increased decision-making at all. It has made the issues more visible, but that also means because decision makers are on the floor. ... Very often they will flag the issues but then expect somebody else to follow up and make the decision.

As the above quote shows, Holly did not see the reason for this reluctance of taking any decisions in her team's lack of capabilities but rather in the lower communication barriers between management and employees. She also cited her inability to make use of her observation of the Dutch culture as well as her reluctance to adapt her leadership style accordingly:

If you have nobody to ask, you have to make the decision, and I think that's how Dutch people work. If they are left alone—we notice when supervisor goes on holiday—there's a lot more decisions made, more internal growth, people stepping up to take lead.

Although Holly's leadership style became more interactive and communicative, she did not empower her employees. This notion seems to be in line with her leadership intention, which can be described as control. Holly highlighted,

Interaction, being involved, knowing what's going on, I've always liked that bit. ... I really like the operational side of [lean], to be thrown in there. ... And the visibility and what's going on ... and control it from that perspective rather than just analyze the swings in productivity, to be honest.

Holly's understanding of the purpose of applying lean systems is probably best expressed in the following statement: "For us particularly cost competitiveness ... is key. ... Everybody expects cost reductions and more efficiency, so we need to deliver that and stay competitive." As a consequence, Holly perceived lean systems as a tool to foster visibility, interaction, and control ("Lean is mainly a tool"), which supported her leadership intention: "I was always

visible on the floor, and I like to hear the issues, and by having lean, too, it actually allowed me to get that in a better way, more consolidated way.” The reason Holly perceived lean systems solely as a tool rather than a means for cultural change and thus, in turn, as an opportunity to empower her employees, might lie in a lacking vision and strategy, an aspect that was shared neither by her nor her group leader in the interview, nor by the employees participating in the focus group when they described her leadership style.

To summarise, all four line managers demonstrated that they had become active and systematic leaders. However, the extent differed, depending on their leadership intention, which influenced how they defined and applied lean systems (see Table 19).

Table 19

*Summary of Leadership Behaviour Practiced at Departmental Level in
Consideration of Managers' Understanding of Lean Systems*

Leader	Described as	Wants to	Motivated by	Lean systems	
				Purpose	Definition
Isaac	<ul style="list-style-type: none"> • Visionary type of leader • Leader who empowers • Interactive with direct report, but limited interaction with employees 	Let his team achieve the strategic objectives themselves	"Do nothing" as a leader	To achieve objectives, purpose, and vision of department	<ul style="list-style-type: none"> • Change lever • Combination of culture and tools
Scarlett	<ul style="list-style-type: none"> • Visionary type of leader • Leader who empowers • Very interactive 	Enable her employees to continuously reflect and learn	Learning and development	To enable an organisation to adapt to the changing environment	<ul style="list-style-type: none"> • New way of working • Combination of culture and tools
Jacob	<ul style="list-style-type: none"> • Visionary type of leader • Leader who empowers • Very interactive 	Mobilise all employees to join the "continuous improvement way of thinking"	Guiding and helping the team	To achieve a team spirit of improvement similar to the start-up phase but on a larger scale (practiced by entire workforce)	<ul style="list-style-type: none"> • Continuous improvement way of thinking • Lean systems is mainly a cultural concept
Holly	<ul style="list-style-type: none"> • Leader who "gives advice" and "provides direction by giving instructions" • Increased interaction, but still limited 	Have visibility, involvement, and control	Control	To generate cost competitiveness (cost reductions and more efficiency to stay competitive)	<ul style="list-style-type: none"> • Lean systems is mainly a tool

Apart from Holly, all line managers, irrespective of whether they worked in Customer Accounting or Financial Accounting, were described as visionary types of leaders by their employees and indeed empowered their employees based on their leadership intention. Holly's control-oriented leadership intention was apparently negatively associated with empowerment. Interestingly, those leaders

who practiced empowerment defined lean systems as a cultural change lever, whereas Holly viewed lean systems only as a tool in order to reduce costs and become more efficient to stay competitive. Thus, it can be argued that perceiving lean systems only as a tool leads to reverse effects on empowerment and thus on decision-making at employee level (see Figure 65). The Employee Opinion Survey scores of the category of Active Leadership (responses to “My direct supervisor supports and encourages my development”) demonstrated the view of all employees who participated in the survey of the Customer Accounting and Financial Accounting departments. These scores can be interpreted as an indication of how empowerment was practiced within the Maastricht SSC and in particular in the four departments. As presented in Figure 64, the Employee Opinion Survey scores corroborates the findings on the reverse effects on empowerment, showing that in those departments with lean systems understood as a tool, the level of empowerment was lower. However, the survey results also reveal that the level of active leadership improved after lean system implementation.

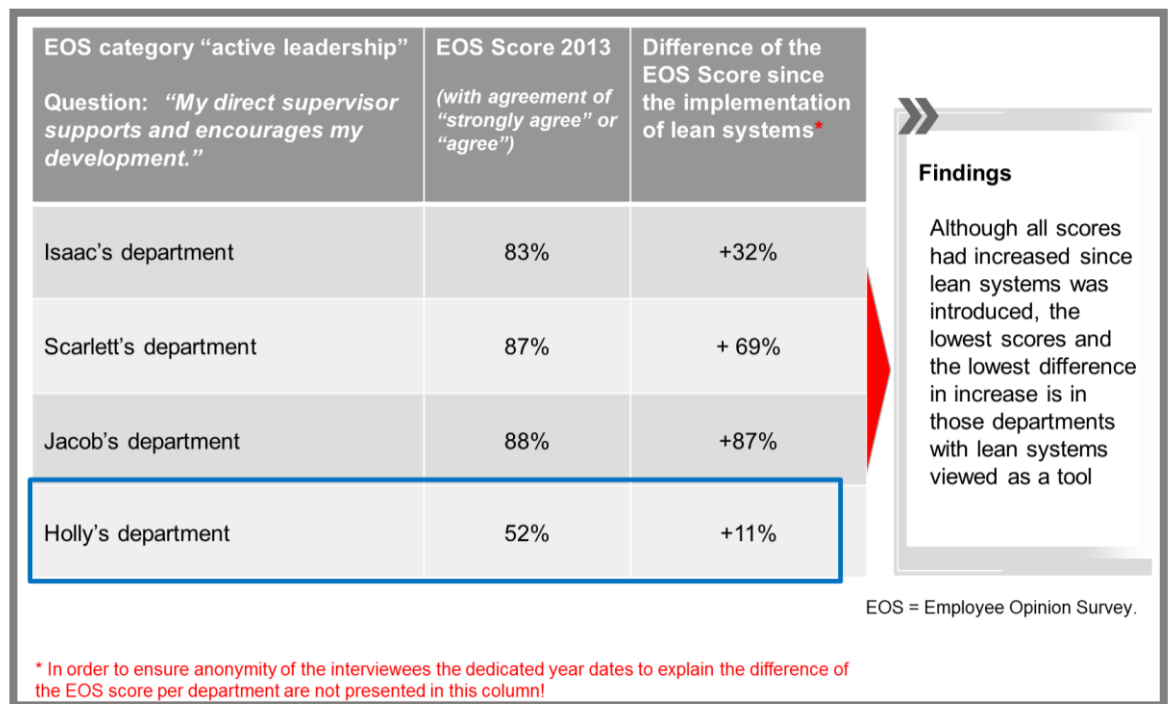


Figure 64. Triangulation of empowerment.

Overall, different roles and behaviours were required from the organisational members—FHO senior management, the SSC managers, the lean implementation experts, and the SSC employees—as they represented cultural actors within the organisational cultural change. The majority of the interviewees acknowledged the SSC managers as cultural actors with the most agency on organisational culture and its change, while the senior management had to set the philosophy. The employees were expected to practice the new way of working to a certain degree, although the executives confirmed that the SSC employees as cultural actors were able to exercise their agency due to lean systems. This notion implies that the main influence power to introduce the cultural change was at managerial level in general (senior management and management level), whereas employees had little agency to introduce change (the view of most of the interviewees, in particular the executives and the lean implementation experts). Employees as cultural actors were only allowed to exercise their agency as long as they adhered to the scope as defined by the management. The findings

demonstrate that the executives' opinion on the limited employees' cultural agency can be traced back to the understanding that people are influenced by their line managers. As the SSC employees act at the lowest hierarchy level in the organisation, those employees were influenced as cultural actors rather than being cultural actors with agency themselves. With the introduction of lean systems, the executives defined their normative expectations of leadership (i.e., downward normative causes), which were subsumed under the name of active leadership. "Active" meant in the sense that leaders would focus on people management, spending more time with employees to coach them on their jobs. Due to lean systems, this leadership expectation was enhanced by a systematic technique, such as using sit-ins to apply coaching on the job. The increased focus on people management appeared to be positively associated with an increased level of empowerment.

When analysing the leadership behaviour practised at the Maastricht SSC in general, contrary to expectations, there was no conflict between the normative leadership behaviour (downwards normative causes) and the practiced one (upwards normative causes). However, when analysing the practiced leadership behaviour at departmental level in detail, deviations from the normative leadership behaviour were found regarding the aspects of vision, empowerment, and interaction. Although all department heads had become more active and systematic leaders, their way of leading was influenced by their leadership intention, which also determined how they defined and applied lean systems. Empowerment is an element in the lean impact framework to foster ownership and accountability, which in turn strengthen the sense of responsibility (see Figure 62). Therefore, a control-oriented leadership intention undermines this key element of lean systems because of its negative association with empowerment. Where it

was furthermore understood as a tool primarily used for cost reduction and increased efficiency in order to stay competitive, the implementation of lean systems led to reverse effects on empowerment and thus on decision-making at employee level. Conversely, lean systems, when understood as a cultural change lever, was positively associated with empowerment. Figure 65 summarises the findings described above.

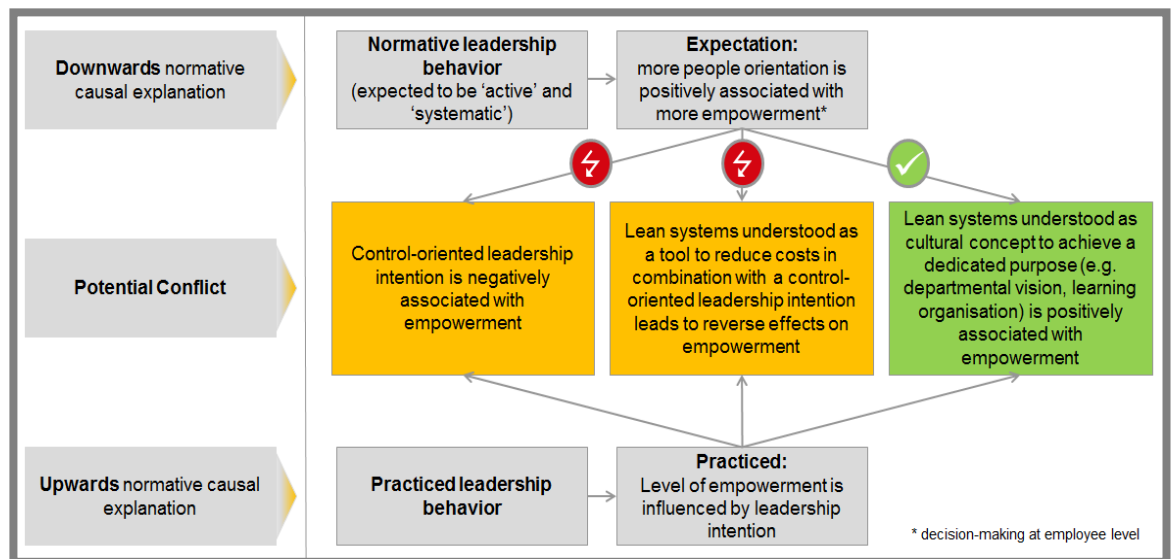


Figure 65. Conflict of empowerment from a downward and upwards normative causal explanation point of view.

So far, the findings have shown that lean systems encompassed HR practices like empowerment, but also interaction and teamwork, as well as active communication, involvement, and sharing. Moreover, lean systems fostered continuous improvement and standardisation (see Figure 62).

However, there was a misalignment among the different leadership layers regarding the intention of implementing lean systems within FHO and the Maastricht SSC. Whereas the executives understood lean systems as cultural change to ensure sustainable competitiveness and the generation of cost reduction as a short-term win (i.e., dual purpose), at the Maastricht SSC it was mainly understood as a headcount reduction, although the mission statement of lean systems was repeated in each lean system implementation project (Chloe,

executive). Thus, it can be assumed that this misalignment prevented the lean system from being successfully put into practice, which implied that lean systems was focused on cost reduction rather than on shaping a culture of continuous improvement.

Furthermore, there was a lack of understanding of the Maastricht SSC's strategy. Interestingly, an interrelation between introducing lean systems and the strategy of the Maastricht SSC was neither visible nor shared by the interviewees. The missing interrelation can be explained by the interpretation of lean systems as cost reduction. A shared understanding of lean systems as cultural change and thus as sustainable competitiveness would have implied that the introduction of lean systems would have required an interrelation with the vision and strategy of the Maastricht SSC. In addition, due to the missing interrelation, each department head defined his or her own purpose and way of introducing lean systems, which implied their own interpretation of leadership, including aspects like vision, empowerment, and interaction. This supports the assumption of limited successful implementation of a lean system as mentioned above. It further implies that lean systems was not understood as an opportunity to improve competitiveness towards the outsourcing providers by using the culture of continuous improvement as a differentiation and growth opportunity.

The findings also provide empirical evidence that in those departments in which line managers had introduced lean systems as cultural change lever to fulfil their vision, the empowerment of the employees and also the level of continuous improvement were higher than in those departments with line managers not visible as visionary leaders and who understood lean systems as a tool. Thus, line managers leveraging the entirety of HR practices of lean systems for its application as a cultural change lever in order to fulfil their vision can unlock the

lean impact framework, whereas line managers who do not leverage the entirety of HR practices of lean systems, understand lean systems as a tool, and have no defined vision only partially unlock the framework. This result is also confirmed by the Employee Opinion Survey scores (see for example Figure 64). Thus, the findings are in line with Lauren's statement:

Yesterday I ... was thinking, "What would I do if I want to have ... my organisation tomorrow. I have 1,000 people working in that organisation, what would I do? Do I launch a lean journey?" I'm not sure, because if I can achieve that by just the leadership—so if I focus on the leadership, and if I make clear what is leadership for me to all my direct reports ... so I would expect to have performance management, blah, blah, blah, to incorporate the lean principles and the lean culture within that leadership.

Interestingly, the organisation FHO and Maastricht SSC seemed to accept these line managers with limited vision, empowerment, and interaction (like Holly) despite the rather low Employee Opinion Survey scores (compared to other department heads). This impression led to the assumption that either the organisational culture of the Maastricht SSC protects leaders with a very long tenure independently of their leadership behaviour, or that the senior management was not fully embracing the dual purpose of lean systems, as they did not take out those elements that hinder the comprehensive introduction of a lean system. Hence, it has to be questioned whether the senior management actually focused enough on the cultural change aspect of lean systems rather than the cost-reduction aspects. The next section will analyse these elements, called *structural factors*, impacting the lean impact framework and leanness.

5.3. Leanness of the Implemented Lean System

The level of practiced continuous improvement within the Maastricht SSC introduced by lean systems (i.e., upwards configurational causal power) was analysed as it can be viewed as an indicator for leanness and thus, in turn, for the sustainability of the implemented lean system. As the researcher takes the stance

that the value of a captive SSO lies, among other things, in its continuous pursuit of improvement, the full practice of the lean impact framework is an essential act for competitive advantage over outsourcing providers. Consequently, the influencing structural factors will be discussed (downwards configurational causal power) that reduce the full usage of the lean impact framework and thus impact the level of practiced continuous improvement viewed as an indicator for lean sustainability.

Representatives of the support functions like Grace (employee in the SSC) and Harry (manager in the SSC) viewed continuous improvement as the key factor differentiating the SSC from its competitors. Harry went even further, saying, “I think it’s a matter of even survival.” This is particularly true as the Maastricht SSC competes with outsourcing providers located in markets with lower labour costs. Then Harry elucidated,

In ... the competition that you have, it’s all about ... innovation, rethinking your processes, which creates a higher value standards, which I think is required from the several business partners, and I think it is more and more incorporated in more and more businesses. ... I think it’s a successful differentiator ... to differentiate from our core competitors, to provide that extra ... but even within this ... labour cost relation.

Although continuous improvement was perceived as the differentiation factor towards outsourcing providers, it became obvious that fewer ideas found their way onto the whiteboards. “That is also what you see with the ... board that we implemented, because we started off very good, but I don’t think there are any ideas any more on the wall” (Grace). Grace’s view was partially in line with the feedback on the level of continuous improvement shared by the interviewees and focus group participants, based on the score that they gave on a scale of 1 (*low*) and 10 (*high*). See Figure 66.

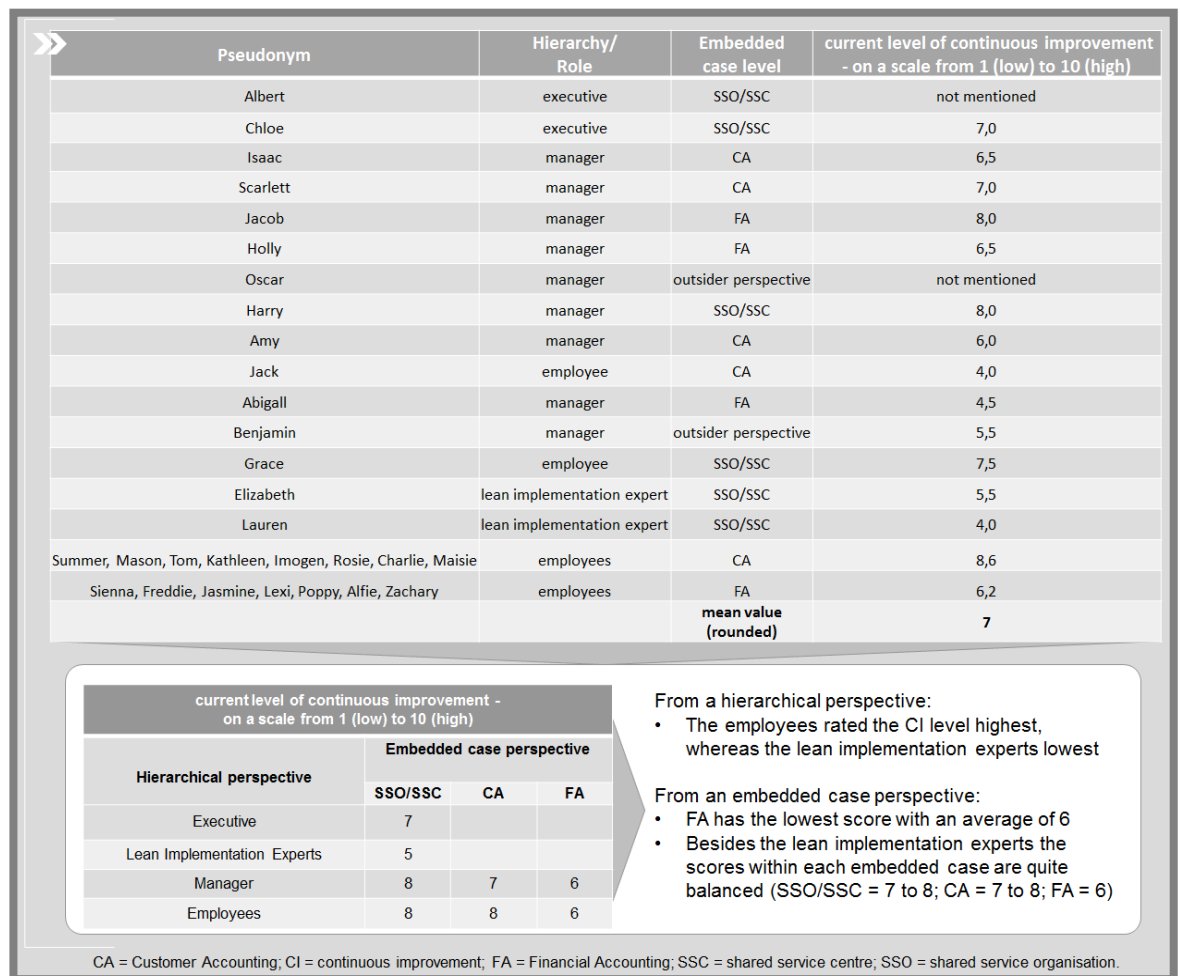


Figure 66. Interviewees' and focus group participants' perception of the current level of continuous improvement.

When discussing the reasons for their perception and score, the interviewees indicated several reasons for not assigning the highest score, namely (a) an excessive streamlined organisation with no time capacity to think about continuous improvement, (b) lack of budget to implement continuous improvement ideas, (c) unaligned targets between the Maastricht SSC and FHO Region Europe, and (d) HR practices and procedures and SLA structures generating reluctance to foster continuous improvement. The following section elucidates the several reasons mentioned above.

Nearly half of the interviewees highlighted time restrictions. A lack of time hindered the employees to practice and foster continuous improvement. Grace stated,

It's that there is less time, because first we need to reach our targets, and then we can have a look at other things. ... That gives in ... some service lines less room to take the time to think about new things and about improvements.

Holly (manager in Financial Accounting) explained the situation of practicing continuous improvement in her department:

Small improvements happen a lot. When it comes to larger improvements, [the employees] are good in suggesting what this process needs to change, but then in taking the ownership, we struggle a bit with the time because that means "if I'm going to be the owner of this, that's going to cost me extra time. I don't have time for that, because I have to do all my other tasks." And then we get a bit reluctant, so we could do a better job in rewarding improvements, allowing time for it. And we always say we will, but then it comes to month end, hard close, audit work, and then that comes first.

Chloe (executive) highlighted that having "extra" or "additional" time would be essential for practicing continuous improvement systematically:

What comes back systematically in a lot of teams is time. ... And you could question, that you need time to think and honestly speaking, I believe so. Maybe not for the very little idea, where you question what you are doing, but you would not be questioning systematically, everyday what you are doing.

Then Chloe explained that the employees do not have time to practice continuous improvement because their time is fully utilised by their daily tasks:

Again, you would like that people are challenging what they are doing, but I can imagine that an agent that is handling, let's take an example, customer master data, so he's receiving hundreds of requests on a daily basis. He needs to process them. You had a 24-hour SLA to manage, so he is working, I would not say like a machine, but almost he needs to kick the target. Would he be thinking at each systematic request that he is receiving, what he can improve? No, forget about it, it would not happen.

After that, Chloe elucidated that the employees had no time to systematically practice continuous improvement because of the structure of the SSC organisation, which implies the size of the organisation: "That's mainly because we become or became so cost-effective organisation that there is no place for, there is no waste or there is no ineffective time that you could reallocate to those, those kind of elements, for instance." Elizabeth (lean implementation

expert) realised, “Lack of time is one of the items, lack of time even for the people to brainstorm on ideas, because we are so strict with the FTEs and with the activities, so we don’t have room to think about how to improve.” Chloe went even further when she stated that there is no time for systematically practicing continuous improvement due to more demanding SLAs with the business partners:

So our organisation became so cost efficient and so focused, and the SLAs are far more aggressive than they were. So a lot of those KPIs/SLAs have a turnaround time of 24 hours, meaning that you need to produce today what you need to deliver tomorrow, when in the past, eventually you had a week, meaning there is no time to reshuffle.

Apart from the more demanding SLAs, the business partners asked for additional support in realising their own change initiatives, which led to additional capacity issues for the Maastricht SSC. Chloe explained, “We are also in a very dynamic environment, affected by a very heavy change agenda [from the business partner], which is systematically coming on top of the normal SLA.” Then Chloe explained that the “SLA is based on the FTE model,” which means that “a number of FTE will be charged to our business partner.” However, the business partners expected that the additionally requested capacity for supporting their change initiatives would be provided out of the existing SLA. Chloe explained,

The business partners ... need also to accept that there is a price for that. So they are paying for 10 FTEs because that’s the value-added services that we are providing to them. ... But if there [is] a change agenda, always requiring an additional one FTE for month, they also need to accept that they need to pay one, that one extra FTE.

The reason why the business partners did not accept that they need to pay for extra tasks was driven by the cost pressure on the business partner’s side, according to Chloe:

[Our business partners] are also on cost pressure. They also want to reduce the cost of finance, and the assumption is that ... you do it within the time and within the SLA. And this is always then the ... the challenges, because ... there is always a charging aspect of any discussion.

To summarise, the cost pressure of the business partners at macro level seemed to be transferred to the Maastricht SSC acting at meso level. This was shown in the non-acceptance of paying for extra support or services and demanding SLAs. Thus, the existing capacity in the Maastricht SSC was only sufficient to manage the daily tasks within the existing SLAs. As a consequence, additional time to think about continuous improvement was not available, which finally led to a reduced number of ideas raised by the employees. Furthermore, employees in the Maastricht SSC showed reluctance as they also recognised the limited time for owning and thus driving improvements (i.e., micro perspective). Therefore the cost pressure on the business partners' side (the downwards configurational causal power) that cannot be absorbed anymore by an excessively streamlined organisation has negative effects on continuous improvement introduced by lean systems (which represent the upwards configurational causal power).

This notion was confirmed by Oscar's opinion (manager with outsider perspective), when he emphasised that the focus of the Maastricht SSC is on "reduction of costs ... [and] meeting the KPIs instead of having a decent change agenda." The focus on cost reduction is also strengthened by the target setting that, in turn, drives the behaviour of the management:

[In] a service provider function there's a tremendous push on the cost aspect, and the quality is important, ... but, trust me on that, [quality] has far less weight into the IKOs [individual key objectives] ... than the cost aspect. So you drive behaviour by setting up incentives. (Isaac, manager in Customer Accounting)

Then Isaac explained why he thinks that the focus on cost reduction in the individual target settings "simply kill the centre," in particular when the regional support functions are not aligned with the Maastricht SSC:

You cannibalise yourself. And it's exactly the reason why [we] are ending up having people from the [region] ... coming on my line and openly telling

me that ... we are going to investigate projects to cut costs, so that they could justify their job. ... Because, those incentives, those initiatives were driven through a short-term mechanism of protection. Meaning that the support function head was busy optimising his incentive, and he could not optimise his incentive by building up a plan ... that everybody will benefit from it and we could drive cost down altogether. It was not the purpose, it was basically the purpose to justify ... [his] department by cutting cost somewhere else.

Finally Isaac succinctly summarised: "The organization [needs to be driven] towards a common goal and resulting from that goal ... you would have people working together." The impression that the regional support functions (like the regional BPO department) and the Maastricht SSC "worked against each other" and acted as two different working systems was also shared by Chloe (executive), Oscar (manager with outsider perspective), Scarlett (manager in Customer Accounting) and Grace (employee in the SSC). Scarlett briefly said:

I give you ... my honest feedback, it is not one system. They [the regional BPO department] are different, I mean there are literally two systems in the building, there is the tower building [with the SSC departments] and there is the ground floor [with the regional BPO department].

Oscar attempted to describe the atmosphere:

BPO is responsible for the changed agenda ... and the SMT [senior management team] of service line, within the [Maastricht SSC], they are not on the same page. And they are not appreciating each other. It can be quite hostile between the two of them. ... There needs to be a better cohesion between the two, and it's not. It's a blaming culture between the two.

Chloe emphasised why she viewed the regional BPO department as crucial for the Maastricht SSC in supporting continuous improvement:

The BPO organisation is a very important element, because they will be supporting any change that would be brought by the team from the continuous improvement. ... I am ... talking ... about little IT [information technology] feature changes, the BPO team will be supporting us, for instance.

Yet, Chloe also acknowledged that the regional BPO department actually does not support the Maastricht SSC in realising the continuous improvement ideas that

require information technology support, as these regional support functions

worked mainly for the mandate defined and funded by the business partners:

BPO is driving the agenda of the business partner, which is eventually not the agenda of a department, because the departments would have an agenda on top of the one of the business partner, because our agenda will be helping us to be even more efficient.

Then Chloe gave an example to demonstrate the conflict the Maastricht

SSC is in when trying to generate efficiencies:

If I am making a report running an analysis ... [and] I want to automate that, that I can even be more efficient. I need a BPO team that would be supporting me ... to provide me with a tool. If that is not on the agenda of the BPO, obviously I will not be asking the business partner to pay for the development of that, because this is how we want to provide a service to them, and they should not be paying for the development of a tool.

As the Maastricht SSC had no dedicated budget for information technology

developments, the BPO department prioritised the agenda funded by the business partner. Chloe stated,

Their agenda is created by the business partner roadmap, and there is also a cost aspect to that. ... I don't have a budget for cost development. ... So, every resource that I would be using to support my development, I should be paying them, which is in theory how it should be, but there is no budget for that.

To summarise, the continuous improvement ideas generated by the employees at micro level that require BPO support were most likely not being implemented because the regional BPO department (at meso level) mainly worked along the funded agenda defined by the business partners (at macro level). As the Maastricht SSC had no budget for continuous improvement support, the regional BPO department, which was funded by business partners, had no interest in supporting the Maastricht SSC to drive continuous improvement. Thus, the relationship between the Maastricht SSC and the regional BPO department was viewed as a "blaming culture" and as "two systems working against each other." This strained relationship was further impacted by unaligned targets that were set

within FHO, which created conflicting agendas on both sides, the Maastricht SSC and the regional BPO department. This strained relationship represents the conflict created by downwards configurational causal power (i.e., no budget for continuous improvement support, structure of the BPO department as funded by business partners, non-aligned targets between region and SSC) and the upwards configurational causal power introduced by lean systems (i.e., lean impact framework fostering continuous improvement as well as sense of responsibility, influence, and autonomy).

Another downwards configurational causal power that influenced the lean impact framework was the structure of the SLA. As Chloe described above, the SLA was based on the number of utilised FTE calculated by volume and time per task. Isaac (manager in Customer Accounting) analysed the challenges with “the service catalogue for [FHO] and the volume driver for each on those services and project and subproject.” Isaac said,

And here comes again the constant fight about what should be those volume drivers. And I ... told [the new head of FHO], ... “Move away from those volumes drivers!” What really matters is the output. What really matters is the value sharing that we can provide to the business partner that generates this competitive advantage against outsourcers.

Isaac explained further why focusing on volume drivers instead of value sharing and thus trying to compete with the outsourcing providers at cost level generated a competitive disadvantage for the SSC:

Because we keep ... acting as an outsourcer ... and applying the same business rules ... without delivering the same benefit. And because we’re more costly than an outsourcer obviously basically implies that we’re losing on both sides of the ... coin, so we’re losing on the cost and we’re losing on the value sharing. Because we apply the same principle as the outsourcer, and for me ... we must be insane, I mean, it’s clear as water that we need to move into value sharing.

Isaac added, “So we need to move towards an elimination of cost and this to me [is] value sharing.” Yet, Isaac realised that the organisational structure of FHO is

designed as a cost centre, and thus the thinking of the SSC managers has contradicting effects on cost elimination:

I mean, this is explicit behaviour of cost centre management, more volume is better, it is because I can secure my job and my people and my power. So give me volume, and I will be a happy manager. But actually volume in the matter of [FHO] is actually generating cost and maintaining cost. [But] the last thing I [as a manager] want is that my volume starts dropping ... because my job, my position is at risk.

Isaac's opinion about the SSC managers' view on volumes, and thus the number of employees who secure the manager's job, was supported by Lauren and Elizabeth (both lean implementation experts). Lauren stated,

The power and also [the manager's] position, because if the team is decreasing, that was also some discussion I've had when we were doing the lean implementation, you know, I think this is one of the fears of the department heads.

Elizabeth therefore questioned why the SSC managers should foster continuous improvement at all, because the "more I improve, less people I will have." Albert (executive) acknowledged that the current HR policies and practices in Endurance promote leaders with a high number of employees rather than leaders who contribute to the sustainable performance of an organisation:

[The] mindset is often around, that for important and large contributions, one needs a big organisation, huge budgets, or a lot of people. That's also one thing we'll have to change as a whole company midterm. Being a strong manager, being a talent manager who gets developed over time and gets more and more important roles is really about what you contribute, not how big your organisation is. I know historically the perspective is around the size of the organisation.

To summarise, the limited number of continuous improvement ideas can also be traced back to the HR policies and practices in Endurance (at macro level), which promote managers with a sizable department rather than managers who contribute to the sustainable performance of an organisation. In the Maastricht SSC, the size of a department is driven by the volume being managed and thus the number of employees. The current SLA structure underpins the focus

on volume managed by the SSC rather than on value generated by the SSC, which would strengthen the sustainable performance and thus the competitiveness of the Maastricht SSC. Therefore, the downwards configurational causal power represented by HR policies and practices at macro level and the SLA structure at macro and meso levels fostered a reluctance at managerial level to practice continuous improvement.

Overall, the Maastricht SSC acknowledged fewer continuous improvement ideas raised by employees, in particular larger ideas requiring time. This decline was also represented by an overall score of the current level of continuous improvement (see Figure 66; score of 7). The drop in intensity of continuous improvement was driven by a reluctance at employee and managerial levels to foster continuous improvement, but also by two unaligned systems within the SSO (recognised as blaming culture between the BPO and the Maastricht SSC) to support continuous improvement (at micro level).

Despite the focus on continuous improvement established by the introduction of lean systems (as upwards configurational causal power), several structural factors (downward configurational causal power) at macro and meso levels limited the power of the lean impact framework (see Figure 67). The structural factors at macro level influencing the lean impact framework were the strong business partners' mandate (reflected in the cost pressure and the funding and definition of the BPO agenda) as well as the HR policies and practices in Endurance. The structural factors at meso level affecting the lean impact framework were the excessively streamlined organisation, the budget restrictions of the Maastricht SSC for continuous improvement, the non-aligned targets between the SSO departments (like BPO) and the Maastricht SSC, and the SLA structure that contractually connects the macro with the meso level.

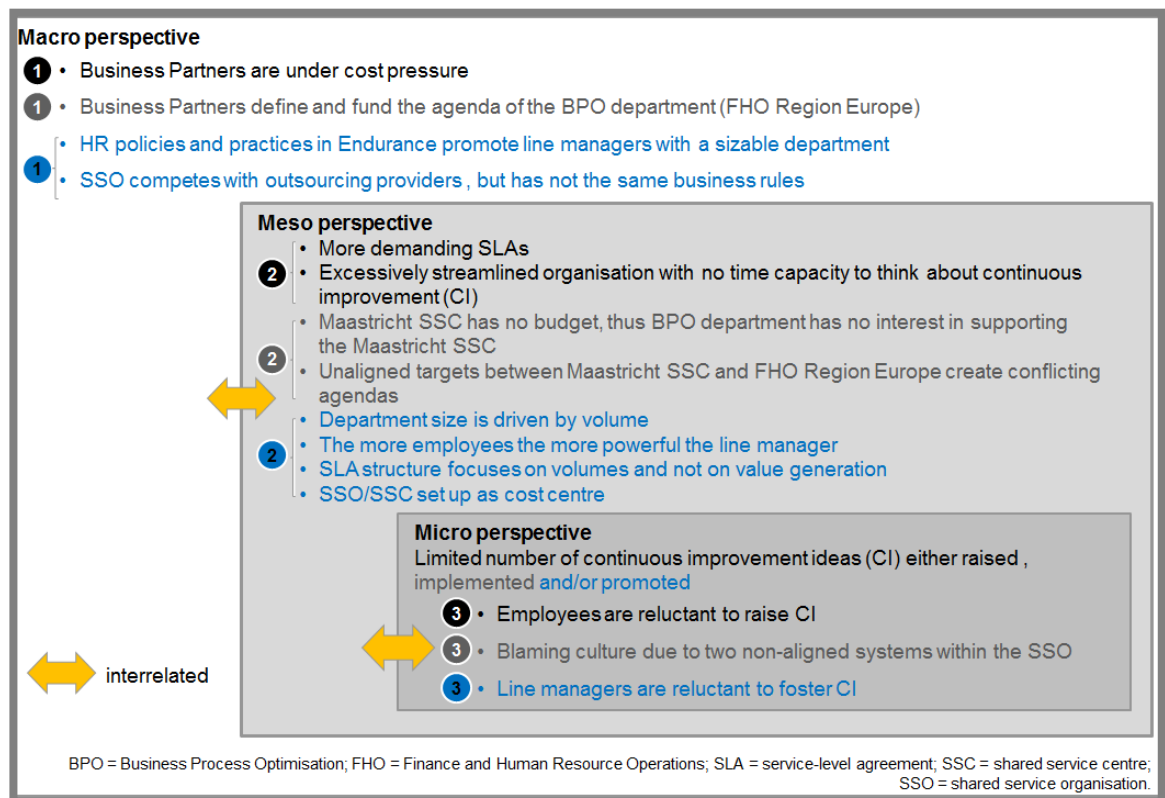


Figure 67. The structural factors impacting the lean impact framework and leanness.

The cost pressure on the business partners' side was represented by more demanding SLAs and the refusal of the business partners to pay an additional charge for extra work. Both led to a lack of time to practice continuous improvement, in particular as the organisation was already excessively streamlined. The excessively streamlined organisation can be seen as an outcome of the understanding of lean systems as cost reduction. Furthermore, the budget restrictions of the Maastricht SSC prevented it from receiving continuous improvement support from the regional BPO department, which is funded by business partners. This budget restriction resulted in unrealised continuous improvement ideas. The unaligned targets between the Maastricht SSC and FHO Region Europe created conflicting agendas within the SSO. As the targets are set by the senior management, it has to be questioned why conflicting agendas existed at all. In addition, the HR policies and practices in Endurance promoted

managers on the basis of a high number of employees rather than their level of contribution. As a consequence, line managers did not get incentivised to practice continuous improvement, which would have reduced the size of their department. At managerial level, this aspect creates a mentality of a limited drive for continuous improvement. Therefore, the HR policies and practices supported a manager's mentality focused on volume and maintaining costs rather than on value, which would eliminate costs. These HR policies and practices also might have protected line managers with limited focus on empowerment and continuous improvement (like Holly). However, it has to be questioned why the top management of Endurance or the senior management of FHO did not request a change of the HR policies and practices to support the cultural change accordingly.

Finally, the structure of the SLAs is based on volume drivers rather than value generation. This SLA structure places the Maastricht SSC in the same position as its competing outsourcing providers (macro perspective). As the outsourcing providers can offer more attractive prices than the Maastricht SSC, the mere focus on costs generates a competitive disadvantage for the Maastricht SSC. This strict cost focus might have been created by the organisational set-up of the SSC as cost centre. Thus, it has to be questioned whether the focus would have been different if the SSO had been set up as a profit centre. As the question about the impact of the organisational set-up on the competitiveness of a captive SSC is not part of this research, it will not be discussed any further. However, along with the other three structural factors (an excessive streamlined organisation, budget restrictions and unaligned targets, as well as HR policies and practices) that led to a reduced number of continuous improvement ideas, the differentiation factor of continuous improvement towards the outsourcing partners

could not be fully unlocked despite the introduction of lean systems. Thus, the level of leanness defined as the level of practiced continuous improvement viewed as full usage of the lean impact framework is rather insufficient at the Maastricht SSC. Finally, the structural factors mentioned above could have been influenced by the senior management in order to shape an environment allowing a cultural change. Although not obvious in the findings, there is a reason to assume that the senior management failed to manage the cultural change sufficiently.

Chapter 6: Discussion

The foregoing findings highlight that organisational culture management is and is likely to remain a controversial and complex field. The following six sections will discuss the three themes that emerged in the findings from different perspectives and in more detail. The importance of lean systems for a shared service organisational culture will be discussed first before a foundation is set regarding the conceptual understanding of organisational culture when preparing for cultural change. Based on these two first sections, the leadership role in cultural change will be discussed as well as the essential aspects to be considered by management in cultural change when shaping a captive SSO into a lean system. Later, inherent issues of the shared services concept and their impact on the organisational culture will be debated by considering competing cultures under lean systems in shared services. Based on the previous discussions on the conceptual understanding of organisational culture when preparing for cultural change, on the role of leadership, and on the competing cultures under lean systems in shared services, the study will then discuss the topic of management of culture over time. Finally, the last section will focus on the aspect of success under lean systems in captive shared services. Figure 68 summarises the structure of the discussion chapter and its relation to the findings as well as the research questions.

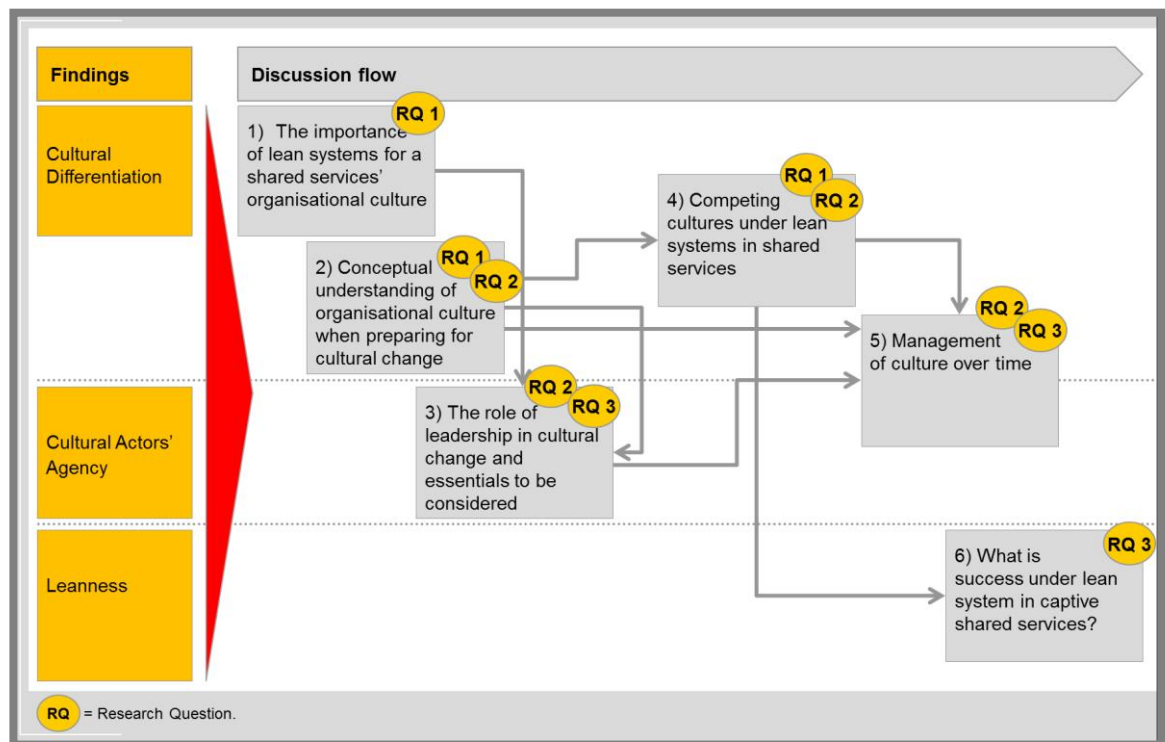


Figure 68. Structure of the discussion chapter.

When discussing the changes of organisational culture over the life cycle of a captive SSO/SSC, the three maturity stages of a captive SSO/SSC that were found in the literature (Deloitte Consulting, 2011; Forst, 1997; Goh et al., 2007; Grant et al., 2007) were applied. The maturity phases of the Maastricht SSC, however, do not fit completely into this rather generic scheme. When comparing the three maturity stages of a captive SSO/SSC (service provider, customer-driven, and business partner) with the three maturity phases of the case SSC, there is an apparent seamless transition of the two stages of service provider and customer-driven, which led to the decision to combine both stages into one maturity phase labelled as “service provider/customer-driven” in the following discussion.

6.1. The Importance of Lean Systems for a Shared Services' Organisational Culture

The following section discusses the significance of lean systems for shared services as a shaping factor of the common cultural characteristics that so far

have been prescriptively attributed to SSOs/SSCs in the literature. As highlighted in the literature review, shared services are perceived as a separate service industry (Dastmalchian et al., 2000; Gordon, 1991). However, the literature contains mainly prescriptions of what common cultural characteristics SSOs/SSCs ought to have, due to the limited extent of empirical research done so far. As to these characteristics, five common aspects are assumed to be typical for an SSO: (a) customer-first culture, (b) business partnering, (c) continuous improvement driven by entrepreneurial spirit and by performance measurement and management, (d) continuous improvement driven by empowerment, and (e) teamwork and workforce capabilities. As lean systems intend to foster responsibility, creativity, teamwork, communication skills as well as employee empowerment to control and to contribute to the work (Alves et al., 2012; Seddon, 2005; Seddon & Caulkin, 2007), this discussion of the findings concentrates on prescriptive cultural attributes like teamwork and continuous improvement.

Considering the findings of the present study, the lean impact framework (see Figure 62) does not only recognise an improvement in teamwork, but also reveals that entrepreneurial spirit, performance measurement and management, as well as empowerment drive continuous improvement. As shown by the lean impact framework, the level of continuous improvement rises due to three aspects: (a) a higher sense of ownership and accountability indicating entrepreneurial thinking, (b) the implementation of specific KPIs on quality and productivity, and (c) an increased empowerment (shift of the decision-making process down to the employee level).

The study's findings confirm several aspects mentioned in the literature. While the findings on improved teamwork as an attribute of the clan cultural type confirm Bangemann's (2005) view on the SSC's effective team-based structures,

the findings on continuous improvement are congruent with Grant et al.'s (2007) view on continuous improvement driven by entrepreneurial spirit, with Herbert and Seal's (2012) opinion on continuous improvement driven by performance measurement and management, and with Forst's (1997) statement that SSC employees are supported in trying new approaches. Whereas continuous improvement driven by entrepreneurial spirit represents the adhocracy cultural type, performance measurement and management are attributes of the market cultural type, and empowerment is an attribute of the clan cultural type.

At the same time, however, the present findings indicating improved teamwork contradict Howcroft and Richardson's (2012) empirical work conducted at multiple (partially multifunctional) and mainly captive SSCs of companies that belong to various industries, in that the outcome of their empirical work suggested that the teams there existed without any evidence of teamwork, echoing van den Broek et al. (2004). The divergent results of Howcroft and Richardson's study and this current one may be explained by a difference regarding the situation at their case companies. There is reason to assume that Howcroft and Richardson's case companies had not implemented any lean systems, as this study's findings with regard to the service-provider/customer-driven phase before the implementation of lean systems also suggest a lack of teamwork. Thus, when considering only the maturity phases before the introduction of lean systems, the results of Howcroft and Richardson's empirical work can be confirmed. The present findings provide evidence that teamwork at the Maastricht SSC was rather limited before lean systems were established, reflected in the isolated working environment generated by fragmented and standardised processes during the service-provider/customer-driven phase. The outcome of the discussion above indicates that the common

cultural characteristics prescriptively attributed to SSOs/SSCs can be only evidenced after the introduction of lean systems.

This argument can be further substantiated when considering the present findings on continuous improvement driven by empowerment. Similar to the discussion on improved teamwork above, these findings again make evident that cultural characteristics that were empirically proven by other researchers as poorly established at SSOs/SSCs become clearly manifest with the implementation of lean systems. The present findings on continuous improvement driven by empowerment contradict Ramsey and Barkhuizen's (2011) empirical work, as they revealed that in general SSC managers ignore new ideas coming from the SSC employees by letting the employees know that the development of new ideas is not a feature of the SSC's culture. Assuming that the considered multifunctional captive SSC in Ramsey and Barkhuizen's case study had not implemented any lean systems, these contradictory outcomes are explicable, as this study's findings with regard to the service-provider/customer-driven phase before the implementation of lean systems also suggested a limited level of empowerment.

The argument that the common cultural characteristics prescriptively attributed to SSOs/SSCs can only be evidenced after the introduction of lean systems is not only supported by the comparison of the current empirical evidence with the empirical work of other researchers, but can also be corroborated by comparing the empirical evidence of the different maturity phases generated within this present study. As shown in the lean impact framework, the sense of ownership and accountability increased after the implementation of lean systems, which indicates entrepreneurial thinking and spirit fostering continuous improvement. Before lean systems, which means when considering the findings of the service-provider/customer-driven phase, the sense of responsibility and

influence was rather poor at the Maastricht SSC, as reflected in the employees' complaining mode. As a result of the discussion above, the study suggests that the implementation of lean systems can be viewed as an enabler for manifesting the current prescriptive descriptions of the common cultural characteristics that SSOs ought to exhibit.

Although standardisation as an attribute of the hierarchy cultural type was not listed as a common characteristic typical for the shared services industry at all, the findings indicate that standardisation is an industry-specific characteristic of SSOs, independent of its maturity phase. Thus, the study confirms Howcroft and Richardson's (2012) view that standardisation is one of the most prominent aspects of shared services in order to optimise costs. Their argument is underscored by the fact that most of the captive SSCs are set up as cost centres and as "operations, with defined, measurable outputs" (Strikwerda, 2006, p. 2).

Considering the lean impact framework (Figure 62), the KPIs aligned with the business partner foster teamwork as an attribute of the clan cultural type as well as ownership and accountability, both attributes of the adhocracy cultural type. Moreover, active leadership through empowerment and thus decentralised decision-making as an attribute of the clan cultural type promotes ownership and accountability as well as the achievement of KPIs as an attribute of the market cultural type. Consequently, the study argues that cultural types as well as leadership style and behaviour stimulate other cultural types. In the present research, the market cultural type interacted with the adhocracy cultural type, and empowerment as leadership behaviour and decentralised decision-making as an attribute of the clan cultural type stimulated both the adhocracy and the market cultural types (see Figure 69).

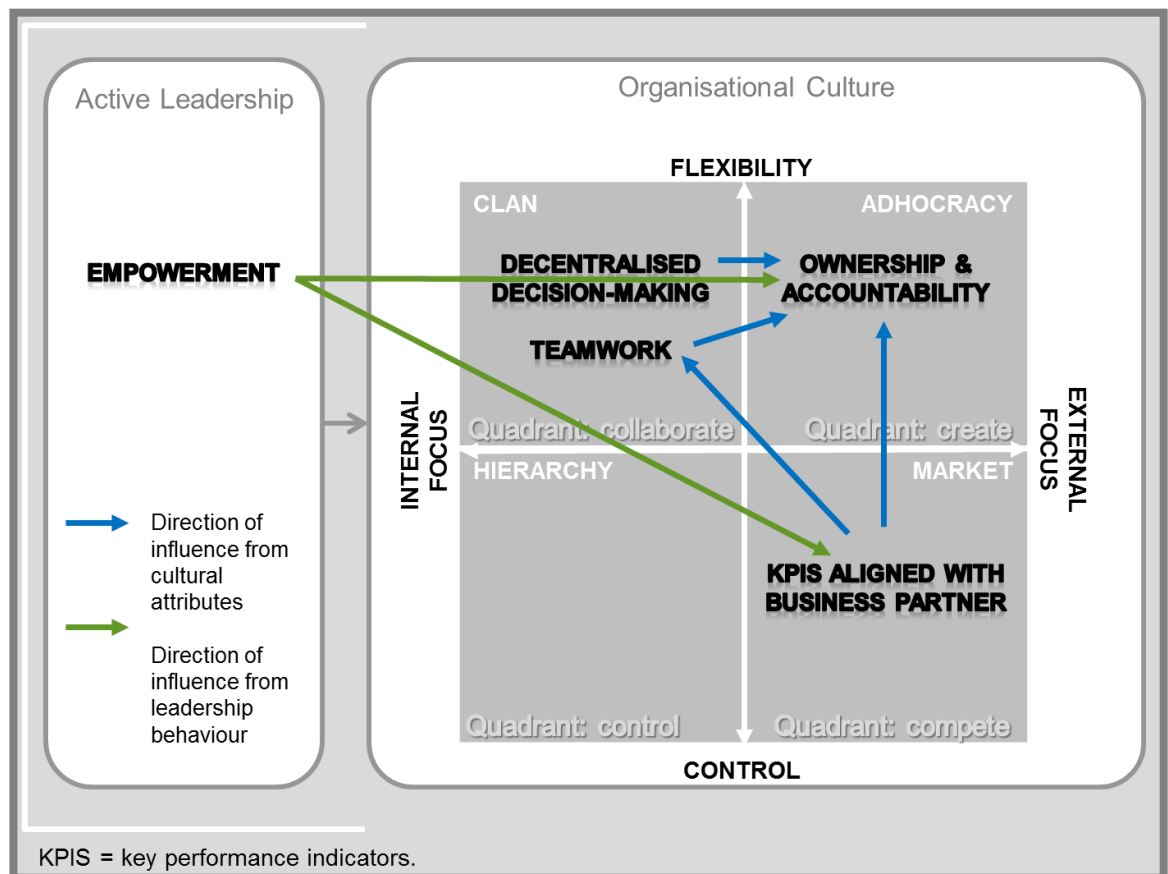


Figure 69. Influence of cultural attributes and leadership behaviour on cultural types.

The findings above accord with Ogbonna and Harris's (2000) research conducted to analyse the interaction of leadership style, organisational culture, and organisational performance. Furthermore, findings confirm Birdi et al.'s (2008) view that HR practices like empowerment (and training) promote organisational performance, and that teamwork enhances the effects.

To summarise, the empirical domain shows that teamwork and continuous improvement driven by entrepreneurial spirit, by performance measurement and management, as well as by empowerment improve due to the implementation of lean systems in the actual domain. Hence, lean systems change the organisational culture of the captive case SSC. However, as lean systems are a rather modern trend in the shared services industry, these cultural characteristics cannot be considered as common for this industry. As the common cultural

characteristics prescriptively attributed to SSOs/SSCs can be evidenced only after the introduction of lean systems, the study suggests that the implementation of lean systems can be viewed as an enabler to manifest the current and rather prescriptive common cultural characteristics that ought to be typical for the shared services industry. Furthermore, the study suggests adding standardisation as a common cultural characteristic. Finally, the study recommends considering an interaction between leadership behaviour and cultural types in cultural change as well as between cultural types. Since empowerment as leadership behaviour stimulates cultural types like adhocracy and market, the leadership role in cultural change will be further discussed in one of the next sections.

6.2. Conceptual Understanding of Organisational Culture When Preparing for Cultural Change

This section sets the foundation for further discussions on cultural change in this chapter. Hence, the section discusses that organisational culture at micro level has to be seen in context of events at micro, meso, and macro levels (Hurrell, 2014) and that therefore culture management is limited.

As to the changes of organisational culture over the organisation's life cycle, Figure 70 illustrates the culture change over the three maturity phases of the SSC, namely the start-up phase, the service-provider/customer-driven phase, and the business partner phase. The indication of intensity of the cultural attributes in each phase (shown as dotted lines) is based on the researcher's own understanding. Therefore, the cultural assessment is self-evaluated because Cameron and Quinn's (1999) CVF is only used as a reference model (see Appendix B, Figures B11–B14). Consequently, the magnitude or intensity of the cultural attributes is not based on an applied quantitative measurement tool like the Organizational Culture Assessment Instrument from Cameron and Quinn

(2006), as the intent and emphasis are on demonstrating, in general, the qualitative aspects of cultural change over the three maturity phases rather than on quantitatively measuring the organisational culture of the SSC per maturity phase in detail.

Considering Cameron and Quinn's (1999) CVF, the organisational culture that emerged during the start-up phase can be perceived as a flexibility-oriented one, with an internal (collaborative) oriented focus (clan cultural type) rather than an external (creative, innovative) one (adhocracy cultural type).

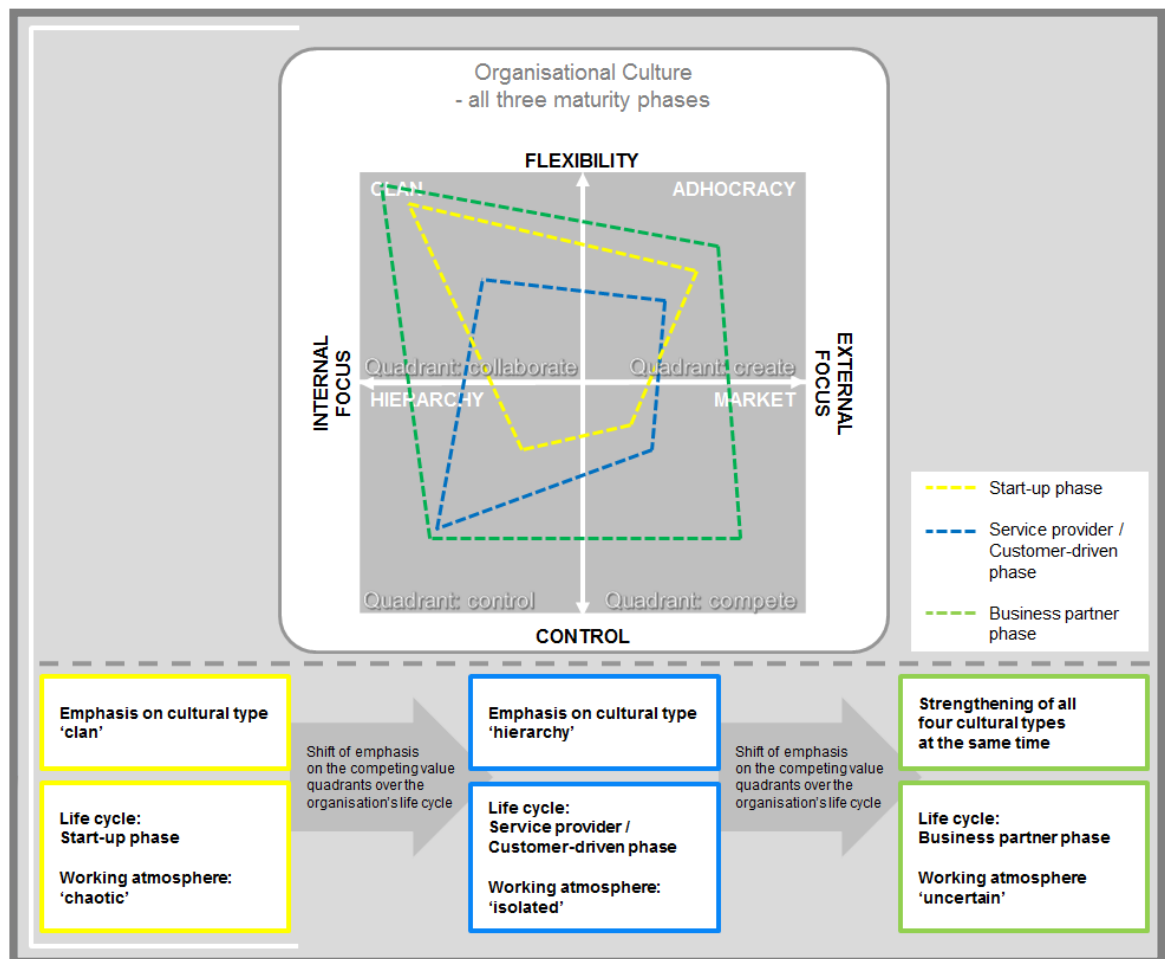


Figure 70. Changes of the organisational culture over the three maturity phases of the captive case shared service centre.

The rather limited emphasis on the competing core value of control was reflected in the findings by the perceived chaotic working atmosphere with few automated processes and lacking guidelines. This limited focus on the core value

of control indicates a lot of autonomy for the employees in doing their work, which was demonstrated as a non-standard way of working. As a consequence, the magnitude of the hierarchy cultural type is indicated as low in Figure 70. As there was no indication in the findings about attitudes like competitiveness and productivity, the market cultural type is also evaluated as limited. The close cooperation among the workforce and the existing personal relationships between the employees combined with a strong willingness to make the Maastricht SSC a success indicate a lot of cooperation and a sense of community. These attributes of the clan cultural type underscore the flexibility orientation of the organisational culture during this maturity phase. According to Cameron and Quinn (1999), flexibility-oriented organisational cultures, in particular those with an external focus, show innovation. However, there was no indication of a prevalent, innovative spirit permeating the entire workforce. This is explicable by the overwhelming workload. Hence, the flexibility orientation has more emphasis on clan than on adhocracy.

In the service-provider/customer-driven phase, the former flexibility-oriented culture of the start-up phase seemed to have evolved into a more control-oriented organisational culture with an internal focus on standardised and fragmented processes (i.e., internal emphasis on the hierarchy cultural type). Standardised and fragmented processes were introduced to strengthen the competitiveness of the SSC as they optimised costs (Howcroft & Richardson, 2012). The shift of emphasis from the competing value quadrant clan to hierarchy is explicable not only by the introduction of standardised processes, an attribute of hierarchy (Cameron & Quinn, 1999), but also by the perceived isolated working atmosphere with a deteriorating sense of unity (i.e., attribute of the clan cultural type), which was introduced through fragmented processes. Furthermore, the

sense of responsibility and influence to contribute and to shape the work (Alves et al., 2012; Seddon, 2005; Seddon & Caulkin, 2007) deteriorated, which is interpreted as a reduced magnitude of adhocracy. Through the implementation of KPIs and targets, an intensified magnitude of the market cultural type can be argued. Hence, the organisational culture changed into a control-oriented one with an emphasis on the hierarchy cultural type.

In the business partner phase, as a result of the implementation of lean systems, the organisational culture had evolved into one with an increased emphasis on all four competing value quadrants. Moreover, a particular strong internal focus with an emphasis on the clan cultural type and a simultaneously increased external focus was demonstrated in the findings (see lean impact framework, Figure 62). The working atmosphere was perceived as uncertain, generated by offshoring and outsourcing events at meso level.

Due to the increased sense of horizontal and vertical unity, cultural attributes of the clan cultural type, like teamwork and interaction as well as communication, involvement, and sharing, improved. This demonstrates a sense of unity; “the willingness to cooperate are key outcomes of the Collaborate quadrant” (Cameron et al., 2006, p. 38). Also, the finding on the increased empowerment (decentralised decision-making) is an attribute of a clan-oriented culture (Cameron et al., 2006). According to Cameron and Quinn (2006), “Some basic assumptions in a clan culture are that ... the major task of management is to empower employees and facilitate their participation, commitment, and loyalty” (p. 41). The increased sense of control represents the market cultural type, with attributes like meaningful KPIs that reflect the business partners’ requirements, which were discussed during the whiteboard sessions and were used to shape a joint orientation within the teams, indicating that “success is judged on the basis of

indicators” (Cameron et al., 2006, p. 34). Furthermore, the increased customer, target, and result orientations are characteristics of the Compete quadrant (Cameron & Quinn, 2006). In addition, attributes from the flexibility cultural type were demonstrated by the increased sense of responsibility and influence to contribute and to shape the work with improved empowerment (decentralised decision-making) fostering accountability and ownership. Furthermore, an increase in autonomy provided the employees with the opportunity to be more flexible (Cameron et al., 2006). Understanding continuous improvement as a result of having to adapt to changing requirements, the findings demonstrate that the workforce is intrinsically motivated to practice continuous improvement, which is supported by the expectations that employees should behave as continuous innovators and entrepreneurs (attributes of the adhocracy cultural type). The findings are further in line with Cameron et al.’s (2006) view, who stated, “Create, innovate and envision the future” is the “mantra of this quadrant” (p. 36). Glimpses of envisioning the future were demonstrated in Customer Accounting, but also partially by Financial Accounting. Moreover, both Customer Accounting and Financial Accounting highlighted that managing requirements outside the standards were seen as an opportunity to create added value. Additionally, the increased level of standardisation, which fosters a sense of clarity, is a cultural attribute of hierarchy (Cameron & Quinn, 2006). Furthermore, the findings show that due to lean systems a more systematic approach for continuous improvement was established, which Cameron and Quinn (2006) called “systematic problem solving” (p. 51).

As to standardisation, this happened mainly at operational level, which means it harmonised the way employees practiced their daily tasks. Standardisation was mainly ensured by creating and maintaining SOPs, which can

be viewed as a “documentation and information management [that is] actively pursued” (Cameron et al., 2006, p. 33). This standardisation leads to increased operational performance, which is consistent with Cameron et al.’s (2006) opinion that “value-enhancing activities in the Control quadrant include pursuing improvements in efficiency by implementing better processes” (p. 32). As shown in the lean impact framework, employees’ motivation as a result of operational performance is a new aspect that was not considered by Cameron et al. (2006).

Overall, the findings of the present study indicate that the culture of a captive SSO/SSC changes in each phase and evolves along the three maturity stages. This outcome is in line with Cameron et al. (2006) and Zhang and Li (2013), in that organisational culture changes when organisations start to mature. This study argues that the shifting cultural emphasis is a result of two influencing aspects: (a) strategic directions set by the SSO (like setting up the centre in Maastricht, increasing the SSC’s competitiveness through standardisation and implementing lean systems), and (b) the working atmosphere (like the perceived chaotic working atmosphere, which changed into a perceived isolation and later into a perceived uncertainty).

All strategic directions were introduced at meso level and kicked off the evolution to the next maturity stage within the organisation’s life cycle of the captive SSC. In addition, the strategic directions were influenced by macro level events like the economic crisis that initiated the strategic direction of implementing lean services. This finding confirms Lincoln’s (2013) opinion about the influence of strategy on organisational culture, but even more Cameron et al.’s (2006) view that the emphasis on the different attributes of the different cultural types depends “on strategic priorities, life cycle development, and environmental conditions” (p. 47).

Whereas the strategic directions initiated the next maturity phase, the working atmosphere influenced the emphasis of the organisational cultural types (Figure 71). Like the strategic direction, the working atmosphere was impacted by macro level events (like the economic crisis), although the working atmosphere acts at micro level. This impact was reflected in the shifting perceptions of the working atmosphere along the three different maturity stages (e.g., in the last maturity phase the economic conditions led to offshoring and outsourcing, which, in turn, formed a perception of uncertainty) and led to a change in magnitude of the cultural types (e.g., the perceived uncertain working atmosphere limited the emphasis of the adhocracy cultural type).

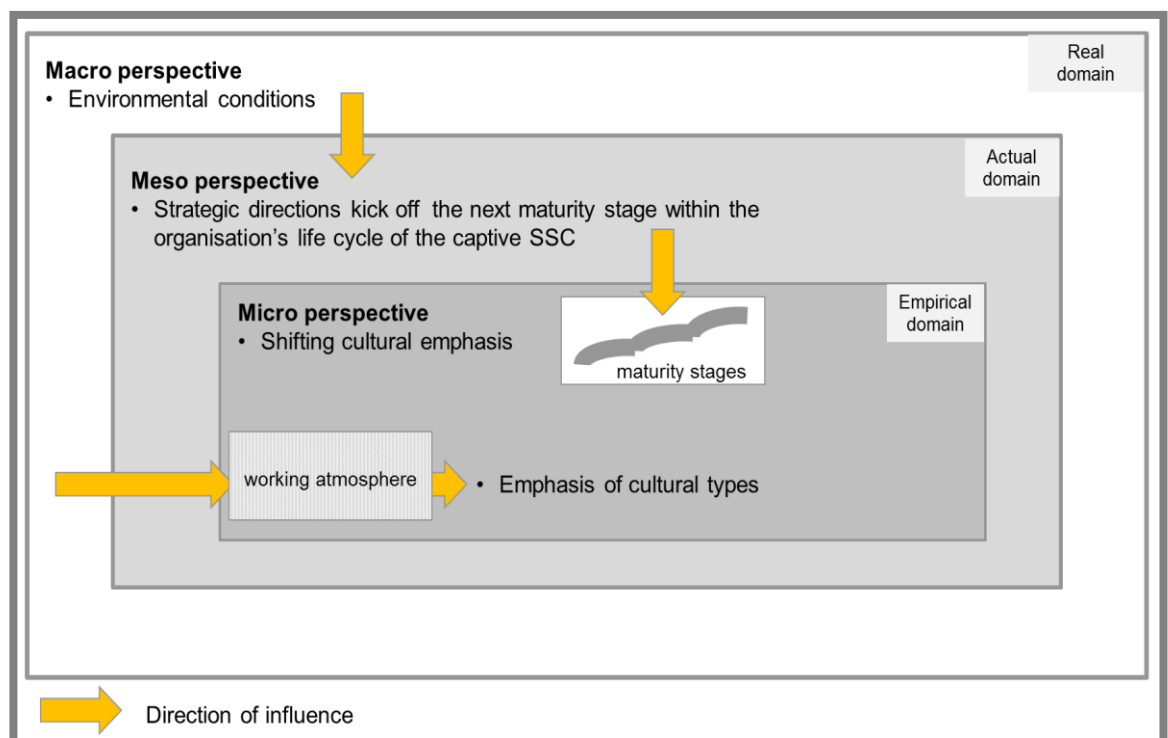


Figure 71. Organisational culture in context of events at micro, meso, and macro levels.

To summarise, the study suggests that organisational culture and its change cannot be viewed in isolation, but rather in context of events at micro (i.e., the working atmosphere perceived in the empirical domain), meso (i.e., the strategic direction introduced in the actual domain), and macro levels (i.e., the

environmental conditions underlying in the real domain). As the influential events at micro and meso levels themselves are, in turn, impacted by events at macro level, the empirical evidence of the study advocates viewing the latitude of culture management as limited, due to restricting environmental conditions in the real domain. Considering that culture management is limited, the next section will discuss the essentials to be considered by management in cultural change.

6.3. The Role of Leadership in Cultural Change and Essentials to Be Considered by Management

This section discusses the role of leadership when managing cultural change introduced by lean systems as well as the essentials to be considered by management in cultural change. The majority of the interviewees acknowledged the SSC managers and not the senior management as cultural actors with the most agency on organisational culture and its change. This perception in the empirical domain is explicable when considering the roles and responsibilities of both managerial groups. Whereas the SSC managers perceived themselves and were seen as responsible to make the change happen (see Figure 60 and Table 18), the role and responsibility of the senior management were described as setting the philosophy, being strongly committed to the change, and role modelling the expected behaviour without taking conflicting perspectives of employer and employees into account (see Table 18). This understanding leads to the following conclusions:

1. Employees are influenced by their line manager on the next higher level.
2. Senior management perceived their role and responsibility as sufficient to managing the cultural change introduced by lean systems.

Conclusion 1 is in accordance with McGregor's 1960 Theory X that "our beliefs and attitude can inadvertently affect the behaviour of others" (as cited in R.

Thomas et al., 2002, p. 6). Conclusion 2 shows the executives' belief that all organisational members "are said to share in an organization-wide consensus" (Martin, 1992, p. 12). The senior management's expectation of their employees to simply practice the new way of doing things (as shown in Table 18) reveals an attitude characterised by the integration perspective. According to this perspective, it is sufficient for the senior management to articulate a set of espoused values for a culture (change) management (Martin, 2004).

However, the findings provide evidence that the potential of the lean impact framework (shown in the actual domain as the level of practiced continuous improvement, which means leanness) was not fully unlocked due to factors active in the real domain (like leadership motivation, HR policies and practices, budget restrictions, two systems in the SSO, and unaligned targets). These generative mechanisms could have been influenced and changed by middle and senior management, and if required with the support of top management.

The findings disclose that the senior management's setting of expectations and role modelling of the expected behaviour were not enough to manage organisational cultural change. Understanding generative mechanisms as barriers, the study follows Hammer and Champy's (1993) view that "it is executive management's responsibility to anticipate and overcome such barrier" (as cited in Detert et al., 2000, p. 207). As a consequence, the present study advocates turning the strong commitment of the senior management to the change into an active influence by removing generative mechanisms or limiting the influence of these mechanisms on organisational culture (e.g., by changing HR policies and practices, by promoting line managers fostering empowerment) in order to support the middle management in making the change happen.

As to the middle management, the lean impact framework reveals that operations management practices like lean practices can unlock their full impact only if HRM practices like empowerment are applied through active leadership. This finding confirms Birdi et al.'s (2008) opinion that lean production can be understood as parts of operations management practices encompassing dedicated HRM practices. Therefore, the findings stress the requirement of HRM practices (active leadership) in a lean system. This notion is in line with R. Thomas et al.'s (2002) statement that "lean production has a dual interest in the efficiency of the production process and the motivation of the people who work in it" (p. 9) but is even more in agreement with Birdi et al.'s opinion that "the effectiveness of operational practices depends on human resource ones" (p. 493). Although Birdi et al.'s research was conducted in manufacturing companies only, the empirical evidence of the present study demonstrates that Birdi et al.'s research outcome is also applicable in the service industry. Thus, the present study emphasises the importance of active leadership demonstrated by the middle management as a precondition for an effective lean (services) practice, which is in line with Conclusion 1 and further underpins the findings that empowerment as leadership behaviour stimulates both the adhocracy and market cultural types (see Figure 69).

The results of the discussion on the leadership role of senior and middle management accord with Ogbonna and Harris's (2000) findings, showing that organisational culture management requires a focus on leadership style rather than on the management of culture. Furthermore, they are in line with Bhasin's (2013) empirical work conducted in manufacturing organisations applying lean production. According to Bhasin (2013), "a strong and clear leadership strategy culminating from the senior managers of the organisation" (p. 120) is required

when changing organisational culture. Considering that the latitude of culture management is limited, as discussed in the previous section, the study indicates that a change in the leadership style for senior and middle management is not only recommended, but rather required.

In addition, the present study suggests viewing active leadership combined with lean (services) practise (to shape a high-performance work organisational model) as SHRM that is supported by the RBV. This suggestion is congruent with Birdi et al.'s (2008) finding that the combination of dedicated HRM practice and operations management practices leads to improved organisational performance as well as with Harris and Ogbonna's (2001a) opinion that leadership can be viewed as a specific style of SHRM influencing organisational culture. Determining whether the combination of lean (services) practices and HRM practices results in an improved organisational performance of a captive SSO/SSC would require further research.

As to the essentials to be considered by management in cultural change, the study suggests viewing an aligned vision as a prerequisite to define and align all hierarchy layers on the purpose of implementing lean systems as a philosophy. As shown in the empirical domain, the findings demonstrate a misalignment of the different perspectives on the intention of introducing lean systems, namely the difference between the executives who understood lean systems as cultural change and the other organisational members of the Maastricht SSC, who perceived lean systems as a headcount reduction. This misalignment resulted in different interpretations of lean systems among the department heads, seen as either a cultural change lever to fulfil the departmental vision or as a tool to reduce headcount. As evidenced in the findings, lean systems were interpreted and applied based on the leadership intention of each department head, represented

by aspects of leadership behaviour like vision, empowerment, and interaction. Considering Conclusion 1, that employees are influenced by their line manager, the study further argues for the necessity of the different hierarchy layers to agree on the common purpose of the cultural change in order to ensure that the implementation of lean systems is understood as a philosophy to drive sustainable organisational performance. This argument chimes with the view of several researchers (Atkinson, 2004; Bhasin & Burcher, 2006; Hasle et al., 2012) that if a lean system is understood as a philosophy, the organisation can unite and act in concert. Consequently, the study suggests that senior management promotes an aligned and agreed purpose of implementing lean systems in a captive SSO/SSC, which is embedded in or in line with the vision.

As indicated in the findings, the lacking overarching vision for the Maastricht SSC may be viewed as the reason for this misalignment between the two different purposes of implementing lean systems. This assumption is underpinned by the empirical evidence of the departmental analysis in the study, showing that a departmental vision was positively associated with viewing lean systems as a cultural change lever. This assumption is further corroborated by Bhasin (2013), who found a “clear clarity on vision” (p. 136) is required to make a lean system sustainable if treated as a philosophy. As a consequence, the study argues that a vision driven by the senior management is a prerequisite for defining and aligning a common purpose for the implementation of lean systems as a philosophy (Figure 72).

The empirical evidence of a lacking overarching vision for the Maastricht SSC raises the question of whether a lacking vision is not an inherent issue of captive SSOs with no obligation to contract and with a cost-centre-based set-up (Strickwerda, 2006). As no further empirical evidence was found, additional

research on visionary evidence in captive SSOs/SSCs is required. Although this question will not be answered in this present study, the researcher takes the stance that both aspects, obligation to contract and set-up as cost centre, represent structures of the real domain, and any change would require the involvement of the top management, which indicates that this management level too needs to be actively involved in the cultural change.

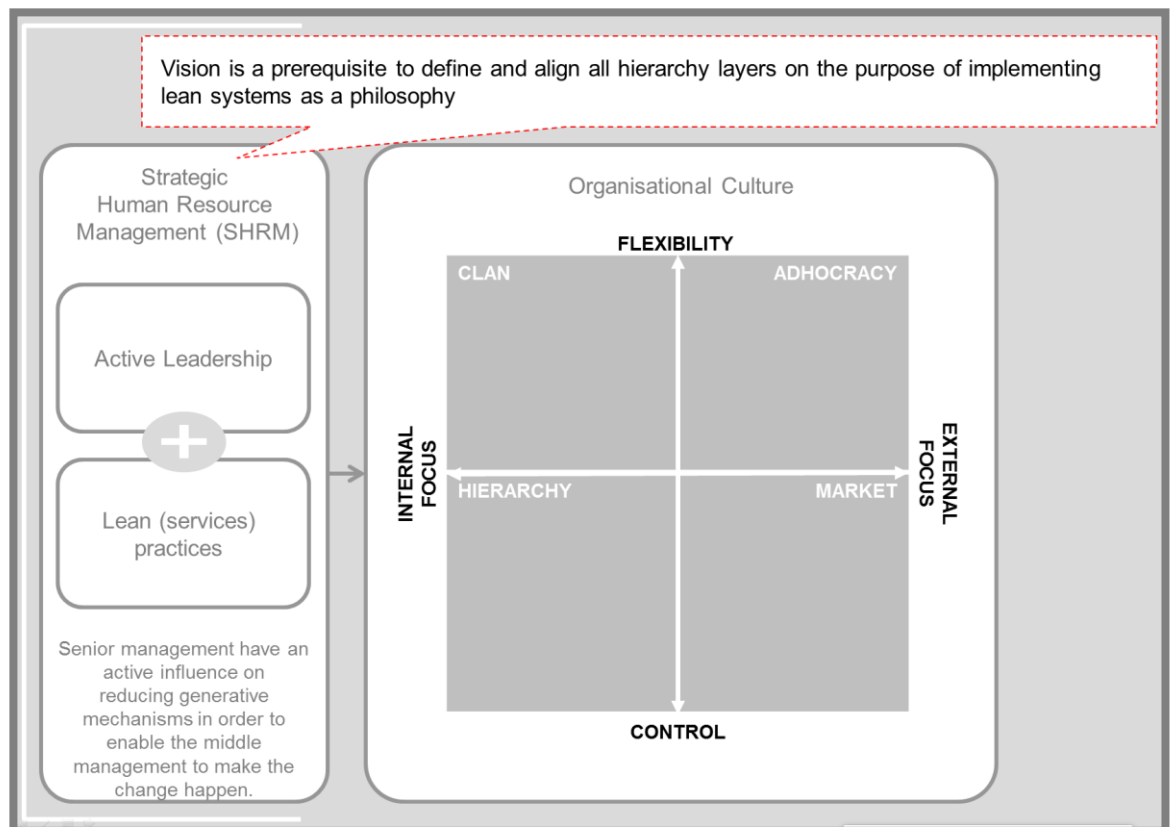


Figure 72. Role of leadership in cultural change.

To summarise, the study suggests that the senior management have an active influence on reducing generative mechanisms in order to enable the middle management to make the change happen. At the same time, the empirical evidence shows that active leadership practiced by the middle management to empower the employees is a precondition for an effective lean (services) practice. Consequently, the study suggests viewing active leadership combined with lean (services) practices as SHRM to drive sustainable organisational performance.

Furthermore, the study indicates that a vision is a prerequisite to define and align all hierarchy layers on the purpose of implementing lean systems as a philosophy. The study argues that an agreement on the purpose of the cultural change among the different hierarchy layers is vital to ensure leanness. Both vision and purpose are tasks to be driven by senior management. In particular in captive shared services with a potential inherent issue of lacking vision, additional research is required to investigate if, due to its set-up as a cost centre, an aligned purpose may become not only difficult, but even impossible to achieve in case of a missing mandate to contract.

After the discussion above on the roles of leadership and on essentials to be considered by management in cultural change, a further discussion is recommended on culture management over time, in particular when considering that cultural actors may change roles. These issues will be discussed in one of the next sections.

6.4. Competing Cultures Under Lean Systems in Shared Services

After the discussion about the importance of lean systems for a shared service organisational culture, the following section debates the potential of lean systems to help keep a balance between the level of cost reduction and a constantly improving service delivery. The findings of the business partner phase show that competing cultural types can be strengthened simultaneously by lean systems. These findings are apparently contrary to Büschgens et al.'s (2013) view generalising the inherent competing aspect of the four quadrants in that "organizations will have internalized 'competing' values from different quadrants with an emphasis on one or two of them" (p. 767). However, the findings chime with Cameron et al.'s (2005) statement about the Toyota Production System. According to Cameron et al. (2005), "Toyota is one the few companies that has

demonstrated an ability to pursue several directions simultaneously” (p. 32).

Hence, the empirical evidence of this present study indicates that, in general, lean systems can balance the intrinsically contradictory aspects of the different cultural types of the CVF.

The present study suggests that the simultaneous emphasis on all four quadrants can be seen as a result of continuous improvement. This suggestion corresponds with Cameron et al.’s (2006) view stating that all four cultural types are addressed by continuous improvement and confirms Imai’s (1997) notion that continuous improvement (kaizen) is indispensable for any lean system.

Considering that standardisation as an attribute of the hierarchy cultural type is one of the most prominent aspects of shared services for the achievement of cost optimisation (Howcroft & Richardson, 2012), it can be seen as an inherent aspect of any shared services. Thus, the study takes the stance that in shared services there is an inherent emphasis on standardisation and thus, in turn, on the hierarchy cultural type. Based on the empirical evidence of this study, the hierarchy cultural type was further strengthened by an increased level of standardisation as an effect of lean systems. The increased standardisation implies additional opportunities for further reorganisation (Howcroft & Richardson, 2012) but also for further cost reduction. As shown in the findings (see Figure 70), a dominant focus on standardisation conflicts with an emphasis on the adhocracy cultural type, where the intrinsic organisational impulse for continuously improving processes and services is generated by the desire to adapt to the business partners’ needs.

Considering that most of the SSOs/SSCs are set up as a cost centre (Strikwerda 2006), the study argues that lean systems established in captive SSOs/SSCs without an obligation to contract may promote an implementation only

for the sake of further cost reduction, without considering that lean systems offer the opportunity for relentless improvement (Atkinson, 2004). This argument is underpinned by the inherent operationalisation issue of lean systems in general, as company leaders have a tendency to perceive the implementation of lean systems only from a cost-reduction perspective in order to simply take unnecessary costs out of an organisation (Atkinson, 2004). As a consequence, the study suggests that the risk of seeing the implementation of lean systems in captive shared services only from a cost-reduction perspective can be perceived as high, in particular in SSOs/SSCs that are set up as cost centres and without having a mandate to contract. Furthermore, the inherent emphasis on standardisation in shared services, which increases as an effect of lean systems, reveals an underlying inherent conflict between the hierarchy and adhocracy cultural types in captive shared services, which accords with Büschgens et al. (2013).

Despite this conflict, the study argues that any emphasis on the external cultural orientation (either adhocracy or market) is crucial for an SSO/SSC, as shared services are supposed to find ways to constantly improve their organisational performance through increased customer satisfaction at (increasingly) lower costs (Miskon et al., 2009; Withers et al., 2010). This argument is corroborated by Ogbonna and Harris's (2000) empirical evidence that in particular external-oriented organisational cultures have a strong and positive impact on organisational performance, whereas organisational cultures with an emphasis on hierarchy negatively stimulate adhocracy culture and thus, in turn, are negatively associated with organisational performance. Therefore, the study argues that lean systems with the ability to strengthen all four cultural types helps

creating a counterbalance to the inherent emphasis on standardisation (Howcroft & Richardson, 2012) in shared services.

To summarise, lean systems have the ability to strengthen all four cultural types simultaneously due to continuous improvement happening in the actual domain. Thus, the empirical evidence of this study indicates that, in general, lean systems can alleviate the inherent tension between the cultural types of the CVF. However, when implementing lean systems in captive shared services, the emphasis on standardisation increases, and thus an underlying inherent conflict between the hierarchy and adhocracy cultural types becomes evident. The study suggests that the inherent emphasis on hierarchy in captive shared services can be seen as the reason for this effect. Due to this inherent emphasis on standardisation in shared services generated by the concept of shared services, the study highlights the risk that lean systems in captive shared services may be implemented only for the sake of cost reduction.

Despite this conflict, the study argues that any emphasis on the external cultural orientation is crucial for a captive SSO/SSC. Thus, the research indicates that lean systems help create a counterbalance to the inherent emphasis on standardisation in captive shared services, if desired by the organisation and top management.

As indicated above, the purpose of implementing lean systems determines how much a captive shared services is shaped into a lean system. Thus, one of the next sections will discuss what success under lean systems in captive shared services means.

6.5. Management of Culture Over Time

This section discusses the impact of structures that cannot be influenced, and the changing perspectives of cultural actors on culture management. As

discussed in the previous sections, the study suggests viewing the latitude of culture management as limited due to restricting environmental conditions in the real domain. This limitation of culture management leads to two conclusions:

1. Organisational culture is impacted by structures that cannot be influenced in the real domain.
2. Consequently, organisational culture is in flux.

As a result, culture management needs to be considered in context. Despite the limitation of its latitude, the empirical evidence of this study shows that culture management is indeed feasible but requires that cultural actors are aware of their roles and practice their responsibilities in cultural change. In addition, cultural actors need to have both the understanding of viewing culture management in context and the knowledge of the competing and stimulating aspects within organisational culture. As a consequence, the study suggests viewing culture management as a constant activity, which implies that it cannot be seen as a programme.

But how can the feasibility of culture management be ensured over time if the latitude or scope of influence is limited and cultural actors change roles or join or leave the organisation? The study tried to answer this question by taking Martin's (1992, 2002, 2004) three perspectives of culture into account. Following Martin's (1992, 2002, 2004) recommendation of applying all three perspectives when studying culture, the findings of this research not only evidence that elements of all three perspectives become visible, but also confirm that cultural actors have different home perspectives and that these different home perspectives change in accordance with the hierarchical position of organisational members.

As to the three perspectives, the integration perspective became evident when executives expressed their opinion that senior management and department heads are key for the cultural change, excluding the employees as an influential source of the organisational culture (see Figure 62). The differentiation perspective is demonstrated by the department heads who managed the cultural change within their departmental boundaries or within service line boundaries, which implied organisation-wide inconsistencies. Consequently, cultural groupings exist at different levels, and subcultures, like departments, can coexist within larger subcultures like a service line. This argument is congruent with Martin (1992) and Martin et al. (2004), who stated that subcultures exist not only horizontally in functions, but also vertically in hierarchies. The fragmentation perspective appeared in the analysis of the focus groups manifesting in the employees' belief that they are the key to cultural change. The fact that all focus group participants perceived the cultural attributes like teamwork, empowerment, continuous improvement, and adaptation to the business partners' needs differently corroborates Martin et al.'s statement that "the lack of consistency, lack of consensus and ambiguity are the hallmarks of a Fragmentation view of culture" (p. 16). Moreover, these multiple interpretations of the manifestations of a culture further disclose that employees of the same organisation can perceive organisational culture differently (Harris & Ogbonna, 2000; Martin et al., 2004).

Consequently, the findings demonstrate that organisational members have a home perspective on organisational cultural manifestations, which is in line with their hierarchical position. Whereas senior management prefers the integration perspective, middle management mainly argues from a differentiation perspective and employees from a fragmentation perspective, confirming Harris and Ogbonna's (2000) and Ogbonna and Harris's (2002) opinion on home

perspectives. As Harris and Ogbonna (2000) as well as Ogbonna and Harris (2002) conducted their case studies in the service industry, their empirical outcome is applicable to the present study.

Furthermore, the analysis of the findings shows that the interviewees' home perspectives changed in accordance with their hierarchical position. When the interviewees who had been with the Maastricht SSC since its beginning in 2000-2001 shared their views on the organisational culture of the start-up phase, the majority highlighted that during this phase the organisational culture was influenced and shaped by all organisational members, indicating the fragmentation perspective. This seems surprising, as the majority of these interviewees worked at executive or manager level at the time of the interview, and one would have expected them to argue from a non-fragmentation perspective. However, as all those interviewees started at employee level during the start-up phase, they viewed the organisational culture management during this maturity phase through the lens of their previous employee status.

Considering that organisational members change their home perspective in accordance with their hierarchical position, the study raises the question as to how the cultural actors' awareness of their roles and their understanding of their role's responsibility, of the contextual view of culture management, as well as of the competing and stimulating aspects can be constantly assured over time in order to prevent culture management from being stopped or being conducted inconsistently.

Since the present study did not analyse this phenomenon, a longitudinal research investigation is recommended to answer this question. However, as the findings make evident that the promotion of leaders with an adequate leadership intention is vital for culture management success, the study suggests focusing on

HR management (e.g., hiring, promoting, development) and leadership style. This recommendation is corroborated by Ogbonna and Harris's (2000) view that organisational culture management requires a focus on leadership style, as well as by Schein's (2010) notion that leadership and organisational culture are fundamentally interdependent.

To summarise, the findings evidence that culture management is a constant activity of management, which implies that it cannot be managed like a programme. Furthermore, this constant activity requires that management needs to be aware of management's roles and responsibility and understands culture in context as well as the competing and stimulating aspects within culture. Furthermore, the empirical evidence demonstrates that cultural actors have different home perspectives in accordance with their hierarchy position, which may change over time. As a consequence, the study suggests viewing the home perspective not as static, but as evolutionary. Longitudinal research is recommended to investigate how organisations assure a constant culture management over time. An important aspect may be an overarching vision to manage organisational culture over time.

Figure 73 summarises the discussion so far. The final section will cover the success under a lean system, which includes the aspect of leanness.

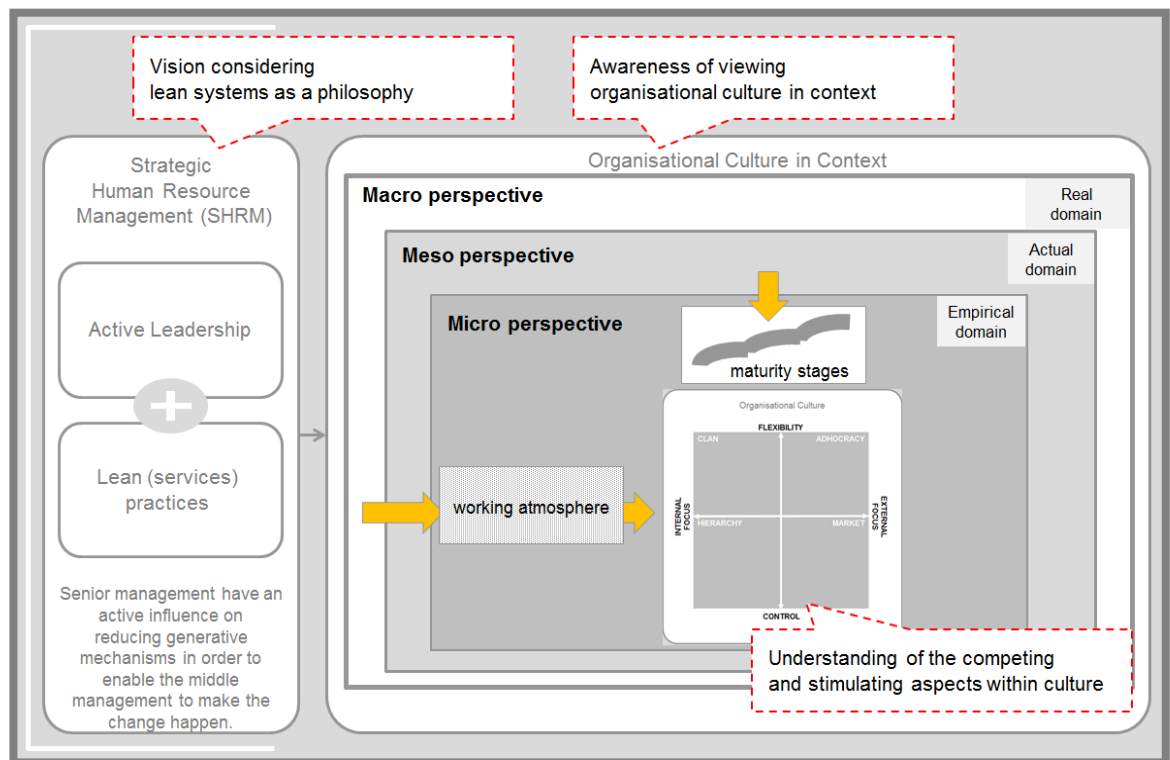


Figure 73. Management of culture over time as constant activity of management.

6.6. What Is Success Under a Lean System in Captive Shared Services?

The study takes the stance that success under a lean system is determined by leanness, which defines the sustainability of the implemented lean system and yet is measured as the level of a continuous improvement culture. As the adhocracy cultural type is perceived as the intrinsic organisational impulse for continuously improving processes and services generated by the desire to adapt to the business partners' needs, adhocracy in particular matters for leanness.

As discussed in the previous sections, the adhocracy cultural type is stimulated by the cultural types of market (through KPIs) and clan (through decentralised decision-making and teamwork) as well as by empowerment as part of an active leadership style. Therefore, leanness requires a constant management of culture through active leadership combined with lean practices to foster continuous improvement in order to adapt to the business partners' needs.

As a precondition for its success, a lean system needs to be understood as a philosophy and thus as SHRM embedded in the vision of the organisation. Furthermore, management has to act according to known roles and responsibilities and has to have an understanding of organisational culture. In addition, management needs to take into account that organisational culture has to be seen in context, based on the knowledge that its latitude on organisational culture is limited.

Focusing on captive shared services, the following aspects have to be considered when shaping the organisation into a lean system: (a) the inherent issues of the concept of shared services, (b) the inherent issues of the cultural competing values, and (c) the application risks when implementing lean systems. As to the first aspect, the concept of shared services implies an inherent emphasis on standardisation, and most of the captive SSCs are set up as cost centres with an inherent focus on cost reduction, which, in turn, promotes standardisation. As to the second aspect, the inherent cultural emphasis of SSOs tends to be on the hierarchy cultural type, and lean systems implemented in shared services trigger an underlying inherent conflict between the cultural types of hierarchy and adhocracy due to the inherent emphasis on standardisation. As to application risks, due to the first two aspects described, lean systems are most likely implemented only for the sake of cost reduction.

Furthermore, the study indicates two additional issues. First, lacking vision might be an inherent issue of the concept of captive shared services. Second, related to the inherent issues of the cultural competing values, the dominant leadership style is most likely to be found in an organisation with an emphasis on the hierarchy cultural type.

As to vision, the study indicates that a lacking vision may be an additional inherent issue of the concept of captive shared services. The present study takes the stance that the intrinsic organisational impulse for continuously improving processes and services is assumed to come from the desire to adapt to the business partners' needs. However, without any vision or future orientation, adaptation to business partners' needs appears to be difficult, because a common purpose about what to strive for and why to change is missing. Consequently, the study argues that a vision is an essential factor when shaping a captive SSO/SSC into a lean system, as vision helps create a counterbalance to the inherent emphasis on standardisation. This argument is in line with Bhasin's (2013) view that lean production when understood as a philosophy requires "a clear clarity of vision" (p. 136) and further corroborated by the departmental analysis showing evidence of different levels of empowerment and continuous improvement per department. Line managers who demonstrated vision did empower their employees more, and their department acted at a higher level of continuous improvement, which fostered leanness. As a consequence, the study takes the stance that, if desired by the organisation and top management, shaping a captive SSO into a lean system helps keep a balance between the level of cost reduction and a constantly improving service delivery. This argument is driven by the evidence that lean systems have the ability to strengthen all four cultural types simultaneously.

As to the leadership style attracted by organisations with a dominant hierarchy focus, the study assumes to find managers with little focus on vision, empowerment, and interaction. This assumption is underpinned by the empirical evidence of one of the middle managers in the present study as well as by Schimmoeller (2010), who found that the more an organisation focuses on the

hierarchy cultural type, “the less latitude there is for a visionary leader” (p. 135). As Schimmoeller’s research on leadership styles in competing organisational cultures was conducted in multiple organisations located in different countries and of different industries, his outcome can be considered for this present study as well.

Consequently, the study takes the stance that in captive shared services with an underlying focus on hierarchy, the following issues are most likely to be expected when shaping the organisation into a lean system:

1. The inherent aspect of standardisation will become stronger with lean systems.
2. Due to little visionary leadership, empowerment and thus decentralised decision-making will be poor.
3. The magnitude of the cultural type adhocracy will be small.
4. Lean systems will deliver further cost reduction but will not foster leanness.
5. Due to the strong internal focus, organisational performance likely will be limited.

As a consequence, the study argues that shaping an SSO into a lean system is most likely unsuccessful, as the concept of shared services and the organisational cultural emphasis in SSOs imply the risk of lean systems to be implemented mainly for the sake of cost reduction.

However, when considering that the study indicates standardisation as an inherent conceptual issue of any shared services, it is astonishing that in the Maastricht SSC (see Figure 70) the clan cultural type was strengthened most. Thus, the study argues that the clan cultural type can be seen as the underlying value orientation of the Maastricht SSC’s organisational culture and that lean systems revitalised these underlying values. This argument is explicable when

considering the following aspects: (a) A clan orientation was already strongly emphasised in the start-up phase (and further demonstrated in the SSC newsletter); (b) at least 50% of the workforce from the start-up phase was still working at the Maastricht SSC at the time of the study; and (c) the majority of the line managers had been with the Maastricht SSC since its beginning, which leads to the conclusion that they embraced and practiced the attributes of the clan cultural orientation they grew up in. Thus, the study suggests seeing the clan cultural type as strongly anchored in the organisational culture of the Maastricht SSC, which was revitalised by the implementation of lean systems with the emphasis on HRM practices (like active leadership to foster empowerment).

Consequently, the study indicates that not only the working atmosphere, but also the underlying values of an organisation influence the emphasis of the magnitude of cultural types. This argument is in accordance with Schein's (1984) model of organisational culture, which reveals the importance of values and actions as an ultimate source of organisational culture, and with Hines et al.'s (2011) as well as Bhasin's (2012) view that no change strategy will be successful unless it is within the boundary of an organisation's culture.

As the aspects of history, workforce structure, and leadership behaviour had influenced the initial organisational culture of the case SSC, the study recommends analysing the organisational culture of a captive SSO first, before considering shaping the organisation into a lean system. This recommendation is based on the underlying values of the clan cultural type found in the case organisation. This view is corroborated by Cameron et al.'s (2006) opinion that organisational culture needs to be understood first (analysed and measured) before it can be changed into the desired direction (also measured).

To summarise, the study takes the stance that leanness determines the success under lean systems. Furthermore, the study argues that leanness requires a constant management of culture through active leadership combined with lean practices to foster continuous improvement. In addition, specific preconditions are essential for the success of the implemented lean system. Particularly in captive shared services, leanness likely will not succeed due to the concept's inherent issues, the competing cultural values, and specific application risks. However, as not all captive shared services may exhibit a dominant focus on the hierarchy cultural type as their underlying orientation, the study recommends analysing the organisational culture of a captive SSO first before considering shaping the organisation into a lean system.

Chapter 7: Conclusion

7.1. Research Aim and Outcome

The aim of the study was divided into three research objectives: (a) to identify the organisational cultural attributes and types that are addressed by the implementation of a lean system in a captive SSO, (b) to explore how culture (change) management happened during a lean system implementation, and (c) to challenge the sustainability of the implemented lean system. As to the first research objective, the lean impact framework of this study reveals that lean systems change organisational culture by addressing cultural attributes like empowerment (decentralised decision-making), teamwork, interaction, communication, involvement of management, sharing best practices, ownership, accountability, continuous improvement (through entrepreneurial spirit, through performance management and measurement, and through empowerment), and standardisation. Thus, the study confirms the intention of lean systems to foster employee empowerment (including decentralised decision-making), responsibility, creativity, teamwork, and communication (Alves et al., 2012; Seddon & Caulkin, 2007) in order to contribute and to control the work (Alves et al., 2012; Seddon, 2005). Furthermore, the study makes evident that cultural attributes and types interact with each other and that leadership behaviour influences cultural types. Hence, attributes of the clan and market cultural types stimulate attributes of the adhocracy cultural type, and empowerment as leadership behaviour influence adhocracy and market cultural types (see Figure 69).

Considering the four cultural types, lean systems in general address all four types simultaneously by continuous improvement. As standardisation is seen as a common cultural attribute of any shared services as a result of its very concept, this inherent emphasis on standardisation increases even more through lean

systems in captive shared services. Furthermore, lean systems in captive shared services introduce an underlying inherent conflict between standardisation as an attribute of the hierarchy cultural type and continuous improvement through entrepreneurial spirit as an attribute of the adhocracy cultural type. This competing effect can be even more pronounced if the underlying values of the captive SSO to be shaped into a lean system already have a dominant impact on the hierarchy cultural type.

With regard to the second research objective, as an outcome of the exploration of how culture (change) management happened during a lean system implementation, the study suggests viewing organisational culture and its change in the context of events at micro, meso, and macro levels. As shown in the empirical domain (see Figure 71), the working atmosphere at micro level influenced the emphasis of the cultural types, whereas the strategic direction at meso level in the actual domain introduced a shift of cultural emphasis. As macro level events like the environmental conditions of the real domain influence both micro and meso level events, the study advocates considering the latitude of culture management as limited.

Despite this limited latitude of culture management, the study suggests that senior management use their active influence on reducing generative mechanisms (such as HR policies and practices, budget restrictions, two systems in the SSO) in order to enable middle management to make the change happen. At the same time, the empirical evidence shows that active leadership practiced by middle management to empower the employees is a precondition for an effective lean (services) practice (Birdi et al., 2008). Consequently, the study suggests viewing active leadership combined with lean (services) practices as SHRM that is used to drive sustainable organisational performance. The study furthermore indicates a

vision that promotes lean systems as a philosophy is as an essential prerequisite (see Figure 72).

Moreover, the findings evidence that culture management cannot be managed like a programme, as it is rather a constant activity of management (see Figure 73). Furthermore, this constant activity requires three aspects to be considered: (a) Management is aware of its roles and responsibilities as described above, (b) management views organisational culture in context, and (c) management has an understanding of the competing and stimulating elements within culture.

As to the third objective of the study, the sustainability of the implemented lean system, the study takes the stance that leanness requires a constant management of culture through active leadership combined with lean (services) practices to foster continuous improvement. In addition, three preconditions are essential for the sustainability of the implemented lean system: (a) Management views lean system as a philosophy that is intertwined with the vision of the organisation, (b) management aligns the purpose of implementing a lean system among the different hierarchy layers, and (c) culture management is practiced by management as a constant activity over time as mentioned above.

However, when shaping a captive SSO into a lean system, leanness is most likely unsuccessful. This conclusion is based on the issues inherent in the concept of shared services (like standardisation, cost centre set-up, and most likely lack of a vision), by the competing cultural values (i.e., the emphasis on the hierarchy cultural type generated by standardisation introduces a conflict between the hierarchy and adhocracy cultural types, but also attracts managers with little focus on vision, empowerment, and interaction) and by the application risk of

implementing lean systems in captive SSOs only for the sake of cost reduction instead of shaping a culture of continuous improvement.

To summarise, due to its research strategy, the study provides rich and detailed empirical evidence for the exploration and explanation of the role of the organisational culture in a captive SSO shaped as a lean system. Based on the research philosophy, the outcome of the present study explains the interplay between the events and actions perceived by the social actors who participated in this multilevel study at the time the data were collected (cross-sectional with the inclusion of longitudinal elements) as well as the underlying structures and mechanisms of the case as interpreted by the researcher. As knowledge is amended or superseded constantly, the social reality reflected in the findings is most likely provisional (Bryman & Bell, 2011; Dobson, 2002; Saunders et al., 2009). As a consequence, the generated knowledge is fallible (Sayer, 2000) due to a “stratified and differentiated social ontology” (Reed, 2009, p. 431) that results in variable interpretations and misinterpretations. Therefore the findings have limited generalisability. However, the researcher generated theoretical generalisation by building theory that is applicable in whole or part to similar or related phenomena, such as the lean impact framework (see Figure 62) revealing the organisational cultural change introduced by lean systems or the inherent conflict of competing cultures when shaping a captive SSO into a lean system. Overall, the outcome of this research is in line with the researcher’s interest to “keep searching for new knowledge” and not to find “the ultimate truth but, rather, the best available for the moment” (Gummesson, 2000, p. 97).

7.2. Contribution to Knowledge

So far, research has looked into the topics of organisational culture, shared service organisation, and lean system only in isolation. This study is original as it

synthesises organisational cultural theory, lean systems, and shared services. This originality is underpinned by a conceptual framework which is a synthesis of different relationship frameworks (Birdi et al., 2008; Harris & Ogbonna, 2001b; Ogbonna & Harris, 2000) demonstrating the link between leadership, organisational culture and organisational performance (see Figure 10), and by critically applying several organisational cultural models in combination. The combined use of Cameron and Quinn's (1999) CVF and Martin's (1992, 2002, 2004) three-perspectives of culture is in itself novel because no research could be found so far which jointly applied both organisational cultural models. Moreover, critical realism as research philosophy is still seen as "a relatively new movement" (O'Mahoney & Vincent, 2014, p. 20), and by applying Vincent and Wapshott's (2014) framework (see Figure 28) as critical realist approach to thematic analysis, the stratified ontology of the role of organisational culture when shaping a shared service organisation into a lean system was revealed. To summarise, this investigation differentiates itself from the literature on lean sustainability as it places organisational culture influenced by leadership at the centre of its investigation. Hence, this study is ground breaking as it critically looks at lean systems and their sustainability through the lens of organisational culture.

This study contributes to theoretical as well as empirical knowledge. As to the contribution to theoretical knowledge, the study empirically evidenced that lean systems have the ability to simultaneously strengthen all four cultural types due to continuous improvement (see Figure 70). As a result, the study views that lean systems can alleviate the inherent tension between the cultural types of the CVF. Due to the applied critical realist approach to thematic analysis (see Vincent and Wapshott's (2014) framework in Figure 28) this study offers a multilevel understanding of the dynamics, contradictions and complexities when establishing

a lean system. Consequently, the study reveals that establishing a lean system is not a linear approach or programme as each instance and stage of culture management is unique (Bhasin, 2012). Thus, the study suggests considering influencing aspects when changing organisational culture (see Figure 73); specifically; organisational concept; organisational culture; lean system implications; inherent competing and stimulating effects of culture; events at micro, meso, and macro levels; and role of leadership. Furthermore, as revealed in the lean impact framework (see Figure 62), transparency and visibility are generative mechanisms that manifest in visual management artefacts (like whiteboards) and that foster cultural attributes like teamwork (cultural type clan) as well as ownership and accountability (cultural type adhocracy). As the study argues that the cultural type clan stimulates the cultural type adhocracy (see Figure 69), taking the stance that the intrinsic organisational impulse for continuously improving processes and services is assumed to come from the desire for adaptation towards the business partners' needs (i.e., an attribute of the adhocracy cultural type), the study suggests viewing transparency and visibility as crucial mechanisms for generating continuous improvement.

As to the contribution to empirical knowledge, this study has created additional empirical evidence in the research area of shared services by investigating a captive SSO that has applied lean systems to foster its next maturity stage. As shown in the literature review, very few in-depth studies on shared services are available (Howcroft & Richardson, 2012; Schulz & Brenner, 2010), particularly with respect to their organisational culture. Considering the commonly shared view that an SSO matures in stages (Deloitte Consulting, 2011; Forst, 1997; Goh et al., 2007; Grant et al., 2007), the study has generated evidence of the specific cultural attributes in each phase of a captive SSO. As the

present study perceives shared services as a separate service industry (Dastmalchian et al., 2000; Gordon, 1991), it provides empirical evidence on common cultural characteristics prescriptively attributed to shared services in the literature so far. As a consequence, the empirical evidence of this study indicates that common cultural characteristics prescriptively attributed to SSOs/SSCs can be evidenced only after the introduction of lean systems. As a result, the study suggests that the implementation of lean systems can be viewed as an enabler to manifest the current and rather prescriptive common cultural characteristics that ought to be typical for the shared services industry. Furthermore, the study provides evidence that standardisation is a common cultural characteristic of shared services. Hence, the present study contributes to the discussion on cultural characteristics typical for the shared services industry.

As the existing empirical evidence on lean systems understood as a cultural concept and applied in the service industry is rather limited and partially contradictory (Piercy & Rich, 2009; Souza, 2009), this study has created additional empirical evidence on lean systems in the service industry (like Abdi et al., 2006; Piercy & Rich, 2009; Swank, 2003). As the study concentrated on organisational culture, the present research contributes to the discussion on lean sustainability in the literature by focusing on culture (change) management (Bhasin, 2012, 2013; Bicheno & Holweg, 2009; Saurin et al., 2011). However, the approach of this study differs from the literature on lean sustainability as it places organisational culture influenced by leadership at the centre of its investigation. As a result, the study reveals an underlying inherent conflict between the hierarchy and adhocracy cultural types in shared services, which makes lean sustainability difficult to achieve. The present study makes a contribution to knowledge by suggesting that the reason for the inherent emphasis on the hierarchy cultural type generated by

the inherent emphasis on standardisation can be seen as an issue inherent in the concept of shared services. As a consequence of this inherent issue, the study highlights the potential risk that lean systems in captive shared services may be implemented only for the sake of cost reduction. This outcome contributes to the discussion on the operationalisation constraints of lean systems (Atkinson, 2004; Hanna, 2007).

To summarise, this multidimensional, culture-oriented interpretation, based upon pioneering empirical evidence from a global service company's SSO, extends and deepens the understanding of the dynamic contradictions and complexity of lean system implementation that both constrain and enable organisational change.

7.3. Managerial Application

Due to the constant challenge to compete effectively (Withers et al., 2010), companies are supposed to find ways to improve their organisational performance by increasing their customers' satisfaction while simultaneously managing their business at (increasingly) lower costs (Miskon et al., 2009). This study approached this challenge from an organisational culture perspective. Although the study perceives shared services as a separate industry, the researcher takes the stance that the outcome of the study can also be applied in the service industry in general, given the fact that a SSO provides services and not products.

Although several researchers (Billesbach, 1994; Dimancescu et al., 1997; Liker, 2004; Standard & Davis, 2000) agree with the apparent empirical evidence that lean production (as lean system) promotes competitiveness, there is little empirical evidence in the literature that lean services (as lean system) enhance the competitive advantage of service companies. Considering that external-oriented cultures "account for nearly a quarter of the variance in organizational

performance” (Ogbonna & Harris, 2000, p. 782), this study contributes to the discussion on how service companies can improve their organisational performance through the implementation of lean systems. The study takes the stance that an external cultural orientation is fostered by the intrinsic organisational impulse for continuously improving processes and services, which is assumed to come from the desire to adapt to the customers’ needs.

In order to gain improved organisational performance, shaping a service organisation into a lean system requires several preconditions, namely (a) an organisational vision considering lean systems as a philosophy; (b) an alignment on the purpose of the cultural change introduced by the implementation of lean systems among all hierarchy layers; (c) senior and top management’s active influence on reducing generative mechanisms (like HR policies and practices, budget restrictions of the SSC) and structures (like the obligation to contract and the set-up as cost centre); (d) middle management practising active leadership in combination with lean (services) practices; and (e) management’s understanding of organisational culture, its stimulating and competing aspects, as well as its context-related interaction. Moreover, the empirical evidence indicates that shaping a service organisation into a lean system is unlikely to be sustainable if the underlying values of the organisation already have a strong emphasis on the hierarchy cultural type.

As a consequence, the study suggests analysing the organisational culture of the organisation first, before considering shaping the organisation into a lean system. This recommendation is based on the risk that in such an internal, control-oriented culture, the implementation of lean systems may lead to only short-term cost reduction instead of shaping a culture of continuous improvement to differentiate the service organisation from its competitors. Furthermore, the study

suggests perceiving the act of shaping a service organisation into a lean system not as a programme, but rather as a constant, long-term management activity. The challenge for service companies that have shaped their organisation into a lean system is to ensure not only a constant, but also a consistent culture management for the long-term future, in particular as cultural actors, who have different home perspectives corresponding to their hierarchy position, may change over time.

As to the future practice in the service industry, the empirical evidence of the present study suggests establishing lean systems as a modern trend in order to improve organisational performance. This suggestion is based on several arguments:

1. Lean systems increase the emphasis on external cultural orientation by unlocking organisational cultural attributes like teamwork, which, in turn, fosters accountability and ownership; both attributes of the cultural type adhocracy driving the impulse of continuous improvement.
2. Lean systems foster empowerment and teamwork, which, in turn, are driving forces in Birdi et al.'s (2008) study for organisational performance.
3. In organisations with an already strong emphasis on the hierarchy cultural type (like captive shared services) lean systems can help create a counterbalance to the inherent emphasis on standardisation (like in captive shared services). Thus, lean systems enable service organisations (like captive SSOs) to keep a balance between the level of cost reduction and constantly improving service delivery (Forst, 1997; Grant et al., 2007). Without lean systems, the main emphasis most likely would be on the hierarchy cultural type, due to standardisation as the inherent cultural attribute of service organisations like shared services (Howcroft & Richardson, 2012).

4. In particular for captive SSO/SSC: As the study takes the stance that the value of a captive SSO/SSC may not lie in the charges and cost efficiencies as much as in its proximity to the internal customers as well as in its knowledge of its business and its continuous pursuit of improvement, this balance created by lean systems is essential for captive shared services to compete effectively.

7.4. Further Research

Further research is suggested by this study's findings. The study recommends further investigations into the following aspects: (a) a lacking vision as an inherent issue of captive shared services; (b) the underlying values of captive shared services in general; (c) an analysis of the impact of lean systems on other prescriptive cultural characteristics like customer-first culture, business partnering, and workforce capabilities; (d) consistent and constant culture management of a lean system over a long period of time; and (e) an analysis of organisational performance of captive shared services shaped into a lean system.

As to the first recommendation, it has to be questioned whether a lacking vision is not an inherent issue of those captive SSOs that have no obligation to contract and are set up as a cost centre. Hence, the study suggests investigating visionary evidence in captive SSO/SSCs.

As to the underlying values of captive shared services in general, the study indicates that not all captive shared services may have a dominant focus on the hierarchy cultural type. Hence, the study advocates further research on organisational culture in the shared services industry.

As to the third recommendation, the present study only focused on cultural attributes like teamwork and continuous improvement. Hence, further analysis of the impact of lean systems on other prescriptive cultural characteristics like customer-first culture, business partnering, and workforce capabilities is recommended to examine whether these cultural attributes become evident with the implementation of lean service. Furthermore, a customer-first culture and business partnering indicate attributes of an external-oriented culture, which would foster organisational performance. According to Birdi et al. (2008), not only

empowerment and teamwork are the driving forces for organisational performance, but training as well.

As to a consistent and constant, long-term culture management, a longitudinal research is advisable to investigate how organisations assure a consistent and constant culture management over a long period of time. This is of particular importance as the study suggests viewing the home perspective of cultural actors as evolutionary and culture management as a constant management activity.

Finally, the study advocates obtaining further empirical evidence on organisational performance of captive shared services shaped into a lean system, as this study concentrated on organisational culture influenced by leadership. Hence, further research with the involvement of business partners and other measurements of organisational performance would contribute to the conceptual framework of the study (Figure 74).

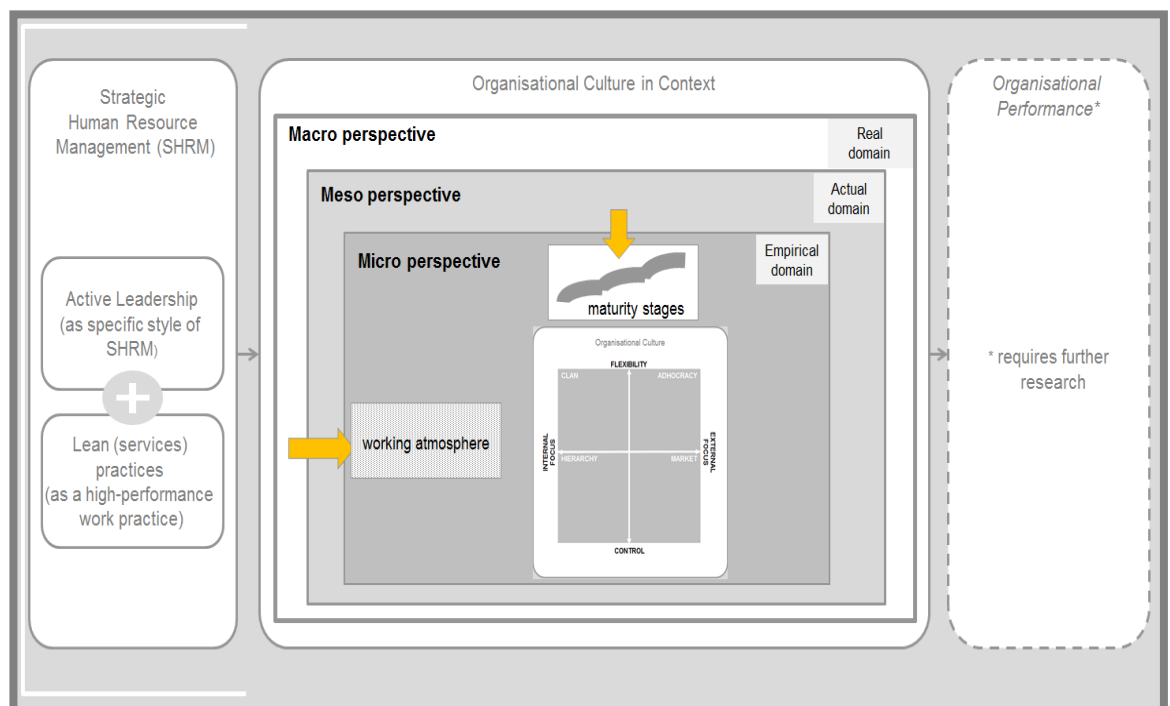


Figure 74. Relationship framework of the present study for captive shared service organisations.

To strengthen the relationship framework shown in Figure 74, further research is recommended to investigate in detail the leadership style required to effectively apply lean (services) practices in a captive SSO, which means the investigation of active leadership in consideration of Bass's (1999) leadership styles. This is in line with Amer and Shaw's (2015) systematic literature review on lean leadership revealing that limited research on lean leadership is available. This is of particular importance when considering that organisations with a dominant hierarchy focus attract managers with a specific leadership style (Schimmoeller, 2010), which is most likely characterised by little focus on vision, empowerment, and interaction. Moreover, additional research on the applied lean (services) practices and thus, in turn, a reconfirmation of the lean impact framework as well as the organisational cultural emphasis based on the CVF would help corroborate the findings of this study.

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Appendix A: Choice of Methodology for the Literature Review

Although there are various ways to conduct a literature review, the most prominent ones are the traditional narrative and the systematic literature review. Whereas in medical science and healthcare a systematic approach is preferred, management reviews are usually narrative (Tranfield et al., 2003). When making a choice about the most adequate methodology for a literature, not only the intention of the literature review has to be considered, but also the applied methodology and the research philosophy. The intention of this literature review was to discover already existing knowledge as well as to gain an understanding about the underlying concepts and theories that are applicable and relevant to the topics (Bryman & Bell, 2011). Therefore, the literature review is “a means of gaining an initial impression” of organisational culture, SSO, and lean systems (Bryman & Bell, 2011, p. 101). This purpose is already an argument for a narrative review, as the focus of a systematic review would have been to find out what the present study would “add to existing knowledge” (Bryman & Bell, 2011, p. 101).

The intention to gain an impression of the three areas of interest is in agreement with the case study strategy chosen as the applied methodology. This research strategy was chosen because the researcher wanted to acquire a rich understanding of the context of the research and the processes being enacted (Saunders, Lewis, & Thornhill, 2009; Simons, 2009). The intention of this literature review matches not only the decision to conduct a case study but also critical realism as the applied research philosophy. Critical realism uses retroduction as a process to develop knowledge, and thus a continuous dialogue between the data-embedded and concept-based theory is required (Easton, 2010; Reed, 2009). Retroduction implies that the literature review has to be flexible to “modify the boundaries” of these areas (Bryman & Bell, 2011, p. 101). This flexibility is given

by a narrative review, whereas a systematic review adopts “distinct and exacting principles” (Denyer & Tranfield, 2009, p. 671).

Furthermore, the available knowledge of the three topics was expected to be at different levels of maturity. This means that certain aspects like organisational culture in SSO are most likely less researched than the area of organisational culture itself, which confirms the choice of conducting a narrative review. Narrative literature reviews tend to be “more wide-ranging in scope than systematic reviews” (Bryman & Bell, 2011, p. 101) due to the less explicit use of criteria for the inclusion or exclusion of studies.

Despite the above-mentioned arguments for a narrative review, critiques of the traditional narrative review must be considered. Narrative reviews often have been criticised for their lack of thoroughness, since the review tends not to apply a rigorous and reproducible methodology (Petticrew, 2001; Tranfield et al., 2003). As the intention was to gain “an initial impression” of the existing knowledge (Bryman & Bell, 2011, p. 101), this inherent issue was perceived as a minor concern by the researcher, as critical realists accept fallibility of the knowledge (Sayer, 2000). Moreover several researchers (Fink, 1998; Hart, 1998) stressed that a narrative review includes the implicit bias of the researcher, whereas a systematic review encompasses a comprehensive and exhaustive literature search of published and unpublished studies and provides an audit trail of the reviewer’s decisions, approach, and conclusions (Tranfield et al., 2003). Hence, systematic literature reviews are often recommended to minimize researcher bias (Cook, Mulrow, & Haynes, 1997). However, systematic literature reviews risk leaving out articles crucial for the provision of a sound knowledge base (Greenhalgh & Peacock, 2005) due to a rigorous search strategy based on the strict use of search terms. As critical realists are aware of being influenced by their values and thus being

biased by their interpretation of reality as well as by their social and historical background (Norris, 1999), this inherent issue does not raise concern either, because reflexivity is an essential part of a critical realist study. Thus, reflexivity sections are embedded in this present study as well.

As to the creation of this literature review, a dedicated scoping study was conducted on 22 June, 2013 first in order to generate momentum. This scoping study applied the search terms *lean AND culture AND shared services / shared service organization / shared service organisation*. No research-based study focusing on these search terms could be found in the core bibliographic database EBSCO or the Internet page Google Scholar. According to the outcome of the scoping study, the topic of the role of organisational culture when shaping a SSO into a lean system appeared not to have been researched (extensively), which is congruent with the above-mentioned expectation regarding the maturity level of each aspect of interest. However, more literature on the separate areas of organisational culture, SSO, and lean (either as lean production, lean services, or lean system) are available on the core bibliographic database EBSCO and Google Scholar. Hence, in each of these three areas, already existing literature reviews were taken as a starting point. Topics that emerged in these reviews of interest for the study were followed up for further research, mainly supported by the respective citations mentioned. In addition, the technique of papineau's tree was applied to synthesise the literature used (see Appendix B, Figure B1). In case of knowledge gaps emerging from the papineau's tree, additional literature was searched in EBSCO and Google Scholar. Several alerts in online libraries (like Wiley Online Library, SAGE Business and Management, Google, Mimas Zetoc, and Emerald Group Publishing) were arranged as well to keep the literature up to date. As the empirical evidence of some of the literature was of particular

importance for the discussion of the findings, it was essential to verify if the empirical evidence was further developed and thus cited in recent literature. Therefore, the Web of Science was applied as well. During the creation of the discussion chapter, the literature reviewed was reiterated to verify if the findings could be corroborated by recent knowledge.

In the following sections, the three areas of interest and their related theories are reviewed and discussed, first separately and then in relation to each other. Each section ends with a summary to illuminate the implication of each area of interest for the present study. After gaining the initial knowledge required for the study, a conceptual framework was created with research questions.

Appendix B: Additional Figures

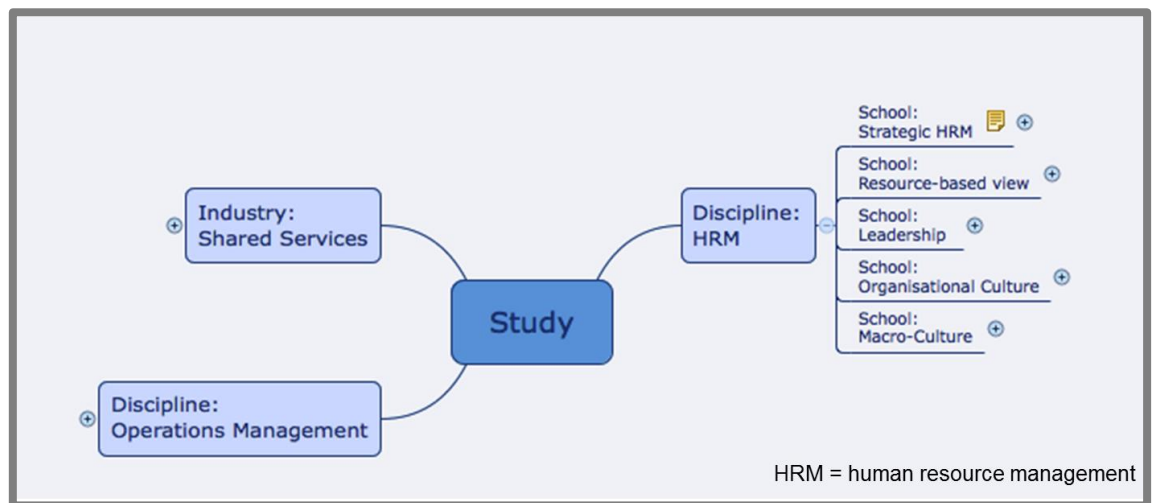


Figure B1. Overview of the papineau's tree (illustrative).

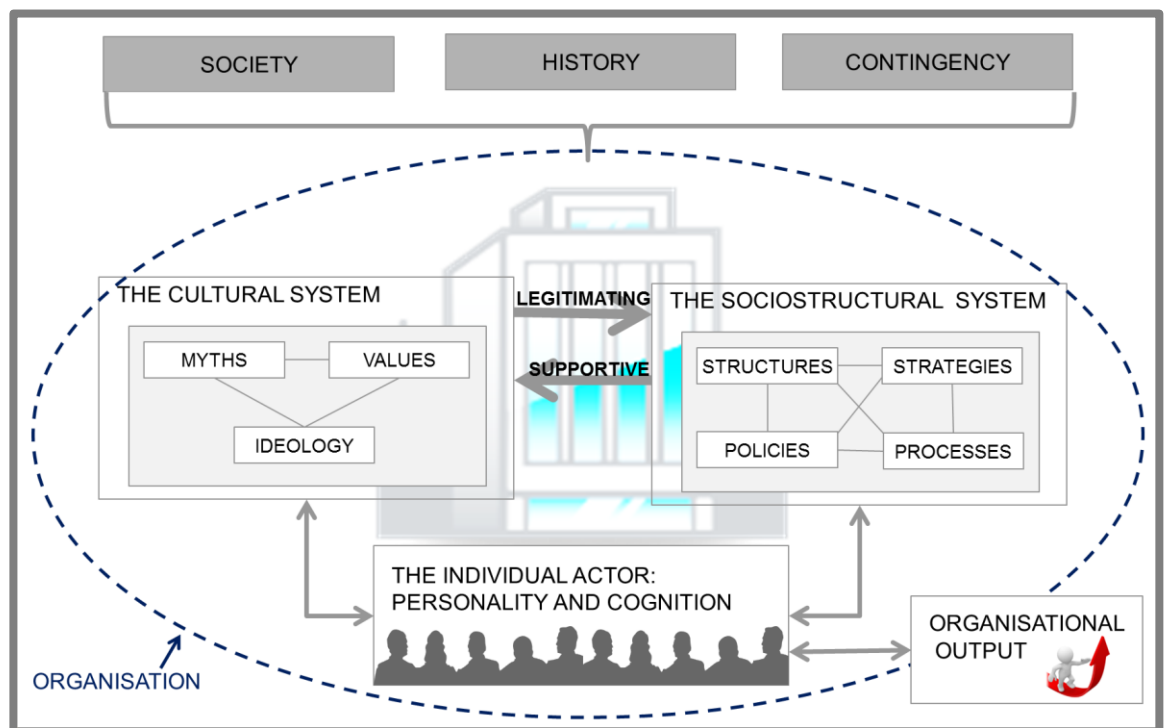


Figure B2. Allaire and Firsirotu's (1984) conceptual framework. Derived from "Theories of Organizational Culture," by Y. Allaire and M. E. Firsirotu, 1984, *Organization Studies*, 5, 193–226.

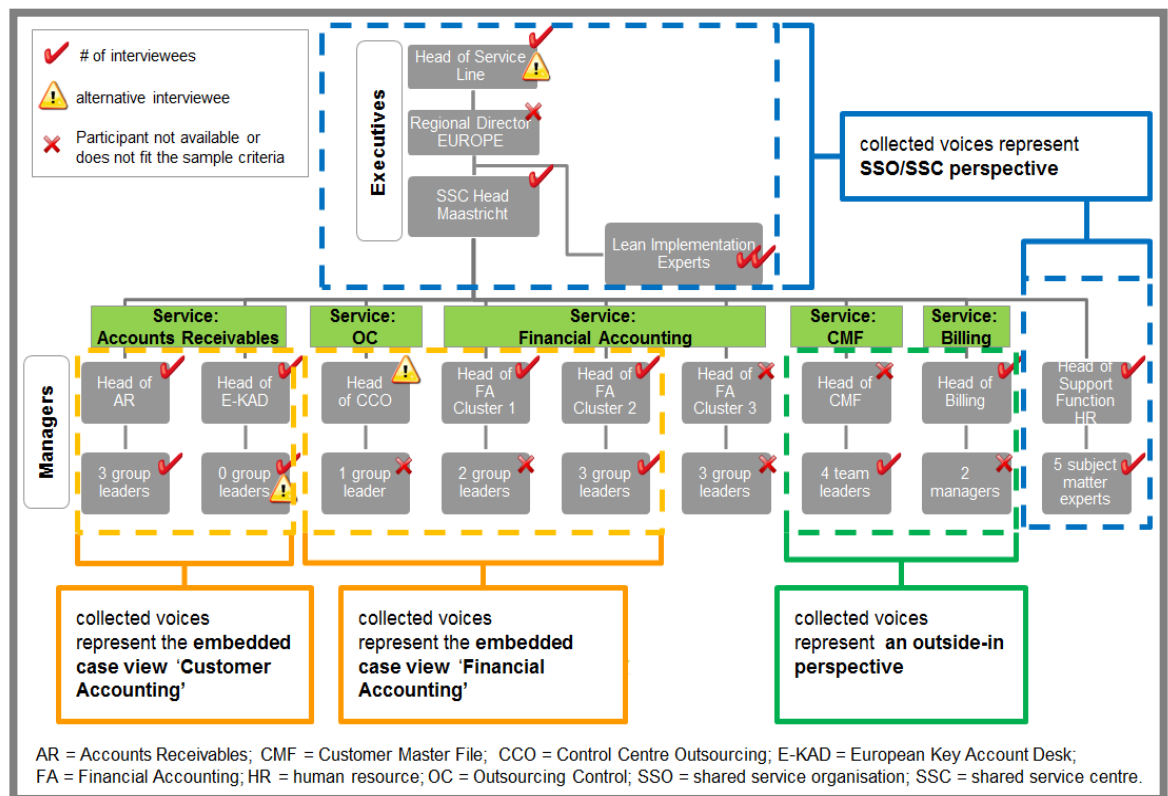


Figure B3. Conducted semi structured interviews in accordance with the sample.

First criterion: Groups that have implemented lean systems		Second criterion: Groups that have implemented lean systems from all levels	Third criterion: Combine groups offering the same service and evaluate the size of each focus group	Fourth criterion: Final size of each focus group (influenced by outsourcing decision)
Department Accounts Receivables (AR)	3 groups of 60 employees	Decision: Focus on departments with comprehensive lean services implementation	Decision: Cluster departments per services and ensure 2 representatives from each group	Decision: Consider the group size of 6-8 participants
Department European Key Account Desk (E-KAD)	1 group of 20 employees			
Department Control Centre Outsourcing	1 group of 5 employees			
Department Financial Accounting Cluster 1	1 groups of 19 employees			
Department Financial Accounting Cluster 2	3 groups of 38 employees			
Department Customer Master File (CMF)	4 groups of 50 employees	Out of scope	Out of scope	Out of scope
Potential 14 groups		Potential 10 groups	Potential 3 groups	

Service: Accounts Receivables

- Total of 8 participants:
 - 6 representatives from department AR
 - 2 representatives from department E-KAD
Group size is manageable! ✓

Service: Outsourcing Control

- Total of 2 participants:
 - 2 representatives from Control Centre Outsourcing
Group size too small! ⚠

Service: Financial Accounting

- Total of 10 participants:
 - 4 representatives from Financial Accounting Cluster 1
 - 6 representatives from Financial Accounting Cluster 2
Group size too big! ⚠

Focus group 'Customer Accounting'

- Due to outsourcing, total of 7 participants:
 - 1 representative from Control Centre Outsourcing &
 - 2 representatives from Financial Accounting Cluster 1 &
 - 4 representatives from Financial Accounting Cluster 2

Focus group 'Financial Accounting'

Figure B4. Criteria to define the focus group design.

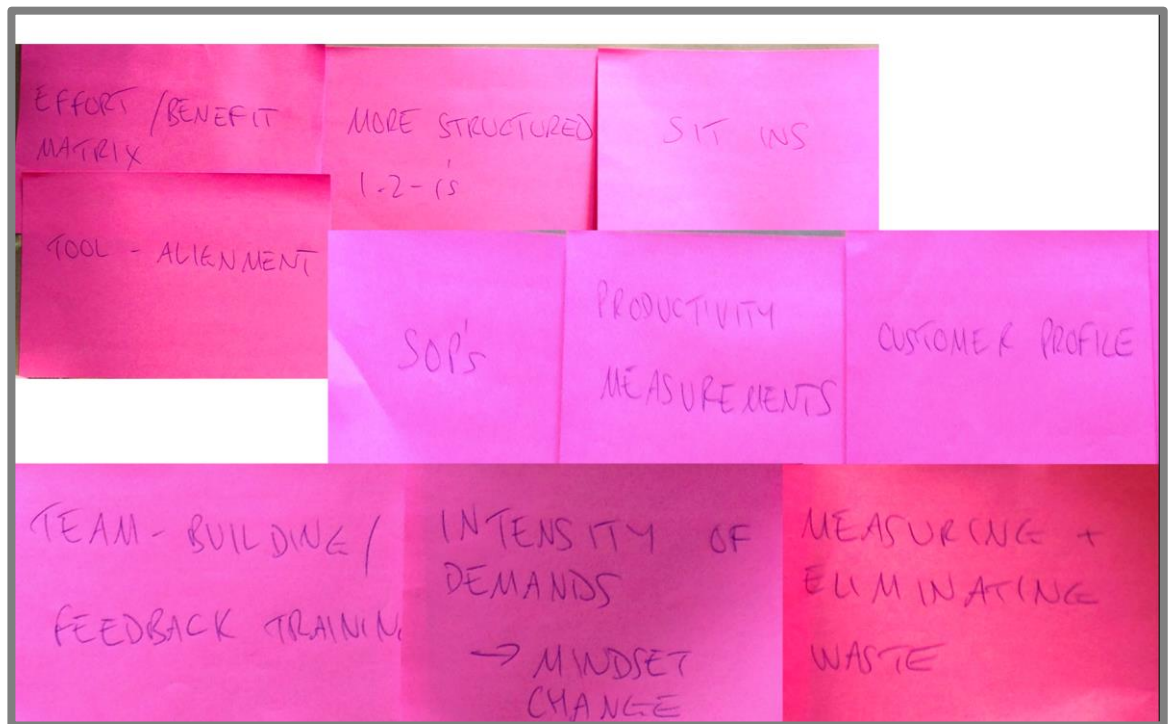


Figure B5. Transformation activities in form of an arrow, focus group Customer Accounting.

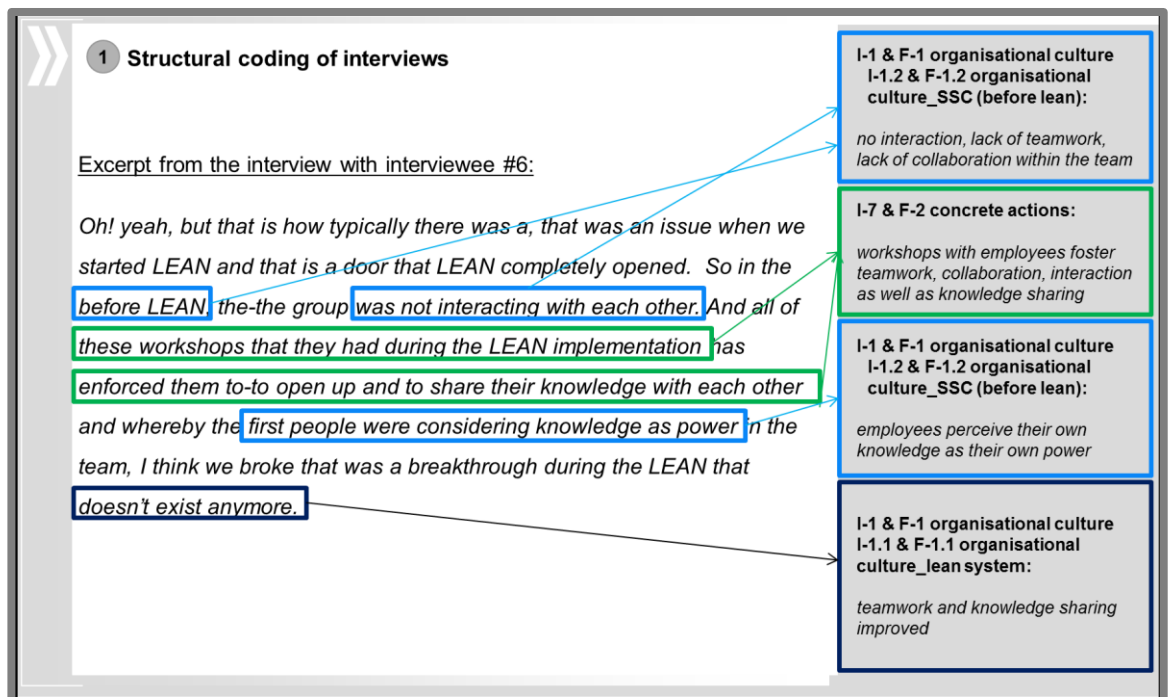


Figure B6. Coding process department European Key Account Desk example: Interview.

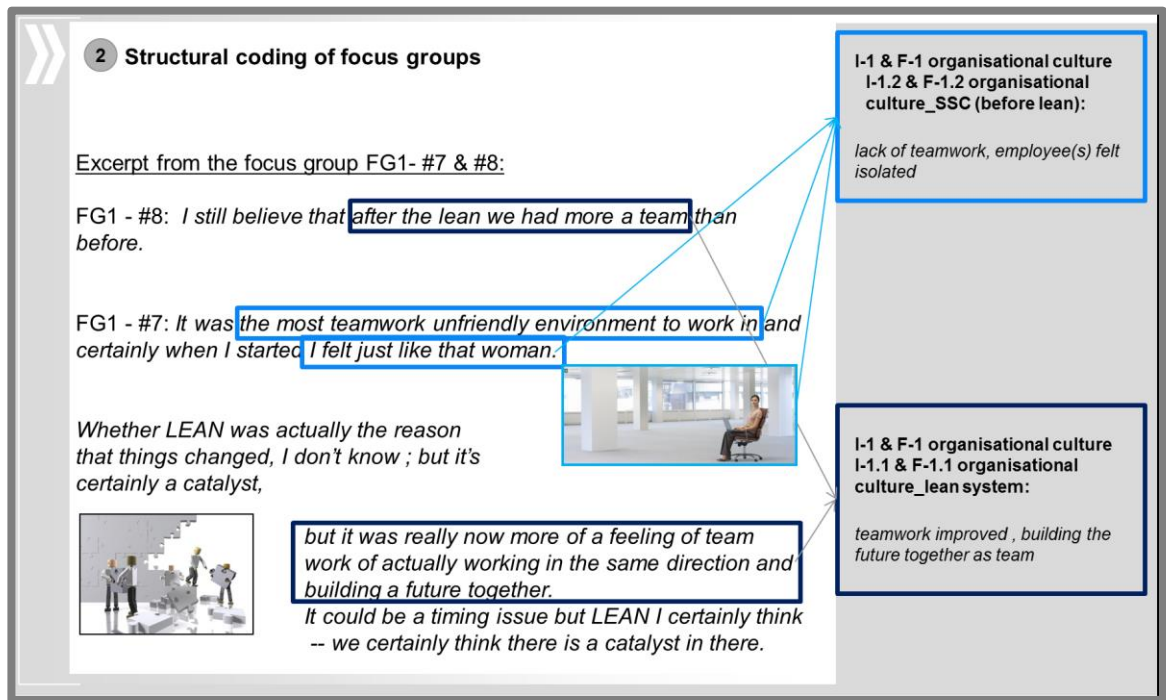


Figure B7. Coding process department European Key Account Desk example: Focus groups.

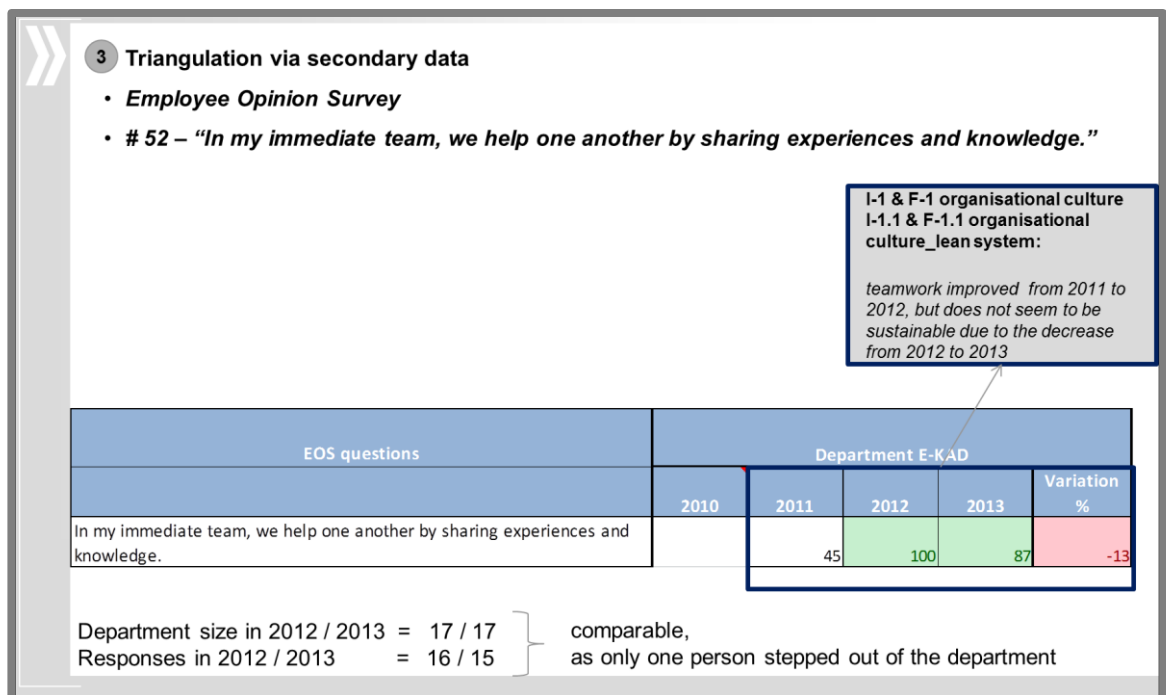


Figure B8. Coding process department European Key Account Desk example: Secondary data (Employee Opinion Survey).

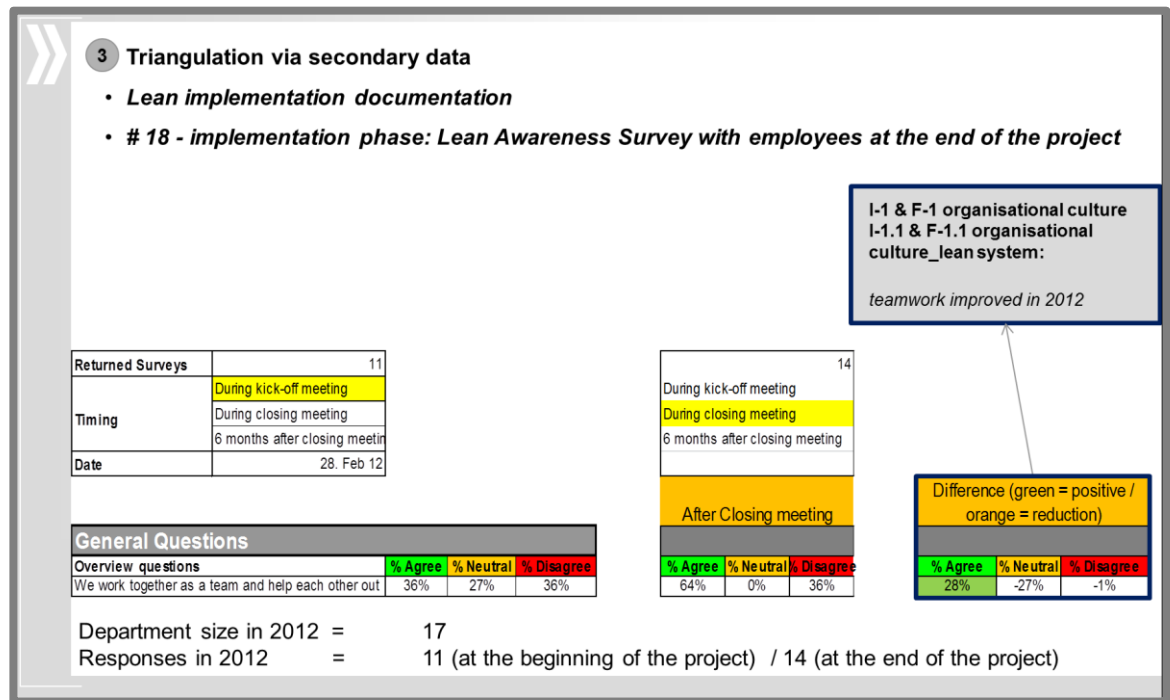


Figure B9. Coding process department European Key Account Desk example: Secondary data (Lean implementation documentation).

Character	Current Role	Answers at what level?	employed since	Further comments
Albert	executive	SSO/SSC	2006	
Chloe	executive	SSO/SSC	2001	worked as employee in FA during 'start-up phase'
Isaac	manager	CA	2000	worked in different roles in support and service line departments during 'start-up' and 'service provider phase'
Scarlett	manager	CA	2000	worked as employee in CA during 'start-up phase'
Jacob	manager	FA	2001	worked as employee in FA during 'start-up phase'
Holly	manager	FA	2001	
Oscar	manager	outsider perspective	2000	worked as employee in CA during 'start-up phase'
Harry	manager	SSO/SSC	2005	
Amy	manager	CA	2009	
Jack	employee	CA	2010	
Abigall	manager	FA	2008	
Benjamin	manager	outsider perspective	2008	
Grace	employee	SSO/SSC	2008	
Elizabeth	lean implementation expert	SSO/SSC	2001	worked as employee in FA during 'start-up phase'
Lauren	lean implementation expert	SSO/SSC	2001	worked in different roles in support and service line departments during 'start-up' and 'service provider phase'

CA = Customer Accounting; FA = Financial Accounting; SSC = shared service center; SSO = shared service organisation.

Figure B10. Introduction of characters.

Cultural Type	Attributes	Start-up	Service provider	Business partner
Hierarchy Motto: <i>better, cheaper, surer</i>	clear line of decision making authority (centralised)	30%	40% (decisions done by managers)	20% (decentralised decision making within a frame)
	standardised rules and procedures (documented)	10%	30%	40%
	control and accountability mechanisms (capable processes, measurement & control)	10%	30%	40%
	smooth and efficient functioning organisation	10%	30%	40% (no end-to-end)
	Total (average)	15%	33%	35%
	Leadership: good coordinators and organizers leading the organisation to stability, predictability and efficiency	pioneers; hierarchical & formal; poor interaction and trust	transactional leadership; command & control	transformational & transactional leadership; partially systems thinking
				Legend: 10% very low 30% average 50% very high

Figure B11. Cultural values framework is only used as a reference model: Cultural assessment of hierarchy cultural type.

Cultural Type	Attributes	Start-up	Service provider	Business partner
Market Motto: <i>compete hard, move fast, and play to win</i>	profitability & bottom-line results	10%	10%	30%
	stretch targets & secure customer bases (strong customer focus)	10%	20% (KPIs and targets in place)	40% (targets aligned with customers and discussed)
	competitiveness & productivity	10%	20%	40% (productivity measurement in place)
	rapid response and speed	10%	10%	30% (SPRs and direct touchpoints in place)
	Total (average)	10%	15%	35%
	Leadership: hard-driving producers and competitors leading the organisation directive towards productivity, results, and profits	pioneers; hierarchical & formal; poor interaction and trust	transactional leadership; command & control	transformational & transactional leadership; partially systems thinking
				Legend: 10% very low 30% average 50% very high

Figure B12. Cultural values framework is only used as a reference model: Cultural assessment of market cultural type.

Cultural Type	Attributes	Start-up	Service provider	Business partner
Clan Motto: <i>human development, human empowerment, human commitment</i>	teamwork (willingness to cooperate)	40%	20%	40%
	empowerment (decentralised decision-making)	20%	20%	40%
	employee involvement (sense of community)	50%	30%	50%
	corporate commitment to employees	50%	20%	50%
	Total (average)	40%	23%	45%
	Leadership: Through mentoring, facilitator and team builder to empower employees and facilitate their participation, commitment, and loyalty	pioneers; hierarchical & formal; poor interaction and trust	transactional leadership; command & control	transformational & transactional leadership; partially systems thinking
Legend: 10% very low 30% average 50% very high				

Figure B13. Cultural values framework is only used as a reference model: Cultural assessment of clan cultural type.

Cultural Type	Attributes	Start-up	Service provider	Business partner
Adhocracy Motto: <i>create, innovate, and envision the future</i>	adaptability (freedom of thought and action)	10%	10%	30%
	flexibility	50% (everything was possible)	40%	30%
	creativity	10%	10%	30% (intrinsic CI)
	individuality, risk taking and anticipating the future (learning from mistakes)	30%	10%	30%
	Total (average)	25%	18%	30%
	Leadership: Visionary, innovative and risk-oriented to emphasis growth and acquiring new resources	pioneers; hierarchical & formal; poor interaction and trust	transactional leadership; command & control	transformational & transactional leadership; partially systems thinking
Legend: 10% very low 30% average 50% very high				

Figure B14. Cultural values framework is only used as a reference model: Cultural assessment of hierarchy cultural type.

Appendix C: Additional Tables

Table C1

Skill Matrix of the Research

Strategy	Case Study
Data Collection	Mixed Methods Semi structured interviews, Focus groups, Secondary data and Triangulation through quantitative and qualitative data

Skills required from researcher

INTERVIEWING	Capable of phrasing easy to answer questions (e.g. without jargon)	Required
	Demonstrates the difference between close, open and probing questions and use them adequately	Required
	Demonstrates the awareness of bias and is capable of avoiding bias embedded in questions	Required
	Capable of using language that is comprehensible and relevant to the interviewees	Required
	Capable of using a neutral tone and same pronunciation in each interview	Required
	Capable of listening attentively	Required
	Capable of prompting	Required
	Capable of probing answers by summarizing them	Required
	Capable of acting flexibly and adding questions if appropriate	Required
	Capable of recording data (use of audio-recorders and making notes)	Required
	Capable of summarizing (e.g. via transcript) the outcome of the interview and reflecting on the interview	Required

Strategy	Case Study	
Data Collection	Mixed Methods Semi structured interviews, Focus groups, Secondary data and Triangulation through quantitative and qualitative data	
FACILITATION	Demonstrates good facilitation skills (required for focus groups)	Required
INTER- PERSONAL RELATIONS	Capable of dealing with difficult participants	Required
DIAGNOSTIC	Demonstrates diagnostic abilities like objectivity, intense curiosity, conceptual and analytical as well as inductive reasoning	Required
ANALYSIS	Capable of doing statistical analysis	Required
	Capable of calculating the internal consistency (e.g. by using the Cronbach's alpha)	Not required
KNOWLEDGE	Demonstrates knowledge regarding the management theory supported by scholarly research findings and applied techniques	Required
COMMUNICA- TION	Demonstrates communication skills like sensitive listening skills, exceptional writing ability, oral presentation skills, intervention skills, ability to communicate and persuade	Required
PERSONALITY	Demonstrates personality characteristics like ethical standards, empathy, trust and integrity, positive thinking, self-motivation, team player, mobility, energy and self awareness, professional etiquette and courtesy, stability of behaviour and action	Required
	Capable of providing a rigorous description of the research process and acting with conscientiousness	Required
PLANNING & ORGANISING	Demonstrates planning skills	Required
	Capable of managing modern communication technology	Required

Strategy	Case Study
Data Collection	Mixed Methods Semi structured interviews, Focus groups, Secondary data and Triangulation through quantitative and qualitative data
	Demonstrates to manage logistical and resource skills
	Required
Impact of the researcher's values: Researchers' values influence study	

Table C2

Focus Group Log Tabs and Components

Tab	Components under tab
Participants	<ul style="list-style-type: none"> • Function • Representative(s) of the department • Department Head (time stamp of contact) • Participant Identifier (number of Focus group & participant) • Pseudonym • Focus group (date, time, location) • Introduction Package sent out (date) • Invitation sent out with aim & agenda, ethical research form, background information (date) • Background information filled (date) • Thank you letter & photo protocol (date) • Transcript ready
Background Information	<ul style="list-style-type: none"> • How long have you been employed by the captive SSO/SSC? • What is your current position within the captive SSO/SSC? • When did the lean system implementation start for you and what was your role at that time? • How many years of experience do you have in shared services in general? • Was the lean system implementation at the SSC the first lean experience for you or did you already have any experiences with it before the implementation started in the SSC?
Field Notes	<p>Field Notes</p> <ul style="list-style-type: none"> • How was the setting of the focus group? <ul style="list-style-type: none"> ○ Was the room quiet or noisy? ○ Could you be overheard? ○ Were you interrupted? ○ Was anything special to mention? • Background information about the participant: <ul style="list-style-type: none"> ○ Service ○ Gender • My immediate impression of how well (or badly) the session went (e.g. was the participant reticent, were there aspects about which I felt I did not obtain answers in sufficient depth?) • My immediate impression about the interaction between the participants <ul style="list-style-type: none"> ○ How was the interaction between the participants? ○ What was special regarding the interaction? <p>Theoretical Memos</p> <ul style="list-style-type: none"> • What has been learned from the particular focus group? • How does this session differ from the last? • What was similar to the previous session?

Tab	Components under tab
Quality of Interviews	<ul style="list-style-type: none"> • Focus Group • Duration • Coverage of all themes (in total four) • Comment • Quality criteria for a good focus group <ul style="list-style-type: none"> ○ Richness of the participants' discussion ○ Interaction between the participants ○ Clarification of participants' statements • Comment

Table C3

Checklist to Assure a Rigorous Analysis Procedure

Headlines	Tasks	Example
Interview & Focus group	Identifier	e.g., 7
Check points for Step 2: GET FAMILIAR WITH THE COLLECTED DATA	<ul style="list-style-type: none"> • Reading • Re-Reading with focus on 'meaning' • Overall quality check according to quality criteria (e.g. Kvale, 2007) • Segmentation • Alignment with theoretical memos • Interview and theoretical memo saved In NVivo 	<ul style="list-style-type: none"> • done • done • done • done • done • done
Check points for Step 3: PROCESS OF CODING AND THE INTERPRETATION OF THE DATA IN THEMES	<ul style="list-style-type: none"> • First round structural coding • Recoding (structural) • First round coding for content • Recoding (content) • Check with theory-based codes 	<ul style="list-style-type: none"> • 03.10.2014 • Not required • 04.10.2014 • Not required • 04.10.2014

Appendix D: Research Ethics Form

University of Gloucestershire



Participant Consent Form

Title of Research Project: An investigation of the role of organisational culture when shaping a shared services organisation into a lean system

Researcher: Tanja Küppers (DBA student of the University of Gloucestershire)

Please initial the box if you agree with the statement to the left

- | | | |
|---|--|--------------------------|
| 1 | I confirm that I have read and understand the introduction package dated 13 th July, 2013 explaining the above research project and I have had the opportunity to ask questions about the project. | <input type="checkbox"/> |
| 2 | I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason and without there being any negative consequences. In addition, should I not wish to answer any particular question or questions, I am free to decline. | <input type="checkbox"/> |
| 3 | I understand that my responses will be kept strictly confidential. I understand that my name will not be linked with the research materials, and I will not be identified or identifiable in the report or reports that result from the research. | <input type="checkbox"/> |
| 4 | I understood that the data collected from me will be destroyed after the completion of this study.
However, I will get the transcript of my interview for final alignment. | <input type="checkbox"/> |
| 5 | I give permission for audio-recording and for taking notes. | <input type="checkbox"/> |
| 6 | I agree to take part in the above research project and will inform the principal investigator (tanjakueppers@gloucestershire) should my contact details change. | <input type="checkbox"/> |

Name of participant

Date

Signature

*Name of researcher
taking consent*

Date

Signature

Appendix E: Interview Schedule (Excerpt)

Date / Time / Location: _____.____.2013 / ____:____ / _____
Present: Interviewee No. <____>

I. Introduction

Icebreaking through informal questions like

- How long have you been employed by the company? (DP DHL, FHS, SSC in Maastricht)
- Have you enjoyed it?

Warming up by explaining the approach

- the purpose of the study through a brief explanation of the research
- clarity of procedures openness and presence (interview themes, ongoing dialogue, engaged, interest in their thoughts etc.)

II. Interview Themes

Organisational culture in the SSC in Maastricht - the way of working

- Organisational cultural aspects before starting the lean implementation
- Any additional general aspects of organisational culture of shared services (see support material) to mention
- Any changes in the way of working due to lean?

Reason and purpose of the lean implementation in the SSC in Maastricht

- From an organisational perspective
- From the interviewee perspective
- Did reason & purpose of the organisation / your own purpose change during the implementation?

Sub-cultural dimension: Continuous improvement (CI)

- Current status of CI in the SSC in Maastricht
- SSC at a level to be perceived as a learning organisation based on a virtuous continuous cycle of improvement
- How was CI / culture of CI addressed and established?
- What does it (= culture of CI / learning organisation) mean for the interviewee - as a leader, as a peer and as an employee
- Impact of interviewee's role and his/her daily life at work (What changed?)
 - o Leadership style? Employee empowerment? Education & trainings?



Background information for the researcher:
Culture of CI means empowerment; the ethos is learning (not control),
change is adaptive & integral (not reactive & projects)

Appendix F: Interview Themes

Interview Guide & Research Ethic Form

Date / Time / Location: _____.____.2013 / ____:____ / _____
Present: Interviewee No. <____>

I. Interview Themes

- a. Organisational culture in the SSC in Maastricht - the way of working
- b. Reason and purpose of the lean implementation in the SSC in Maastricht
- c. Sub-cultural dimension: Continuous improvement (CI)
- d. Sub-cultural dimension: Business partnering and a "customer comes first - culture"
- e. Sub-cultural dimension: Overall way of working across the different departments
- f. Organisational cultural change
- g. Concrete actions to shape organisational culture
- h. Sustainability: How to keep the momentum

II. Next steps

All answers will be transcribed within the coming week. I will send the copy of the transcript to you for final checking and approval.

Would you like a copy of the final study (approx. in 2014)?

Y	N
---	---

Many thanks for your participation.

Sauja Kuipers

Appendix G: Focus Group Introduction Package

Goal of the focus group



Within the focus group the participants will

- explore the organisational culture of their groups before and after lean management was established
- discuss what would be required to practice/foster continuous improvement, empowerment, teamwork and adaptation towards the business partners' needs

Focus
Group

- Participants need to have been already employed before the start of lean implementation in their group.

Agenda of the focus group

Each focus will last 90 minutes

AGENDA of the Focus Groups		Time
INTRODUCTION		10 mins
TOPICS FOR DISCUSSION		70 mins
The way of working before and after lean was established		
→ The focus will be on four aspects:		
a) leadership style		
b) the way of working in your own group/department		
c) the way of working with other departments in the SSC		
d) employee well-being & organizational performance		
What was done to come from the previous 'as-is' to the current 'as-is'		
The main obstacles during the transformation		
What would be required to make the current 'as is' more flexibility oriented?		
→ flexibility oriented means Empowerment & Teamwork as well as Continuous Improvement & Adaptation towards the BPs' needs?		
CLOSURE		10 mins

As doctoral student of the University of Gloucestershire, dedicated **ethical ground rules** have to be considered in each focus group

Ethics

- All responses during the debate in the focus group will be kept **strictly confidential and anonymous**.
- **Participation is absolutely voluntary**, that means that the participant can stop the process at any time.
- There is **no need to answer questions** when the participant does not feel comfortable with the question.
- All the data that is created during the research will be fully destroyed after the completion of the study.
- All answers will be transcribed.
- To avoid any misunderstandings, permission for **audio-recording and for taking notes** is requested.
- A photo-protocol will be sent to the participants after the session.

Next steps



- Please fill out the attachment and bring it with you to the session.
- If you want, you can already start thinking about your view/opinion regarding the topics that will be discussed (see agenda)

..... many thanks for your participation!

