INFLUENCE OF SHARED SERVICE CENTERS IN THE PERFORMANCE OF MULTINATIONALS IN KENYA

BY

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DECLARATION

This research project is my original work and has never been presented for a degree in any other university.

Signature …………………………………………. Date ……………………………….

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This research project has been submitted for examination with my approval as university supervisor.

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DEDICATION

I dedicate this work to my family.

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I give thanks to the almighty God for the grace and capacity He bestowed upon me that enabled me to successfully accomplish this task. I also wish to express my gratitude to the various people whose significant role has contributed has contributed to this success.

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I further extend my vote of thanks to my family for standing with me all through the process. To all my friends and classmates, thank you for every contribution you have made. God bless you all.

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ABBREVIATIONS AND ACRONYMS

ACCA:	Association of Chartered Certified Accountants
CEO:	Chief Executive Officer
FDIs:	Foreign Direct Investments
KPI:	Key Performance Indicators
MNC/ MNCs:	Multinational Corporation(s)
PWC:	PricewaterhouseCoopers
SSC:	Shared Service Centers

ABSTRACT

A high number of Multinational corporations (MNCs) have followed their peers in starting up shared service centers (SSC). With most multinationals adopting this trend, it is without doubt that shared service center acts a key driver for multinational corporations in achieving their organization goals and derives certain benefits. The objective of this study was to determine the Influence of shared service centers on the performance of multinationals in Kenya. The research design applied was descriptive survey. The study covered four MNCs including Diageo, Nestle, Toyota and Standard Chattered whereby, the top and middle level managers in these firms were covered. Primary and secondary data was used. Primary data collection was done through the use of questionnaires. The data was analyzed through descriptive statistics such as mean, percentages, and frequencies. Analysis of qualitative data comprised of document analysis and text that included text data reviewing and categorizing the data in line with the study objective. The SSC implementation was rated at a mean of 3.9 with a standard deviation of 1.3. Most of the managers (56.9%) expressed that the growth of SSC in Kenya is fast while 33.3% considered it as average. A vast majority (92.2%) of the managers unanimously affirmed that efficiency was the major driver of setting up SSC in the MNCs. It was followed by cost savings which was attested by 86.3% of them. On the factors affecting their growth, 76.5% of the managers believed that internal factors affect the growth of SSC in the MNCs. Majority (96.1%) of the managers attested that SSC had a positive effect on MNCs. The study concluded that the benefits that accrue to MNCs from SSC far outweigh the costs of their establishment and operation, hence, SSC greatly enhance efficiency and cost savings in MNCs. In this regard therefore, the study infers that SSC have a great positive effect on the performance of multinational corporations. The study recommends among other measures, that for MNCs to improve their performance through the SSC model, the management should ensure that they adequately engage the staffs while establishing the SSC from the planning to the implementation stage. They should also adequately envision the possible challenges and plan in advance how to address these challenges should appear.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

According to Deloitte's survey of global shared services it was discovered that there is an only stereotype that the sole purpose for the implementation of shared service centers (SSC) is the need to cut on costs. There is a way in which the global economic crisis work is in the support of this kind of thinking. Truth is when you look at the value chain and pay close attention to services which are knowledge based, the logic behind SCC is not just cost reduction as it offers an opportunity of creating organizational value and is a crucial part of an organization during the challenging times. Times have changed meaning even the way things are being handled is totally different (Deloitte, 2017).

The cost aspect is no longer the only main motivation behind SSC but other significant reasons have come up like the crucial role of finance and accounting functions for the companies. From the Cass Business School in London, Professor Joe Lampel had his perspective of the situation, that currently, it is much more difficult to obtain money, your own ratings have come under greater scrutiny, and bonds have to be carefully managed. All of these things have put a lot of pressure on the CFO. According to the Thriving not just surviving: Insights from leading finance function survey conducted by KPMG, in 70% of the high performing corporations, the finance and accounting has major influences on the main operations whereby in 61%, the finance function has the material influence on supply chain having 55% of respondents, IT having 53% and marketing.

The biggest challenge in the implementation of a shared service is majorly the lack sponsorship of the senior management hence poor communication. According to findings of a survey by PricewaterhouseCoopers (PWC), there is a negative effect when there is lack of support of the SSCs by companies. Other barriers include conflicts between corporate managers and the country, poor management of people, lack of enough support and IT infrastructure, poor project planning, challenges in the recruitment process in particular locations (PricewaterhouseCoopers, 2015).

1.1.1 Concept of shared service centers

According to Rouse (2016) a shared service center is a concentration of the support and administrative activities of an organization which are distributed traditionally and duplicated in the various group companies and business units. Through this, a shared service center is able to offer the activities whereby the support needed obtains costs that are lower, enhancing the internal controls, offering quality services on its operations, standardizing and simplifying various processes.

A shared service center is not in any way a bureaucracy, a simple centralization, an initiative only meant for cost reduction or even a solution which is standardized for all companies. It is evident that most of the major multinationals make use of shared service centers. This is following the many benefits that the centers bring with them. The decision of coming up with a SSC is no longer a decision that is being made by the finance department rather it is a decisions to be made by the leaders of the organization together with the shareholders (Ramphal, 2013).

This helps in learning the particular needs of every business area and finding ways of tackling them. The leaders of an organization have to be totally involved in the implementation, improvement, planning, and the supervision of the whole process to make it a success. Based on results of the SSC survey that was conducted in 2012 by PwC Germany, the most prominent benefits of having an SSC is that it helps with cost reduction, to improve the quality of operations, enhance transparency of operations and make services more efficient (PwC, 2015). The implementation of shared service organizations results in the bringing together of duplicated and common processes which are offered to various business units that is under a sole leadership that works as a department which is totally independent and focuses on business and service.

1.1.2 Concept of international business

According to Rasel (2014), international business is the exchange of goods and services among businesses and individuals in different countries. It can also be explained as a multinational corporation that engages in businesses among many countries. There are various concepts that are important to understand for a better insight of international business. The basic international business concepts include; balance of trade, exporting and importing, exchange rate, and balance of payment.

Exporting involves the selling of the domestic goods in other countries while importing refers to the purchasing of goods that are produced in another country and getting them into your residential country (Kartikasari, 2017). Balance of trade is derived after getting the difference between visible imports and exports. A country gets a favorable balance of trade when it is able to export higher than it is importing (Nazeer et al., 2015). This means that the exports are higher hence a higher inflow of income into the country as compared to the outflow. However, an unfavorable balance of trade happens when the imports of a country are higher than the exports. A country is in a better position with a favorable balance of trade.

Exchange rate is the rate through which a country is able to exchange its currency with the currency of other countries (Nazeer et al., 2015). Devaluation is a state where the value of currency of a country reduces as compared to other countries' currency. Revaluation on the other hand means that there is an increase in the currency of a nation as compared to other nations (Eze & Atuma, 2017). A fixed exchange rate is a rate that is determined by the government of a country that cannot be changed while a floating exchange rate is the exchange rate which changes according to market conditions. Balance of payment is gotten when the difference between invisible and visible exports and the visible and invisible imports is done (Ajekwe, Korna & Idyu, 2013). A favorable balance of payment happens when money is flowing more into a country as compared to its outflow. Unfavorable balance of payment is seen when more money is flowing out of the country as compared to how it is getting in (Nazeer et al., 2015). When it comes to the measurement of financial performance, there are different ways through which measurement can be done such as; sales-based measures, return on assets and profitability.

1.1.3 Multinational corporations as business entities

A multinational corporation can be termed as a business entity since it is involved in international business that is it manages production and delivers services in one country or more. Local and national governments mostly compete with each other to be able to attract as many MNCs as they bring in employment, economic activity, and tax revenue. The governments attract the MNCs through incentives like tax breaks, subsidized infrastructure and pledges of assistance from the government. Aside from bringing with them economic growth for the national and local governments, the MNCs also place power over various political entities once they are formed through control over intellectual and technical property.

Multinational corporations as business entities bring about economic globalization. This is the growing interdependence of the national economies across the globe through a fast increase in the movement of services, capital, goods and technology across borders. The MNCs have come up with many links between the economies of different countries as they use capital from the developed countries to build plants and factories in the developing countries where they can easily access cheap labor and raw materials. The final product is moved to the developed countries where there is availability of market. The links that are therefore created among the different economies bring about economic integration resulting in a single world market.

1.1.4 Multinational corporations in Kenya

The increasing number of multinationals in Kenya is as a result of an increase in the Foreign Direct Investments. This has resulted in the growth of the Gross Domestic Products but there has been a decline of the FDIs due to a number of factors in the recent years. The FDI has remained weak considering the development level in the country and the economy's size. The factors that have mainly resulted in the slow growth of the investments include; poor infrastructure, insecurity especially because of terrorism and unfavorable business climate. Kenya is among the largest receivers of FDIs in Africa as the inflow increased greatly since 2010. Kenya is among the most attractive countries in East Africa for an MNC to invest in.

The economy of the country is a market economy and acts as the economic, technological, logistic and commercial hub of East Africa. It is also a regional financial center and has a good and solid industrial base. In the urban areas of the country Kenya has well-educated, English speaking and a young population. This in turn makes Kenya a target of many multinational investments. There are a number of multinational companies with their African headquarters in Nairobi like Cisco Systems, BASF, China Central Television, Bank of China, Heineken, IMF, Diageo, Standard Chartered Bank, Nestle, Sage Group, Toyota, World Bank, Sony, among others. This is an indication of the potential of the market to bring in profits. There are however political constraints that are found in the country but the economic viability make the country a hot bed for investments.

Since it is logically difficult to cover all the MNCs in Kenya, the study will look at four MNCs. That is; Diageo, Nestle, Toyota and Standard Chattered. Nestle is a Swiss company of food and drink with its headquarters in Vevey, Vaud, Switzerland. Its founder is Henri Nestle, Charles Page, and George Page. It is registered as the biggest food company globally measured by revenues as well as other metrics. The products of the company include medical food, coffee and tea, breakfast, baby food, frozen food, snacks, pet foods, confectionery, cereals, bottled water, ice cream, and dairy products. It is in the food processing industry.

Diageo is a public limited company that was founded in 1997 and its top officials are; Javier Ferran who is the chairman and Ivan Menezes the CEO. It is in the beverages industry and has its headquarters in London, England. The products that are produced by the company include; spirits, alcoholic beverages, wine and beer. Diageo was the largest distiller worldwide until it was recently overtaken by China's Kweichow Moutai.

Standard Chattered is public limited company that was founded in 1969. It is a British multinational banking and financial services company with its headquarters in London, England. The services offered include consumer banking, credit cards, private banking, corporate banking, investment banking, mortgage loans and wealth management. The company is in the industry of banking, financial services.

Toyota Motor Corporation is a public company that is in the automotive industry and was founded in 1937 by Kiichiro Toyoda. Toyota as at 2016 was recorded as the world's largest automotive manufacturer. The company's products include luxury vehicles, automobiles, engines, and commercial vehicles.

1.1.5 Organizational performance

Organizational performance refers to the precise results that are achieved by an organization relative to the results that were anticipated or expected (Tomal & Jones, 2015). It can also be perceived as the extent to which an organization achieves the set institutional objectives and or targets (Almatrooshi, Singh & Faruk, 2016). This implies that organizational performance should be evaluated against a particular objective set by the organization prior to the time of the performance evaluation. The goal of any organization is not only to survive, but also to sustain its existence by improving performance. In order to meet the needs of the highly competitive markets, organizations must continually increase performance (Arslan & Staub, 2013).

Lebans and Euske (2006) assert that organizational performance can be measured using four major aspects; effectiveness (whether an organization can achieve its objective), efficiency (ability of an organization to use its resources properly), relevance (degree to which the organization's stakeholders perceive the organizations activity as being relevant to their needs) and finally financial viability (how viable the organization is in short term and long term and also how long the organization has remained profitable).

1.1.6 Service centers as performance determinants of multinational companies

Companies that have implemented the SSCs have been able to enjoy benefits such as standardization, better control of costs, a reduction of complexity and optimization of performance. The SSCs have greatly contributed to the better performance of the multinational companies. This is majorly as a result of the efficiency that they bring with them. One of the greatest benefits of the SSCs is the efficiency in operations. The companies are able to run their operations more efficiently without necessarily incurring extra costs. Since the main operations are centralized there is better control and supervisions of the company's operations. This in turn reduces the running costs of the company since wastage is reduced (Kamal, 2012).

The cost saving aspect also comes in with the fact that the location of most SSCs are in areas where there is affordable labor therefore the operational costs are minimized. This in turn improves and betters the performance of most MNCs as they are able to run their operations from on center (Kennewell & Baker, 2016).

It is also possible to have offerings which are value adding that helps in the evolution of organizations with SSCs. There are many opportunities that have been built through the introduction of big analytics and data which support decision making and offer business intelligence. Considering the great amount of data that runs through the company on a daily basis shared services are able to analyze, sort and mine information for the increment of the performance of the companies through business insights of high value (Schwarz, 2014).

1.2 Research problem

A high number of multinational corporations have followed their peers in starting up shared service centers to act as a fulcrum to coordinate and undertake key operational activities such as finance, human resources and procurement from the various vast regions in a central location (Schwarz, 2014). With each multinational adopting this trend, it is without doubt that shared service center acts a key driver for multinational corporations in achieving their organization goals and derives certain benefits. The goal of this study is to show the influence of shared service centers on the performance of multinational companies.

A study done by Mejlumyan (2016) looked at the performance of multinational companies. The study looked at the various KPIs that are used in the control of performance in the multinationals. It also listed several suggestions and recommendations on the various ways to improve the performance of MNCs. This study however since it was done in another country does not tap into the Kenyan market. This shows that MNCs in Kenya were not analyzed. A research done by Wanyande (2015) on the effect of finance shared service on financial performance of manufacturing firms listed in Nairobi Security Exchange used a descriptive research design where the study concluded that there is no association between financial performance and financial shared service, and that the financial shared service is statically important due to the many resources as well as restructuring associated in its implementation.

Most of the studies done by researchers are mainly channeled on a different concept or perspective of SSCs and they do not show the exact influence of SSC on the MNCs performance. A study conducted by ACCA (2002) mainly dwelt on the financial shared service centers therefore failing to give the overall view of the SSC as the research majored on the financial services only. There needs to be proper research that gives the readers a better and deeper insight into the influences that the SSC have on MNCs.

A review of existing literature indicates that shared services strategy is predominantly being practiced but there is little empirical evidence of its influence on performance. This has been brought about by lack of enough scientific research of the topic (Kennewell & Baker, 2016). The knowledge of the shared services can therefore be seen as unsatisfying. There are no integrated processes that guide and structure the prioritization of the KPIs within the SSC multidimensional system of performance management. This has in turn affected the performance of most companies in regard to the implementation of the SSC. This therefore raises the need to prioritize KPIs within the system of performance management of the SSC. This will help with the prioritization of the SSC's vision therefore the operationalization of the vision of SSC is enhanced as the achievements of the SSC vision can be precisely measured. The push for the approach of shared services comes from the strategic move that is focused on the main competencies as well as rationalism of resources. Some of the rationale does go back to the decentralization and centralization of the organizational structural debates as the shared services are units which are centralized that deliver services to the decentralized units. According to Child (2015), the greater decentralization risks can be compensated for through the formulation of rules, standards, and procedures through the senior management. A description of this by Donaldson et al. (2014) is a "compensatory relationship between greater delegation of decision making and greater structuring through bureaucratic controls."

The research problem of the study arises from a detailed and long research of previous empirical studies where previous studies do not adequately explore the effect on performance the SSCs have on the multinationals in Kenya. Those done did not cover the multinational corporations selected for this research. This study will go into detail by looking at four MNCs that are operational in Kenya and get a better insight of the effect their SSCs have on their performance. Consequently, this gap results in the following research question: What are the effects on the performance of multinationals in Kenya that have been brought about by shared service centers?

1.3 Research objective

The objective of the study was to determine the influence of shared service centers on the performance of multinationals in Kenya.

1.4 Value of the study

This research study may contribute to the already existing body of knowledge. The findings of the study are important to various stakeholders. It provides a better understanding of the role played by SSCs as opposed to the belief that it only saves on costs. Various managements and researchers may have a better understanding of the influences of SSC on the operational performance of different multinationals and whether the SSC actually brings benefits to the multinationals or not.

The results of the study may also play a part in the enlightenment of management of other firms on the most appropriate practices for the leaders in relation to SSC. The recommendations made from the study may help most leaders and managers of multinationals in their decision making and to come up with policies that best cater to the SSC for the betterment of overall performance.

The study may be beneficial to other researchers as the findings may act as a useful tool in undertaking more research in this field as well as deeper discussions of the SSC and the impact it has on other companies for the sustenance of competitive advantage.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The section have the documented literature on the impact of shared service centers on the manner in which major multinationals perform while looking at specific multinationals in Kenya. The chapter gives details of the theoretical and empirical literature that is relevant to the study. In light of this, there is a review of the documented literature on the different concepts related to the topic of interests and identifies the research gap to be addressed.

2.2 Theoretical foundation

Baldwin and Coase have utilized concepts like the transaction cost, principal agent, political theory and organizational theory in the explanation of parts of the shared service concept. There are however various concept that are widely used but have not been put into consideration in relation to SSC. There is the absence of specific theoretical frameworks that relate to SSCs and this has prompted the use of a wide base of theoretical concepts that need to be evaluated and classified in relation to their contributions for the theoretical foundation of the SSCs.

2.2.1 Transaction cost theory

The transaction cost theory explains the reasons for existence of companies and their reasons for expansion or sourcing out activities. The transaction cost theory assumes that organizations aim at minimizing the costs involved with exchange of resources with the environment and also the fact that companies look to minimize exchange bureaucratic costs found within the company.

The transaction cost theory according to Williamson (2001) first came up in the context of a decision by a firm to outsource or do something in-house. It is founded on the make or buy context. Organizations have two optional methods of acquiring resource control that is; assets ownership.

According to Ronald Coase (1937) every company has a chance of expanding if the activities of the company are able to be undertaken in a cheaper way within the company as compared to outsourcing the activities to external service providers. According to

Williamson (1981) there is occurrence of transaction cost when a service or good is transferred an interface that is technologically separable. Hence, a transaction cost arises each time a service or product is being transferred from a stage to another whereby new technological capabilities sets are required to make the service or product.

The theory of transaction cost is not entirely perfect. There are loopholes that have been discovered. The major criticisms of the theory include; the too much focus on cost minimization, the understating of the cost of organizing, and it disregards the social relationship role in the various economic transactions. Whenever a transaction is attempted to be done, there is no guarantee that it will result in the reduction of haggling and negotiations involved with the transaction. Contrary there is a greater possibility of bargaining of costs and the influential behavior.

2.2.2 Agency theory

It describes the issues that happen when a party represents the other in business; however it holds different perceptions on the main business issues. This is a relationship between the principal and the agent. The principal is usually the owner of the asset such as a company, while the agent is the person contracted for the management of the particular asset in subject on behalf of the owner (Havard Law School, 2017). It has been seen that although the company's shareholders are its owners, the company's effective control is mainly done by the board of directors. The divorce of control from ownership comes in when the shareholders leave the control of the company in the hands of the board of directors due to their commitments to other things.

This theory has been criticized by several thinkers and philosophers like Donaldson (1990) who criticized the theory in relation to regressive simplification, methodology individualism, ideological framework, narrow defined motivation model, corporate governance's defensive and organizational economics. He made an interesting observation that all organizational economies' academies, that is, Ouchi, Barney, Jensen and Meckling had very little attention on the research of organizational behavior where they ignored the research and eventually came up with assumptions that disregarded important conclusions from the traditional management theory.

2.2.3 Organizational theory

According to Business Dictionary (2017), organizational theory refers to the study of organizational structures and designs, the relationship of the organizations with the external environment, and finally the behaviors of technocrats and managers within the organizations. It offers the various ways through which organizations can deal with rapid change. This means that the theory looks at the effect of the social relationships between an organization and the individuals together with their operations on the corporation in whole.

Organizational theory also looks at the external and internal business environment like legal, political, and cultural on the company. There are a number of organizational theories like classical theory, bureaucratic theory, administrative theory, scientific management theory, modern theory, and neo-classical theory (Gabriel, 2001). The structure of an organization provides an important role in the success of any company hence these theories help in the identification of the most suitable organizational structure that is efficient in dealing with particular problems.

There are weaknesses in the theory which results in its criticism. Under Taylorism, the worker’s work effort did increase in the intensity but with time the workers were dissatisfied with the working environment hence becoming angry resulting in the decrease of the work ethic as well as productivity. The criticisms of the organizational theory paved ways for other theorists like Abraham Maslow and George Elton Mayo who insisted on the behavioral and human aspects of management.

2.3 Application of shared service centers among multinational companies

Most companies have tried to increase the benefits of shared services by developing shared service centers where the main organizational operations are majored on especially those that add value. The main secret behind shared services is the integration and sharing of processes which are not the company’s main operations hence enabling the gaining of more relevance by strategic objectives. Through the adoption of SSC a number of benefits as well as administrative gains are seen on various parts of the company. This runs through the various operational levels where we will look at the benefits at every level Wilikins (1991).

At the operational level SSC there is a decrease in the cost on labor since activities and processes are organized on the basis of a service vision which can be shared. It also results in effectiveness and efficiency.

At the tactical level the benefits are seen in that as there is the sharing of processes information also brings in more ease and transparency for the continual improvement where responsibilities are given more clearly. This allows the better monitoring of managers' performance. This in turn results in the professionals seeking more mastery and specialization of processes hence benefiting from procedural and activities standardization.

At the strategic level the adoption of SSC there is perpetuation of corporate knowledge that is developed and with time achieved. There is also the permitting of processes and practices in other departments and areas for their reuse as well as a reduction in the dependence on third parties who are part of the operation. This means that the main business of an organization can be its main focus. There is also the consolidation of KPIs hence allowing the strategic levels of management a more integrated and holistic results analysis Victoria (2002).

Looking at the general benefits of the SSC to an organization it brings about effectiveness and efficiency in the operations of a company. In regard to increased efficiency a number of things are evident; economies of scale, standardization, best practice processes, lower labor costs, reengineering, integrated procurement, acquisition synergies, greater control span, and best practice processes, and acquire the highest from technological investment. Looking at the benefit of effectiveness a number of factors are evident; it becomes easier to undertake data warehousing, take the most of skills of specialist, an improved support in decision making, the management has more freedom on focusing on business issues, and an enhancement of the focus of customer service from the mindset of front office and service costing as well as Service Level Arrangements (SLA).

2.4 Key performance indicators

According to Klipfolio (2017) a key performance indicator is a measurable value that demonstrates how best a company is getting to its main objectives. The multinational companies need to tell whether the implementation of an SSC is viable therefore they have to monitor the performance of the SSC while measuring the benefits the SSC will bring into the firm. The KPIs are basically the foundation of any business. They help in telling whether the company is on the right track or not and in case of any deviations highlight the areas to place attention on. Most KPIs bring about improvement of services and operations of a company.

Businesses need to take a couple of steps when identifying the best KPI that will be most suitable for its needs. They need to have clear and defined business processes, set the requirements for the business processes, have quantitative and qualitative measurements for results, and determine the variances as well as adjust the various processes to meet the company's short term objectives. When a company sets to choose the most appropriate performance indicators it should begin by putting into consideration the factors that the management uses in the management of the business (Victoria, 2002). It also has to identify and consider whether the identified factors actually help in the assessment of the progress of the company against the stated strategies.

According to Reh (2017), KPIs are somewhat specific to a company as it is not necessary that a company chooses the key performance indicators that are being used by other businesses in the industry. There is no specified number of KPIs that a company needs as it can range from 4-10. It is advisable to use the SMART criteria when evaluating the relevance of KPI. SMART in full means Specific, measurable, attainable, relevant, and time-bound. These factors have to be attained for a company to be sure that they are using the right KPI.

There are however challenges that companies go through when using the KPIs. This happens mostly when the key objectives and the strategy of the firm gave not been made clear as measures usually tend to major on only financial outcomes. At times, relying too much on the financial indicators gives an incomplete and imbalanced perspective on the business’s health. It becomes challenging when trying to identify the most prominent indicators suitable for the business. It is difficult when trying to accurately report and measure the identified measures.

2.5 Models used in shared services

The Centralization Approach highlights that all the services associated with business support are based upon a single center. The center has the responsibility of providing services to all the operation of a company in the entire region. This is the model that is most cost efficient but also the most demanding for its execution as it needs restructuring that has highly extensive operations.

The Centers of Excellence Approach identifies that specific business processes are situated in different locations on the company’s strongest experience concentrations. For instance, accounts payable might be delivered throughout Europe while credit and sales functions are administered in India.

The Regional Clusters Approach reflects that shared service provision of services are offered on the basis of region-by-region such as having an African region shared service and Asian region shared service. Most companies view the model as an avenue to future centralized shared services model.

2.6 Shared services standardization

According to Marciniak (2012), standardization refers to a framework of agreements by which all the relevant parties in an organization or industry must adhere for ensuring that the associated processes are linked to creation of good and high service performance within guidelines that have been set. The aim is to ensure that the end product’s quality is consistent and the numerous conclusions are comparable with other items that are equivalent in the same class.

Standardization is a significant benefit that the MNCs experience. Standardization generally brings down the cost for support, upgrading software and training.

It is often the second evolution stage in the model of shared services after the consolidation stage has been undertaken. Private sector companies mostly benefit from best practices where they modify their processes and are able to achieve greater efficiency. Standardization offers an opportunity for codifying best practices as well as aid in the effective coordination among groups and individuals working on a complicated problem.

Most of the big companies tend to rationalize the operational costs through standardization and are able to deliver services over the borders of a country. Basing on the expected assets mainly at the process' end it is either an outsourcing provider or captive center that will get the delivery. In case the function shifts to a location that is offshore it could mean more cost reduction where the SSC comes in.

There are a couple of advantages that a company gets by using SSC like the combination of the decentralization and centralization benefits without many disadvantages. Standardization created by facilities of function reduction for the exploiting of the pros of economies of scale that was untapped before. More transparent processes and standardization are also part of a more focused allocation and control of services within a group.

CHAPTERTHREE: RESEARCH METHODOLOGY

3.1 Introduction

The section is comprised of the procedures and methods used in the study. The chapter generally lays out data presentation, analysis and interpretation. The tools used in the presentation and analysis of data include: tables, pie charts, bar graphs, and percentages. It is made up of the research design employed, the population targeted, sampling design, and instruments of data collection, procedures used in data collection and data analysis methods.

3.2 Research design

The research design applied was descriptive survey. This has been used in many studies because of the benefits that it brings in with its nature. The participants' observation is done in an unchanged environment. It was considered most suitable for future research as it helps in the identification of variables which can be tested. The data collected permits the gathering of information that is deep which could either be quantitative that is surveys or qualitative that is case studies and observations in nature. Descriptive studies help in getting rich data which are collected in large quantities. Descriptive survey has been used in previous studies which are in the same field as the current study such as Wanyande (2015) and Wandera (2012).

Based on FluidDurveys Team (2014) descriptive survey is a structured and preplanned in a particular design therefore the information that is gathered is able to be statistically applied on a population. The idea for this research is for the better definition of attitude, behavior, opinion that is held by a particular group of people on a specific subject. A descriptive survey comes about when there are categories which are predetermined that a respondent needs to choose from.

3.3 Population of the study

According to Mugenda, (2013) a population is a group of individuals or items under review in any field which is being analyzed and have attributes that are common. The population of this study therefore comprised of the multinationals in Kenya. As at 1st September 2017, there were more than 50 MNCs in Kenya as listed in Appendix III. Due to the high number of multinationals in Kenya which makes it difficult to cover all of them, the study only covered four MNCs including Diageo, Nestle, Toyota and Standard Chattered whereby, the top and middle level managers in these firms were covered.

3.4 Data collection

Primary and secondary data was used for data collection. Primary data collection was done through the use of questionnaires. Through the use of primary data as a data collection method particular research issues were addressed while at the same time the researcher was able to focus on particular subjects. It also helped the researcher to get better control on the manner in which the information was collected.

A close-ended questionnaire was used due to its ability to bring with it numerous advantages. A questionnaire was preferred as it is flexible and can be used in gathering data in relation to almost every topic coming from a small or large group of people. The questionnaire was given to managers, their assistants as well as the departmental heads in each of the targeted MNC.

Secondary data was also used and was mainly gotten from various sources like the company's website, company's non-confidential data and documents. Secondary data is reliable as it is already data that has been collected and compiled therefore it can be very effective to any study. It offers both historical and current information.

3.5 Data analysis

According to Business Dictionary (2017) data analysis is the process through which there is evaluation of data by the use of logical and analytical reasoning in the examination of every component of the data that is provided. It is undertaken when different sources are gathered, reviewed and later analyzed to come up with a conclusion. The data was analyzed through descriptive statistics such as mean, percentages, and frequencies. Based on Mann, Prem S. (1995) descriptive statistics are statistics that summarize features or quantitatively describe features of a collection of information. Quantitative data was presented through bar graphs, tabulations and pie charts. The mean, frequencies, standard deviation and percentages were clearly indicated. According to Shamoo and Resnik (2003), different analytical procedures offer a way of drawing inductive inferences from data and separating "the signal from the present noise" in the data. Analysis of qualitative data comprised of document analysis and text that included text data reviewing and categorizing the data in line with the study objective. This helped in understanding the information while trying to achieve the purpose of the study. The analyzed qualitative data was used to enhance the quantitative findings.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

In this chapter, data analysis is presented and the findings presented, interpreted and discussed. First, the response rate for the study is explained and demographic information presented. The rest of the chapter then presents the strategic findings based on the research objective. These are structured into various sections guided by the various questions used in the research instrument to collect data to address the various facets around the study objective.

4.2 Response rate

Table 4.1: Questionnaire return rate

Questionnaire	Frequency	Percent
Response	51	76.12
No response	16	23.88
Total	67	100

A total of 67 questionnaires were administered to top and middle level managers in the selected MNCs namely: Diageo, Nestle, Toyota and Standard Chattered. However, 16 (23.9%) of the managers were unable to respond to the questionnaire. Therefore, only responses from 51 of them who responded to the questionnaire were analyzed. This translates to a response rate of 76.1% for the study. A response rate of above 60% is sufficient for a given sample (Gall et al., 2007); hence, the 76.1% response rate was considered adequate for the study.

4.3 Demographic information

4.3.1 Highest level of education

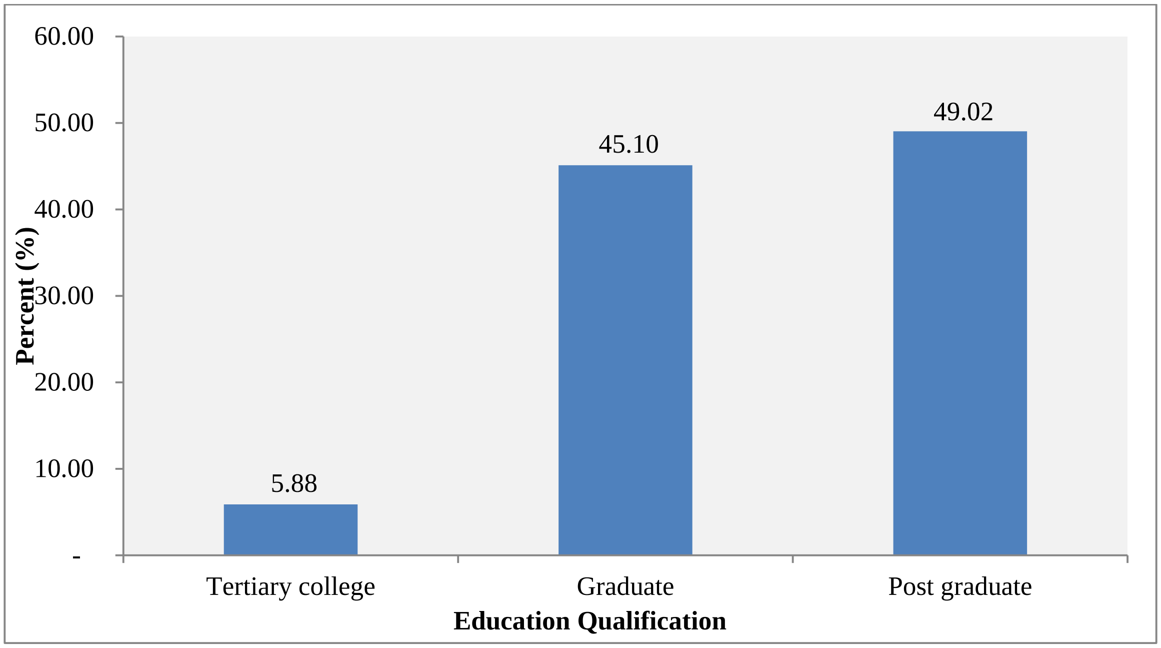

Figure 4.1: Manager's highest educational qualification

With respect to educational qualifications, 49% of the managers were post graduates with an additional 45.1% being graduates. This indicates that the management of MNCs is dominated by personnel with high educational qualifications. This is critical since the management of MNCs requires well skilled persons to ensure effective and efficient performance of the organizations.

4.3.2 Length of continuous service in the organization

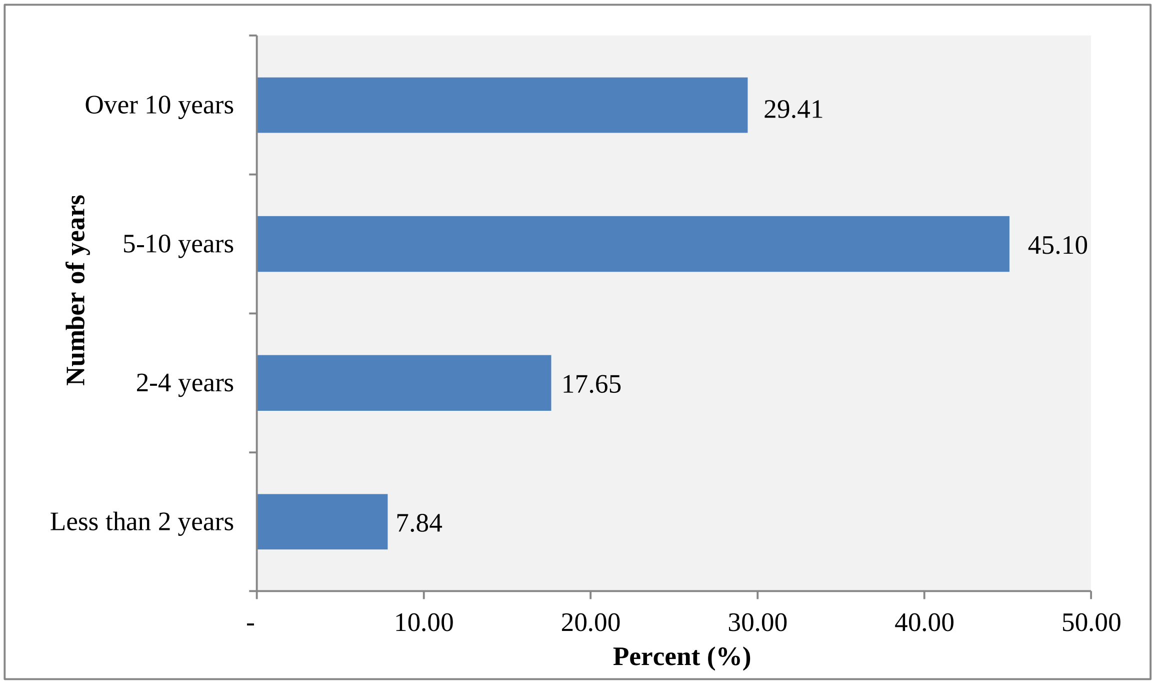

Figure 4.2: Number of years continuously served in MNC

Pertaining to their period of continuous service in the MNCs, 45.1% of the managers had continuously served in their respective MNCs for 5-10 years while 29.4% had served for over 10 years. There were few (17.6%) who had served for 2-4 years, with only 7.8% having served less than 2 years. This is an indication that majority of the managers had a vast experience of over 5 years in their respective MNCs. This may give them an upper hand in understanding the operational environment of the MNCs, hence were likely to give more reliable responses on the issues being investigated in the study.

4.3.3 Years of operation of the SSC in Kenya

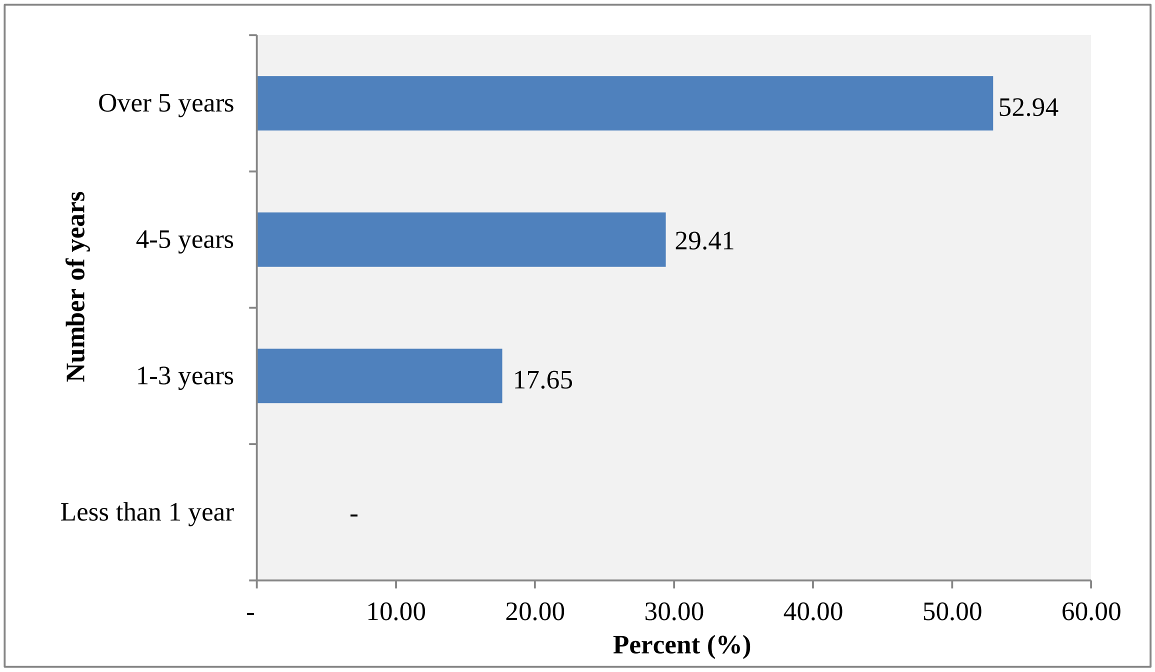

Figure 4.3: Number of years SSC has been operational in Kenya

With regard to the number of years the SSC has been operating in Kenya, most of the managers (52.9%) asserted that the SSCs had been in operation for over 5 years. Others (29.4%) indicated that their SCCs had operated for 4-5 years with the rest 17.7% indicating that the SSCs had operated for 1-3 years. This implies that the SSCs in most of the MNCs in the country have been operating for over five years.

4.3.4 Number of employees in the SSC

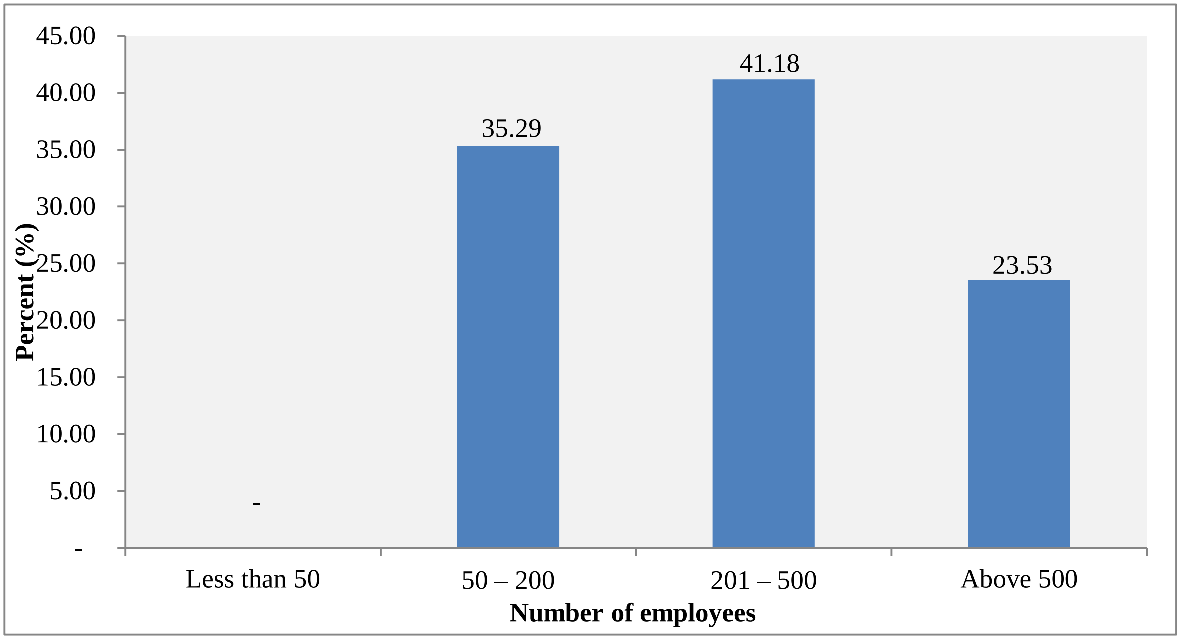

Figure 4.4: Number of employees in SSC

On the number of employees in the SSCs, 41.2% of the managers attested that in their MNCs, the SSCs had 201-500 employees, while 23.5% expressed that there were more than 500 employees in their SSCs. The remaining 35.3% approximated the number of employees in their SSCs as ranging from 50-200. This indicates that majority of SSCs in Kenya have more than 200 employees.

4.4 Establishment of shared service centers in multinationals

Effectiveness of the establishment of SSCs was assessed on a scale of 1 to 5 whereby 5 indicated most effective while 1 indicated the least effective. This was based on the mean rating for various statements used to assess the effectiveness of different aspects of SSC establishment including: plan initiation, implementation, and monitoring and evaluation. Findings on each of these aspects were as presented in sections 4.4.1, 4.4.2 and 4.4.3 respectively.

4.4.1 Shared service centre plan initiation

Table 4.2: Effectiveness of SSC plan initiation

Statements	1	2	3	4	5	Mean	Std. Dev.
The staff was aware that the company was going to establish a shared service center.	5.88	5.88	17.65	37.25	33.33	3.86	1.12
An agreement between the top management and the staff was reached in regard to the best ways of approaching and implementing the shared service center.	9.80	17.65	25.49	33.33	13.73	3.24	1.18
The planning process was reached through a mutual agreement between the staff and the top management.	9.80	13.73	15.69	41.18	19.61	3.47	1.23
A feasibility study was conducted	1.96	5.88	13.73	45.10	33.33	4.02	0.94
Average mean & Std. Dev.						**3.65**	**1.12**

Initiation of SSCs was rated at a mean of 3.6 with a standard deviation of 1.1. This indicates that SSC plan initiation was moderately effective for most MNCs. In particular, the managers strongly affirmed that a feasibility study was conducted (mean = 4.0; Sdv = 0.9) and that staffs were aware of the plans to establish the SSC (mean = 3.86; Sdv = 1.12). This implies that most MNCs assesses the viability of establishing SSC first prior to its establishment and creates awareness among their staff about the intent of the company to set the SSC. Even so, managers disputed the allegation that an agreement between the top management and the staff was reached on the best ways of approaching and implementing the SSC (mean = 3.2; Sdv = 1.2). This is an indication that in several cases, there is no consensus between the staffs and management on how to approach and implement the SSC. However, Bjoern and Andreas (2010) recommends that prior collaboration in fundamental when initiating and implementing plans for SSC.

4.4.2 Shared service centre implementation

Table 4.3: Effectiveness of SSC implementation

Statements	1	2	3	4	5	Mean	Std. Dev.
A plan was developed for the company at the organizational level you were involved in.	9.80	15.69	13.73	33.33	27.45	3.53	1.30
The plans and strategies of the shared service center were successfully implemented.	1.96	3.92	9.80	45.10	39.22	4.16	0.89
There was a general political will in the implementation of the shared service center.	5.88	9.80	17.65	37.25	29.41	3.75	1.15
There was commitment by the top management to implement the shared service center.	3.92	3.92	11.76	49.02	1.37	4.00	0.97
Average mean & Std. Dev.						**3.86**	**1.08**

Implementation of SSCs was rated at a mean of 3.9 with a standard deviation of 1.3, implying an effective implementation of SSCs in MNCs. There was a strong assertion that plans and strategies of the SSCs were successfully implemented (mean = 4.2; Sdv = 0.9). The managers further affirmed the commitment by top management to implement the SSC (mean = 4.0; Sdv = 1.0). This indicates that the effective implementation of SSCs in MNCs is largely enabled through setting up of clear plans and strategies coupled with the top management's commitment. Quite a number of the managers however were a bit skeptical of the general political will in the implementation of the SSC (mean = 3.7; Sdv = 1.2). This indicates the possibility of the implementation of SSCs being choked in some stages by volatile political environment in the country. The findings echo assertions by the Institute of Management Accountants (2000) that effective SSC implementation is largely enabled through strong executive/top management support which greatly helps to minimize the challenges that may arise during implementation.

4.4.3 Monitoring and evaluation

Table 4.4: Effectiveness of monitoring & evaluation of SSC establishment

Statements	**1**	**2**	**3**	**4**	**5**	**Mean**	**Std. Dev.**
The SSC implementation and plans are highly monitored.	1.96	5.88	7.84	49.02	35.29	4.10	0.91
The evaluation process for the plans of the SSC has already been undertaken.	5.88	9.80	15.69	37.25	31.37	3.78	1.16
Due to the shift of some roles to the SSC there was revision of a number of policies, goals, strategies, and systems.	1.96	1.96	5.88	52.94	37.25	4.22	0.80
The monitoring and evaluation process was successful.	3.92	1.96	3.92	56.86	33.33	4.14	0.89
Average mean & Std. Dev.						**4.06**	**0.94**

With regard to monitoring and evaluation, its mean score rating stood at an average of 4.1 with a standard deviation of 0.9. This is an indication of a highly effective M & E process in the implementation of SSC. The managers were categorical that a number of policies, goals, strategies, and systems had been revised due to the shift of some roles to the SSC (mean = 4.2; Sdv = 0.8). They further attested that SSC implementation and plans are highly monitored (mean = 4.1; Sdv = 0.9), and that the monitoring and evaluation process was successful (mean = 4.1; Sdv = 0.9). According to Lakishmi and Kumar (2016), M & E is very critical during implementation of SSC to ensure that effectives brought by the SSC is carefully tracked and tricky business situations eliminated as fast as possible to enhance its growth and performance.

4.5 Development of SSC in multinationals

Development of SSCs in the multinationals was assessed based on their growth in Kenya and the main drivers for their establishment. Sections 4.5.1 and 4.5.2 present the findings on these aspects respectively.

4.5.1 Growth of SSC in Kenya

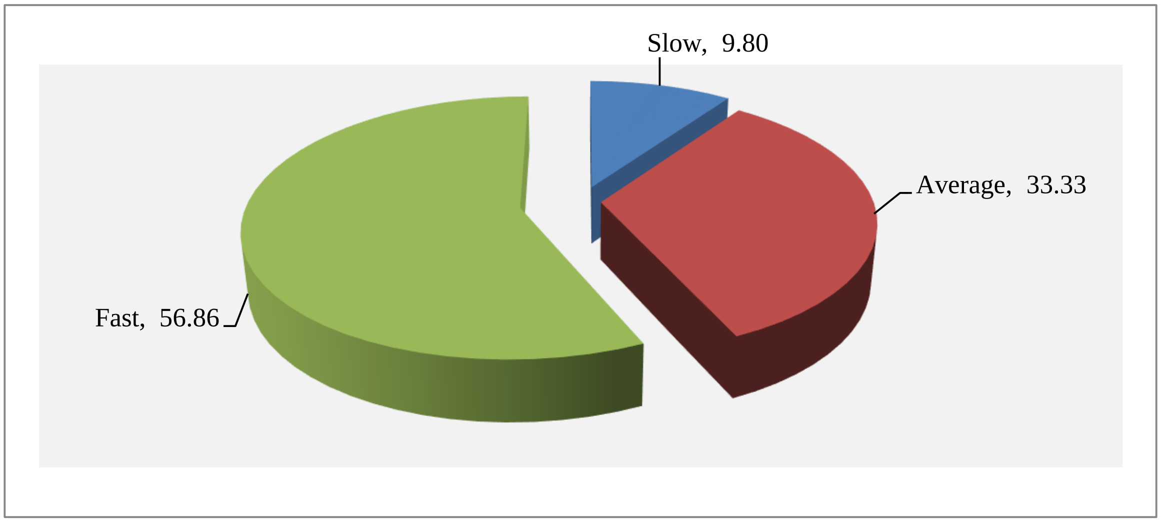

Figure 4.5: Rate of growth of SSC in Kenya

Most of the managers (56.9%) expressed that the growth of SSC in Kenya was fast while 33.3% considered it as average. The rest (9.8%) were of the opinion that SSC's growth in Kenya was still slow. The findings indicate that the growth of SSC in the country is commendable but there is need for improvement.

4.5.2 Main drivers SSC in MNCs

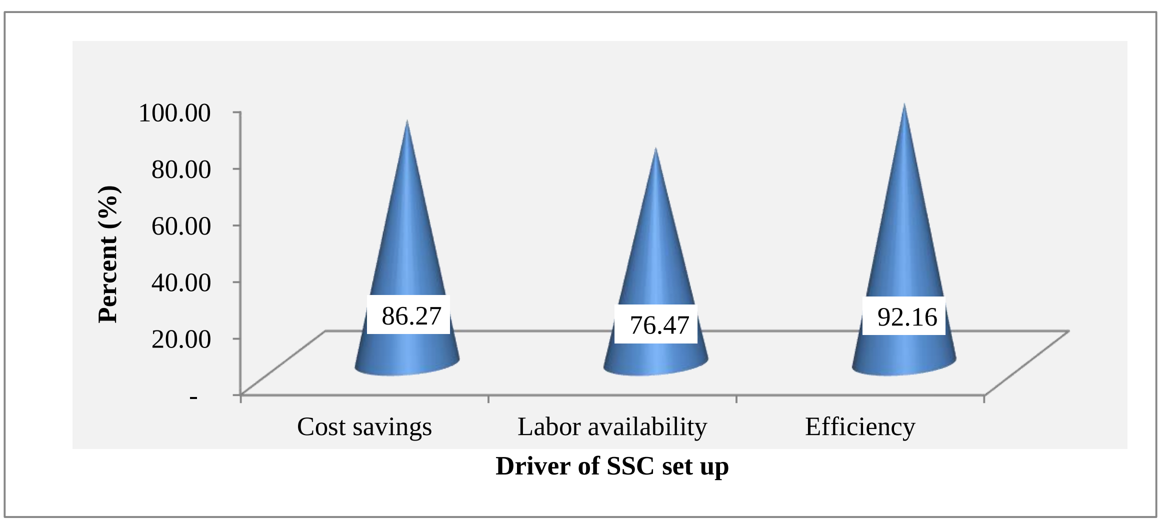

Figure 4.6: Major drivers of SSC establishment

A vast majority (92.2%) of the managers unanimously affirmed that efficiency was the major driver of setting up SSC in the MNCs. It was followed by cost savings which was attested by 86.3% of them, while 76.5% further asserted labour availability part of the drivers too. This implies that cost savings, labour availability and efficiency are all major drivers of establishing SSC in the MNCs. The findings resonate with Yusof *et al*., (2016) who identified cost savings and increased service performance among the five major drivers of establishing SSC.

4.6 Factors affecting the growth of SSC in multinationals

4.6.1 Contrast the influence of internal and external factors

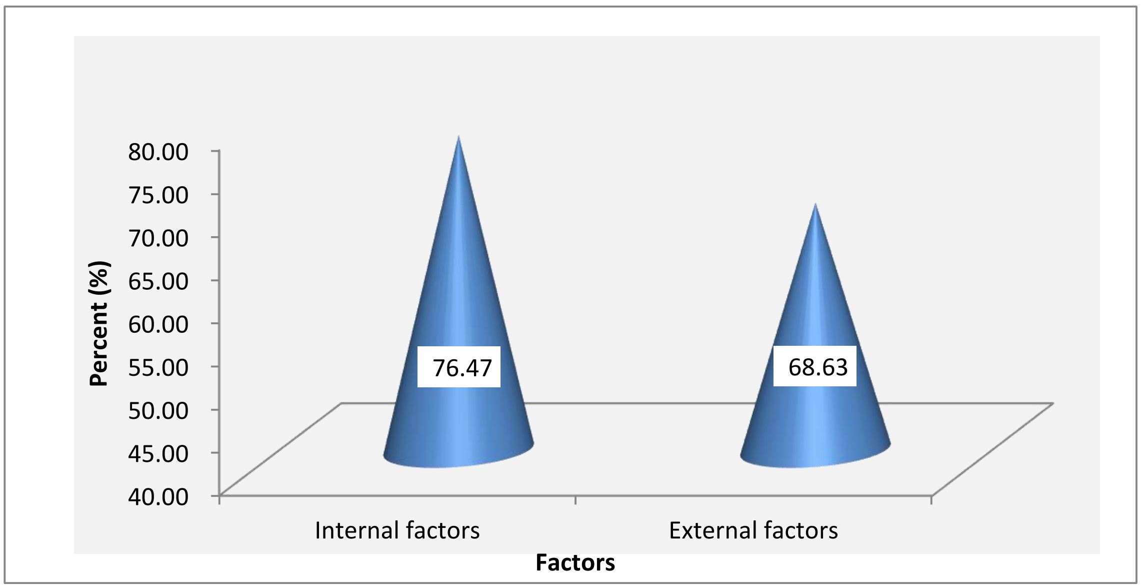

Figure 4.7: Influence of internal and external factors on growth of SSC

From the findings, 76.5% of the managers believed that internal factors affect the growth of SSC in the MNCs. On the same note, 68.6% opined that the growth was influenced by external factors. The findings are an indication that growth of SSC in MNCs is greatly affected by both internal and external factors with the former exerting a greater effect than the latter.

4.6.2 Influence of infrastructure

Table 4.5: Effect of infrastructure on growth of SSC

Statements	1	2	3	4	5	Mean	Std. Dev.
Infrastructure affects the growth of SSCs	-	1.96	3.92	60.78	33.33	4.25	0.62
The infrastructure in Kenya is developed	3.92	3.92	9.80	56.86	25.49	3.96	0.93
Over the years infrastructure has been improved in Kenya.	-	1.96	11.76	54.90	31.37	4.16	0.70
Average mean & Std. Dev.						**4.12**	**0.75**

The effect of infrastructure on growth of SSC was rated at a mean of 4.1 with a standard deviation of 0.7. This implies that infrastructure is a major factor that determines the growth of SSC in MNCs. The managers strongly affirmed this by a mean of 4.3 with a negligible standard deviation of 0.6. They highlighted that over the years, infrastructure has been improved in Kenya (mean = 4.2; Sdv = 0.7). The findings differ from Joha and Janssen (2014) whose findings did not acknowledge infrastructure as part of the critical factors that influence growth of SSC.

4.6.3 Influence of legal system

Table 4.6: Effect of legal system on growth of SSC

Statements	1	2	3	4	5	Mean	Std. Dev.
The legal system in Kenya is conducive for growth of SSCs	9.80	13.73	21.57	35.29	19.61	3.41	1.22
Over the years policies that favour MNCs have been made	3.92	5.88	17.65	41.18	31.37	3.90	1.03
Lack of a clear policy to for the regulation of MNCs	17.65	21.57	21.57	25.49	13.73	2.96	1.31
There are strict policies that affect establishment of SSCs	5.88	7.84	15.69	43.14	27.45	3.78	1.11
The licensing procedures are long and discouraging	13.73	23.53	17.65	29.41	15.69	3.10	1.30
Better policies can be formulated that favour SSC	-	1.96	3.92	52.94	41.18	4.33	0.65
Average mean & Std. Dev.						**3.58**	**1.10**

The rating for the influence of the legal system averaged at a mean of 3.6 with a standard deviation of 1.1. This means that the legal system has had a relatively moderate effect on the growth of SSC in the MNCs. From the findings, managers expressly stated that better policies can be formulated that favour SSC (mean = 4.3; Sdv = 0.6), noting that there are strict policies that affect establishment of SSCs (mean = 3.8; Sdv = 1.1). Even so, they confessed that over the years, policies that favour MNCs have been made (mean = 3.9; Sdv = 1.0). These findings echo the findings by Borman and Janssen (2012) who indicated legal factors as part of the critical success factors for SSC.

4.6.4 Influence of labour

Table 4.7: Effect of labour on growth of SSC

Statements	1	2	3	4	5	Mean	Std. Dev.
There is availability of qualified labour in Kenya	13.73	17.65	21.57	29.41	17.65	3.20	1.30
The cost of labour in Kenya is low	5.88	5.88	15.69	41.18	31.37	3.86	1.10
There are enough institutions to offer high labour skills	1.96	3.92	11.76	47.06	35.29	4.10	0.89
The labour is ready to work	5.88	13.73	29.41	25.49	25.49	3.51	1.18
Average mean & Std. Dev.						**3.67**	**1.12**

With respect to labour, its effect was rated at a mean of 3.7 with a standard deviation of 1.1 indicating its moderate effect on growth of SSC. Managers were optimistic that there are enough institutions to offer high labour skills (mean = 4.1; Sdv = 0.9). They alleged that the cost of labour in Kenya is low (mean = 3.9; Sdv = 1.1), but faulted the availability of qualified labour in the country (mean = 3.2; Sdv = 1.3).

4.7 Effect of SSC on the MNCs and their impact in Kenya

4.7.1 Nature of effects of SSC on MNCs

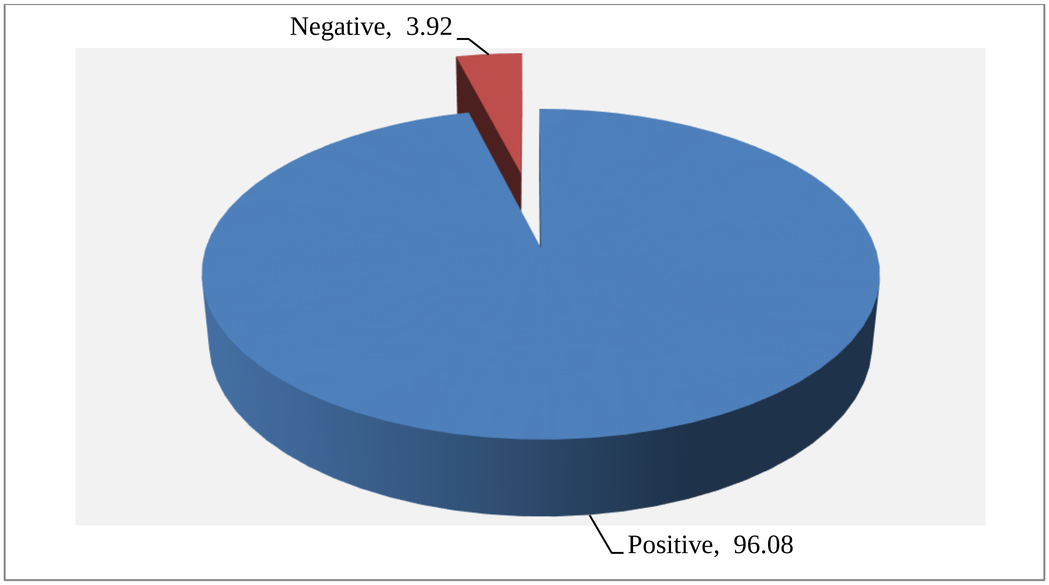

Figure 4.8: Perception on the nature of effect of SSC on MNC

An overwhelming majority (96.1%) of the managers attested that SSC had a positive effect on MNCs. This indicates that the benefits of SSC to MNCs outweigh the costs. This affirms the assertions by Rouse (2016) who attributed this to the ability of SSC to offer the activities whereby the support needed obtains costs that are lower, enhancing the internal controls, offering quality services on its operations, standardizing and simplifying various processes.

4.7.2 Greatest benefit of SSC to MNC

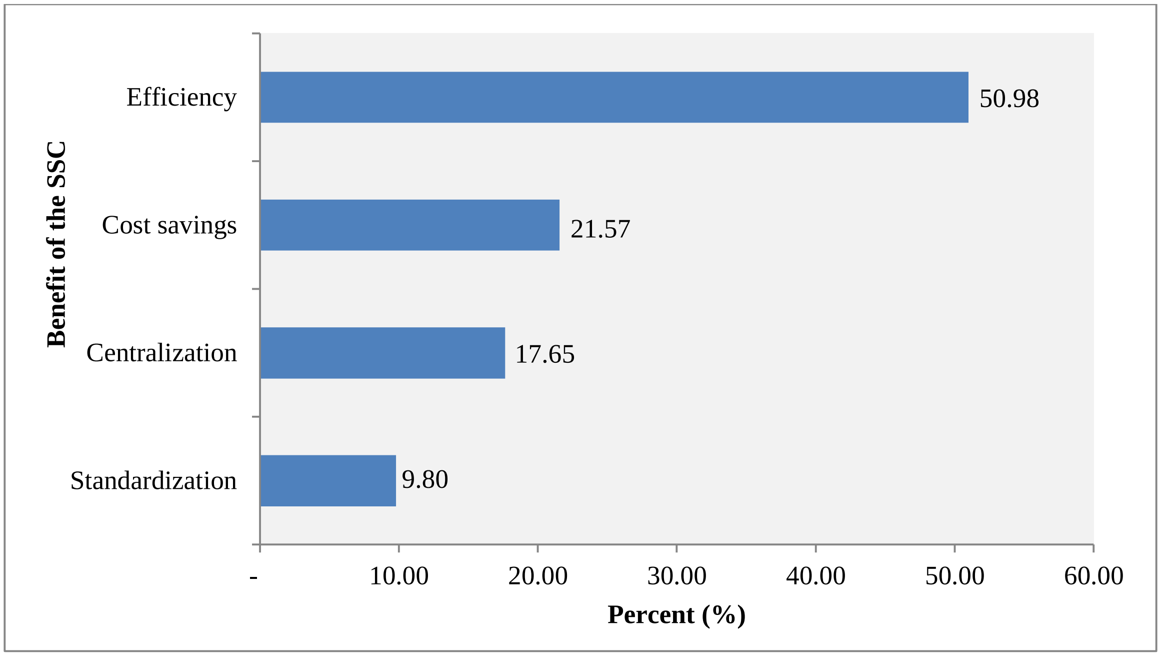

Figure 4.9: Major benefit of SSC to MNC

Most of the managers (51%) were of the opinion that efficiency is the greatest benefit of SSC to MNC. Quite a number (21.6%) considered cost savings as the greatest benefit while some (17.6%) perceived centralization as the major benefit. Few (9.8%) considered standardization as a major benefit. This apparently means that SSC largely benefit MNCs by enhancing their efficiency and cost savings. The findings concurs to the results of the SSC Survey that was conducted in 2012 by the PwC Germany that showed that the most prominent benefits of having an SSC is that it helps with cost reduction, and improve the quality of operations hence make services more efficient (PwC, 2015).

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the key findings and deduces the conclusion of the study. Drawing from the study findings, recommendations are then provided in line with the study objectives. Lastly, the chapter presents suggestions for future research.

5.2 Summary of findings

The study primarily sought to determine the influence of shared service centers on the performance of multinationals in Kenya. In this regard, a detailed assessment of SSC in MNCs was conducted crosscutting their establishment; development; factors affecting their growth; and the effect of the SSC on the MNC and their impact in the country. On establishment of the SSC, initiation of SSCs was rated at a mean of 3.6 with a standard deviation of 1.1. The SSC implementation was rated at a mean of 3.9 with a standard deviation of 1.3. Regarding their monitoring and evaluation, the mean score rating stood at an average of 4.1 with a standard deviation of 0.9.

Pertaining to the development of SSC, most of the managers (56.9%) expressed that the growth of SSC in Kenya is fast while 33.3% considered it as average. A vast majority (92.2%) of the managers unanimously affirmed that efficiency was the major driver of setting up SSC in the MNCs. It was followed by cost savings which was attested by 86.3% of them, while 76.5% further asserted labour availability part of the drivers too.

On the factors affecting their growth, 76.5% of the managers believed that internal factors affect the growth of SSC in the MNCs. On the same note, 68.6% opined that the growth was influenced by external factors. The effect of infrastructure on growth of SSC was rated at a mean of 4.1 with a standard deviation of 0.7. The rating for the influence of the legal system averaged at a mean of 3.6 with a standard deviation of 1.1. With respect to labour, its effect was rated at a mean of 3.7 with a standard deviation of 1.1 indicating its moderate effect on growth of SSC.

As to the effect of the SSC on the MNC and their impact in the country, an overwhelming majority (96.1%) of the managers attested that SSC had a positive effect on MNCs. Most of them (51%) were of the opinion that efficiency is the greatest benefit of SSC to MNC.

5.3 Conclusion

From the study findings, several deductions were made. First, it is inferred that MNCs often assess the viability of establishing SSC prior to its establishment and ensures that their staffs are aware of the intent to set the SSC. Sometimes however, there is possibility of lack of consensus between the staffs and management on how to approach and implement the SSC but nonetheless, SSC are often effectively implemented. The effective implementation is largely enabled through setting up of clear plans and strategies coupled with the top management's commitment. Even so, the study concludes that there is a possibility of the implementation of SSCs being interrupted in some stages by volatile political environment in the country. The monitoring and evaluation process is also highly effective in the implementation of SSC.

The study also concludes that while growth of SSC in the country is commendable, there is still need for improvement. It is further inferred that the major drivers of establishing SSC in the MNCs is cost savings, labour availability and efficiency. While both internal and external factors affect the growth of SSC in MNCs, this study concludes that internal factors exerts a greater effect than the external factors. In particular, the study concludes that infrastructure exerts a great effect on growth of SSC in MNCs while the legal system and labour has a relatively moderate effect on their growth.

Overall, the study concludes that the benefits that accrue to MNCs from SSC far outweigh the costs of their establishment and operation, hence, SSC greatly enhance efficiency and cost savings in MNCs. In this regard therefore, the study deduces that SSC have a great positive effect on the performance of MNCs.

5.4 Recommendations

For MNCs are to improve their performance through the SSC model, the following measures are recommended:

It is very important to ensure employees' loyalty in service delivery. In this regard, the management should ensure that they adequately engage the staffs while establishing the SSC from the planning to the implementation stage. They should ensure that their input is taken into account in implementing the SSC. This will help to ensure that the staffs fully support both the idea and approach of SSC establishment. This can reduce the possibility of employee turnover after SSC establishment and motivate them to be devoted to offering quality services in the SSC, eventually enhancing the firm's performance.

While establishing SSC, multinationals should ensure that they adequately envision the possible challenges and plan in advance how to address these challenges should they appear. Particularly, they need to ensure that they have a thorough understanding of the regulatory framework including labour laws, tax laws, among others. They need to assess the potential risks in these areas and have speculative plans to mitigate the risks in case they occur. This will help to minimize unnecessary shocks on the organizational performance from the complexities in the operations environment of the SSC.

Constant customer satisfaction in the SSC is also critical for the performance of the MNCs. It is thus important that, MNCs in staffing the SSC should strike the right balance between the existing employees and the new recruited ones to ensure that operational excellence is maintained. This should be done taking into account the right mix of skills needed for the SSC, and where there is a skills gap that calls for training, the trainings should be done carefully, premised on creating a quality service culture.

5.5 Suggestions for future research

Given the limitations in the scope of this study, it is necessary for more studies to be conducted focusing on the following issues:

(i) Operational challenges of SSC and how they affect the performance of MNCs

(ii) Effect of management practices on implementation of SSC in MNCs

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APPENDIX I: LETTER OF INTRODUCTION

Date …………………………….

To ………………………………..

……………………………………

Dear Sir /Madam,

<u>RE: PROVISION OF RESEARCH DATA</u>.

My name is **Allan Mwangi Karau,** a student of The University of Nairobi pursuing a Master Degree in Business Administration (MBA) specialising in International Business. As a partial fulfilment of the requirements for the award of the degree, I am carrying out a research on the influence of shared service centres in the performance of selected multinationals in Kenya.

Please, fill the attached questionnaire. Kindly answer all the questions to the best of your ability. I give my assurance that your responses will be handled with utmost confidentiality and will only be used for the statistical analysis and reporting purposes of this study.

Participation in this study in entirely voluntary, however receive my appreciation in advance. I look forward to collecting the questionnaire after 7 working days from the date of reception.

Yours Faithfully,

Allan Mwangi Karau

APPENDIX II: QUESTIONNAIRE

Section A: Demographic Characteristics of Respondents

1. Name of the Organization …………………………………….

2. What is your highest level of education qualification?

a) Secondary ( )

b) Tertiary College ( )

c) Graduate ( )

d) Post Graduate ( )

3. Length of continuous service with the organization?

a) Less than 2 years ( )

b) 2-4 years ( )

c) 5-10 years ( )

c) Over 10 years ( )

4. How long has your shared service been in operation in Kenya?

a) Under 1 year ( ) b) 1 – 3 years ( )

c) 4 – 5 years ( ) d) Over 5 years ( )

5. How many employees are there in your shared service centre?

a) Less than 50 ( )

b) 50 – 200 ( )

c) 201 – 500 ( )

d) Above 500 ( )

Section B: Strategic Responses

Part 2: Prior consent of shared service centers

6. The statements below refer to the consultation of the management on the staff in regard to the establishment of shared service centers. Kindly indicate to which level you agree or disagree with the planning process. 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree.

	Statements	**1**	**2**	**3**	**4**	**5**
	Shared service centre plan initiation					
a	The staff was aware that the company was going to establish a shared service centrer.					
b	An agreement between the top management and the staff was reached in regard to the best ways of approaching and implementing the shared service centrer.					
c	The planning process was reached through a mutual agreement between the staff and the top management.					
d	A feasibility study was conducted.					
	Shared Service Centre Implementation					
a	A plan was developed for the company at the organizational level you were involved in.					
b	The plans and strategies of the shared service centrer were successfully implemented.					
c	There was a general political will in the implementation of the shared service center.					
d	There was commitment by the top management to implement the shared service center.					
	Monitoring and Evaluation					
a	The SSC implementation and plans are highly monitored.					
b	The evaluation process for the plans of the SSC has already been undertaken.					

c	Due to the shift of some roles to the SSC there was revision of a number of policies, goals, strategies, and systems.					
d	The monitoring and evaluation process was successful.					

Part 3: The multinationals in Kenya development of SSC

7. In your opinion describe the growth of SSC level in Kenya?

   Slow ( )

   Average ( )

   Fast ( )

8. Which countries in have the highest SSC implementation?

   India ( )

   United States ( )

   Poland ( )

   Bulgaria ( )

   Others, (*specify*)…………..

9. What are the main drivers of the MNCs to set up the SSCs in the location?

   Cost savings ( )

   Labor availability ( )

   Efficiency ( )

   Others, (specify)…………..

Part 4: Factors affecting the Growth of SSC in multinationals

10. Between the two factors which ones affected the establishment of a shared service in your organization?

    Internal factors ( )

    External factors ( )

11. The statements below refer to some of the major factors that affect the growth of SSCs in multinational companies in Kenya. 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree.

		1	2	3	4	5
	INFRASTRUCTURE					
a	Infrastructure affects the growth of SSCs					
b	The infrastructure in Kenya is developed					
c	Over the years infrastructure has been improved in Kenya.					
	LEGAL SYSTEM					
a	The legal system in Kenya is conducive for growth of SSCs					
b	Over the years policies that favour MNCs have been made					
c	Lack of a clear policy to for the regulation of MNCs					
d	There are strict policies that affect establishment of SSCs					
e	The licensing procedures are long and discouraging					
f	Better policies can be formulated that favour SSC					
	LABOUR					
a	There is availability of qualified labour in Kenya					
b	The cost of labour in Kenya is low					
c	There are enough institutions to offer high labour skills					
d	The labour is ready to work					

Part 5: Effect of SSC on the MNCs and their impact in Kenya

14. What kind of effects do the shared services have on MNCs?

    Positive ( )

    Negative ( )

15. In your opinion which is the biggest benefit that has been reflected by the SSC so far?

Standardization ( )

Cost savings ( )

Efficiency ( )

Centralization ( )

Others (*specify*)………….

16. Which is the greatest benefit the country has benefited from the multinationals setting up shared service centers in Kenya?

17. What can be improved to increase the effectiveness of the shared service centers in Kenyan multinationals?

18. What additional factors not covered have had an effect on the performance of the company as a result as a result of establishment of a shared service center in your organization?

THANK YOU SO MUCH FOR YOUR TIME

APPENDIX III: LIST OF MULTINATIONAL CORPORATIONS IN KENYA

1. Asus
2. AVIC International
3. BASF
4. Bank of China
5. Bharti Airtel
6. United Nations
7. BlackBerry Ltd
8. Bosch
9. Cisco Sytems
10. Chartis
11. China-Africa Development Fund
12. China Central Television
13. China Daily
14. China Radio international
15. Coca-Cola
16. Diageo
17. Eltek
18. GEMS Association
19. Heineken
20. Hill International
21. Huawei
22. IBM
23. ICAO
24. IMF
25. Intel Corporation
26. ITF
27. IUCN
28. Jotun
29. Kaspersky Lab
30. Kiva
31. LG
32. MaterCard
33. Merck KGaA
34. Mitsubishi Motors
35. Motorola Solutions
36. Nestle
37. NIIT
38. Nokia

39. Nokia research Hub
40. Panalpina
41. Pfizer
42. Qualcomm
43. Rockefeller Foundation
44. Red Cross
45. RTI International
46. Sage group
47. Scania AB
48. Sony
49. Standard Chartered Bank
50. Stockholm Environment Institute
51. TNT
52. Toyota
53. Visa Inc.
54. World Bank
55. Xinhua News Agency