

Case Study on the Process and Evaluation of Shared Service Center Implementation in State-Owned Enterprises

1Nadia^{1*}, Sofie Yunida Putri¹

¹Universitas Pembangunan Nasional Veteran Jawa Timur, Surabaya, Indonesia

* 22013010200@student.upnjatim.ac.id

Abstract. This study aims to determine how the Shared Service Center (SSC) implementation process works, from the initial formation process to the evaluation of its application in one of Indonesia's state-owned enterprises (BUMN). This study uses a descriptive qualitative approach with a case study method. Data were collected through observation and in-depth interviews with three informants consisting of employees and senior managers in the accounting department who were directly involved in the implementation of the SSC. The results of the study indicate that the implementation of the SSC has not had a significant impact in the short term on work effectiveness. Stakeholders stated that SSC is a long-term strategic program, and the tangible results of efficiency and performance improvements will only be seen in the next few years. However, on the other hand, challenges were also found in the early stages of adaptation, such as an increase in temporary workload and resistance to change.

Keywords: Shared Service Center, Effectiveness, Efficiency

I. Introduction

An organization is a formal entity established with the aim of achieving specific goals through collective work. In practice, organizations serve as a forum that connects the interests of individuals and groups, facilitates collaboration, and acts as a tool for overcoming challenges and achieving common goals. The operational success of an organization is largely determined by the quality of its human resources, both individuals and teams, in supporting the achievement of the company's vision (Julizhar, 2024). Strategy is an integrated decision-making pattern that includes setting long-term goals, action programs, and resource allocation. The strategy aims to achieve sustainable excellence by considering the opportunities, threats, strengths, and weaknesses of the organization, as well as involving all levels of the company (Ningrat, Sisilia, & Hidayat, April 2024). Strategic management is both an art and a science in designing, implementing, and evaluating cross-functional decisions that support the organization in achieving its established goals (Syahfara & Yuniarinto, 2023)

SSC is described as an increase in efficiency. SSC is defined as a collaboration in which some business functions are assigned to a new semi-autonomous business unit (Aschauer & Quick, 2024). Employee performance must be known by stakeholders so that they can see how employees are progressing in achieving organizational goals (Juniarta & Suaryana, 2023). The implementation of shared services is not only an effective method for business process transformation, but also a highly recommended strategic step (Julizhar, 2024). A Shared Services Center (SSC) is a strategic approach adopted by companies to consolidate routine and repetitive support functions, with the aim of enhancing technical expertise and operational efficiency. Through a flexible structure focused on core activities, SSC helps reduce costs, accelerate processes, and implement measurable service standards, thereby creating sustainable competitive advantages (PT Sinergi Informatika Semen Indonesia, 2021)

One of the main advantages of implementing a Shared Service Center (SSC) is its ability to integrate the strengths of centralized and decentralized business models. Centralization provides benefits in terms of economies of scale and reduced duplication of activities and resource utilization. However, this approach tends to be slow to respond to change and less adaptive to the specific needs of business units. Conversely, the decentralized model allows for a faster response to the dynamics and needs of the unit, but has disadvantages in terms of efficiency due to the potential for duplication of resources. SSC offers a solution to this dilemma by consolidating shared resources while still providing flexibility of control to each business unit. This allows these units to focus on their core processes, which ultimately contributes to an improvement in overall service quality. SSCs are generally established in developing countries due to cost efficiency considerations, particularly in relation to relatively lower wage levels (Aschauer & Quick, 2024).

The implementation of the shared services model has great potential to continue to grow in order to improve service quality. Based on the latest survey results from PwC, shared services in the field of financial and accounting operations are already at a fairly mature stage of development. Although full efficiency has not yet been fully achieved, there are still opportunities for optimization, particularly through the improvement of standardization and automation processes that continue to evolve. (PT Sinergi Informatika Semen Indonesia, 2023). Several previous studies have shown that the implementation of Shared Service Centers (SSCs) has a significant positive impact, especially in developing countries, as it can improve operational efficiency and reduce costs in the long term (Aschauer & Quick, 2024).

Essentially, work performance and productivity are fundamental elements in achieving organizational goals. However, companies need to understand that these achievements do not solely depend on the completion of tasks, but also on how the individuals carrying out these tasks have their needs met as an important part of the company system. The role of managers is also crucial, given that they interact directly with daily operations and have a deep understanding of employee conditions. Thus, a close relationship between managers and human resources is key to improving performance and driving overall company progress (Harras, Finatariani, & Purwatiningsih, 2021).

This research topic was chosen because, to date, there has been no research specifically examining the application of Shared Service Centers (SSCs) in state-owned enterprises. In addition, studies on SSCs in Indonesia are still relatively limited. This situation indicates a research gap that needs to be filled, so this study is expected to provide empirical contributions and enrich the literature on SSC implementation in the context of Indonesian companies.

One state-owned company engaged in the national cement industry has implemented various strategic steps to improve operational efficiency and effectiveness. One important step taken is the implementation of SSC as part of the transformation of the company's internal work system, particularly in the areas of accounting and finance. This change aims to create more efficient operations. However, this kind of transformation does not always run smoothly. Employees and managers need to adapt to new processes. Through a descriptive qualitative approach using the case study method, this research aims to analyze the impact of SSC implementation on work effectiveness and examine the perceptions of employees and accounting managers directly involved in the change process.

II. Literature Review

Shared Service Center

In the shared service model, all operational responsibilities in the back office are transferred to a third party appointed as a service provider. Through the consolidation of various business processes that were previously scattered across each unit, this approach allows each division or business unit to focus more on achieving the company's vision and core activities. In the financial sector, shared services cover various key functions such as financial management, transaction recording, order-to-cash (O2C), and record-to-report (R2R). Specifically for the O2C process, this service covers the management of the entire range of activities from sales order processing to the collection of payments from customers. In addition, O2C also includes services such as billing, invoicing, revenue management, treasury, and debt management (PT Sinergi Informatika Semen Indonesia, 2021).

Shared Services Center (SSC) is an approach and business model used by companies to strengthen support functions through technical expertise in handling routine, repetitive, and high-volume work (Vionna & Nahartyo, 2019). The implementation of SSC, particularly in the ICT field, helps companies become more competitive by reducing costs, increasing efficiency, and implementing clear and measurable service standards (Maulidina, Putra, & Hardiy, 2024). The management structure in SSC is designed to promote efficiency, create added value, save costs, and improve service quality for internal customers (Nurmarlia & Sholihin, 2015).

Performance

Employee performance is individual behavior reflected through the execution of tasks and responsibilities within an organization. In general, performance reflects the level of success an individual has in completing work based on pre-established standards or criteria. Performance encompasses not only quantity but also the quality of work produced by individuals in fulfilling their responsibilities. Therefore, employee performance can be evaluated based on how optimally an individual is able to complete their tasks based on their competencies and abilities. (Juniarta & Suaryana, 2023).

Performance can be defined as the achievement of work objectives supported by attitudes and behaviors that meet expectations. In practical terms, performance encompasses three main elements, namely attitude, behavior, and work results. Thus, work results are not a stand-alone entity, but rather a reflection of the entire work process involving individual attitudes and behaviors. Therefore, the achievement of work objectives is at the core of the concept of performance, making it important for every employee to have the internal drive to work optimally and be results-oriented (Harras, Finatariani, & Purwatiningsih, 2021).

Effectiveness

Effectiveness is a concept related to the extent to which an action or activity can produce the expected results. This term describes success in performing tasks optimally so that goals can be achieved.

Effectiveness reflects the reciprocal relationship between an organization and its environment. Effectiveness involves the ability to set appropriate goals and determine the appropriate methods or means to achieve them. Thus, effective managers are those who are able to identify priority tasks and choose the most appropriate approach to achieve the desired results.

Effectiveness focuses on achieving results or goals, while efficiency focuses more on how resources are utilized in the process of achieving them. Thus, efficiency can be achieved when resources are used optimally so that the specified targets can be realized. Meanwhile, effectiveness can be understood as a measure of an organization's success, both in the short and long term, which shows the extent to which planned objectives can be realized (Anggitayudha, 2014).

III. Research Method

In general, methodology is understood as a set of processes, principles, and procedures used by researchers to examine problems and find answers to research questions. Qualitative research aims to understand the meaning, structure, and essence of a phenomenon based on the participants' perspectives, while maintaining the context, form, and content of the observed human behavior (Prasanti, 2018). Qualitative research methods are used to examine objects in their natural context, where researchers play a direct role as the main instrument in the data collection and analysis process. The main emphasis in qualitative research lies in the interpretation of the phenomenon being studied, rather than in an attempt to generalize the results (Prasanti, 2018)

This study uses a descriptive qualitative approach with a case study method. Data collection techniques were carried out through in-depth interviews with several informants, namely employee service providers and managers of SSC area 3 and senior accounting managers from service users involved in the SSC implementation process. An interview is a conversation between the interviewee and the interviewer with a specific purpose (Al Faruq, Prasetyo, & Buchori, 2024). The interview questions covered the reasons for implementation, the transition process, the impact on cost efficiency and work effectiveness, and perceptions of internal service quality after implementation. Data analysis was conducted thematically by grouping the findings into several main themes based on the interview results.

The interview questions were designed to explore several key aspects, including: (1) the background and strategic reasons behind the decision to implement SSC, (2) the transition process and transfer of tasks from the old functional units to the SSC system, (3) the impact of implementation on performance effectiveness, (4) post-implementation evaluation, and (5) perceptions of SSC service usage from the perspective of service users and employees in the SCC unit.

This interview was conducted with three sources directly involved in the task transition process, namely the manager of the service provider, the senior manager of the service user, and employees directly involved in the process before and after its implementation. The reasons for selecting these three sources are as follows:

1. Service User Manager
Selected because they represent the main beneficiaries of the service. The service user manager has the authority to assess the extent to which the service is able to provide efficiency and effectiveness in accordance with the needs of the organization.
2. Service Provider Manager
This source was selected to represent the service provider. As a strategic stakeholder, the service provider manager plays a direct role in the implementation and evaluation process, so that the information provided reflects the perspective of the highest decision maker on the provider side.
3. Employee
An employee who has been involved in similar operational activities for a long time was selected as an additional informant. The selection was based on his extensive experience so that he could provide a realistic picture of practices in the field, complementing the managerial perspective.

The selection of only one informant from each category was done deliberately to maintain the focus of the research while ensuring data depth. Direct interviews with the highest stakeholders (service user managers and service provider managers) strengthened the reliability of the information because it was obtained from authorized decision makers. Meanwhile, experienced employees provided operational evidence of the policies implemented. The author believes that conducting interviews with several sources can provide the author with perspectives from various parties. Through this approach, it is hoped that the research can provide a complete picture of the success and challenges of SSC implementation, particularly

in relation to work effectiveness and the readiness of human resources in facing the transformation of the internal service system.

IV. Results and Discussion

Results

1. Perceptions of Senior Accounting Managers of Service Users Regarding the SSC Program

In interviews conducted with service users, there were strategic views regarding the possibility of developing or expanding the scope of SSC services in the future. According to one senior accounting manager, there are a number of additional operational areas that are considered to have the potential to be integrated into the SSC system, especially routine work that does not require complex analysis.

"As with standard taxation, such as income tax deductions related to withholding slips, we issue tax invoices for sales—so there is a possibility that work like that will be added to the SSC scope," Senior Service User Manager.

From this statement, it can be concluded that work in the field of taxation, particularly related to the issuance of withholding slips (Bupot) and sales tax invoices, is being considered for transfer to the SSC system in the future.

The main reason for this expansion is that these tasks are considered to have characteristics similar to existing SSC activities, namely that they are administrative, standardized, and can be managed with a systematic and documented work system. In addition, the expansion of SSC services to the field of taxation is also expected to provide additional benefits in the form of increased work efficiency, consistency in reporting, and a reduction in the administrative workload of key functional units.

➤ Background and Strategic Reasons

The main reason for implementing the SSC system is because

1. Some processes are standard and routine, such as reconciliation, treasury, and verification, which do not require special expertise and can therefore be outsourced to third parties.
2. Many employees are retiring, and for the sake of efficiency in recruiting new employees, it is more economical to transfer standard work to SSC.
3. Internal employees can focus on strategic work.

"Many employees are retiring, so it is better to transfer standard and repetitive tasks to the SSC so that internal employees can focus on strategic tasks." – Senior Manager, Service User

➤ Transition Process and Initial Challenges

At the beginning of implementation, several obstacles arose, particularly related to new staff's understanding of business processes.

1. The initial implementation faced challenges because new SSC personnel and managers were unfamiliar with the client's business processes.
2. There were some errors in handling, but these improved over time.

"Indeed, at the beginning of the transition, because there was a new system, there were changes, so during the transition there were problems because the new human resources and managers were not yet familiar with our system, so there were often mistakes in treatment and other issues, but over time it got better." – Senior Manager of Service Users

➤ Impact on Work Effectiveness and Efficiency

There is no significant difference because the process is limited by the SLA (Service Level Agreement). The work process is relatively the same, but more efficient because employees can focus on strategic tasks commensurate with their salary level.

"In general, the speed of work completion is almost the same due to the SLA, but if we look at it more broadly, if employees initially work on standard tasks with relatively high salaries, they can be transferred to strategic tasks that match their salaries. For the current process, it is better to

be in SSC because the process is standard and does not require special skills." – Senior Service User Manager

➤ Evaluation and Monitoring of the SSC System

From the service user's perspective, one senior accounting manager explained that the implementation of SLAs is the main benchmark for evaluating the speed and accuracy of SSC services.

"Every month, for example, for the verification process, the SLA is three days. So we target SSC to complete it in two days, so that the rest can be used for internal checks. We check how long it takes from the initial process to the treasurer," he said.

Regarding the party responsible for the evaluation, the manager explained that the evaluation process is carried out by each service user manager, then finalized by the relevant unit leader.

"First, it's done by each manager, then my department finalizes it," said SM from the Service User.

2. Perceptions of Service Provider Accounting Managers Regarding the SSC Program

SSC has officially implemented the agreement since January 1, 2025, but the go-live is divided into two phases:

- Reconciliation, treasury, and archives began earlier.
- Verification began on February 3, 2025, due to internal constraints at the service users.

The transition process requires approximately 3 months for preparation, including organizational restructuring, the takeover process, and employee-related challenges that arise during implementation.

"Preparations will begin in early 2024, but due to internal constraints on the part of the service user, we are not yet able to provide a schedule for visits, which will only begin in October 2024 in Gresik and Tuban for preparations, so it will take approximately 3 months," said the Service Provider Manager.

"If there are obstacles, they come from the SSC. There are many obstacles because the service users have many SOPs that we must adjust to" – Service Provider Manager

➤ Evaluation and Monitoring of the SSC System

Meanwhile, from the service provider's side, the SSC Area 3 Manager also emphasized that the evaluation process is conducted monthly.

"Every month, we create a PR report, which is a performance report that shows progress in percentage form. This report is sent to the service users," he explained.

in the process of compiling this evaluation report, there is a fairly strict internal verification process.

"Before it is sent, it is first sent to me. Then I ask each leader one by one, then I submit it to Ms. Dame and the PR department, then to the service users," he continued.

3. Perceptions of SSC Accounting Employees

In general, the main duties and roles of employees have not changed significantly despite the organizational restructuring. Work is still carried out according to its original function, such as the treasury department remaining in the treasury unit, only now under the coordination of SSC.

"Their roles remain the same, for example, those who were originally in treasury remain in treasury. The difference now is that they are under the auspices of SSC. Previously, outsourcing (OS) was under each company. Now, the only difference is the auspices, from service provider to service user." - SSC Employee

➤ Transfer of Functions and Employee Status

This transformation also affects employment status. There are two types of employees affected: outsourced employees (OS) and organic employees. OS employees who were previously under the service user company have now had their contracts transferred to the SSC service provider, as a result of the tender process won by the service provider.

"The OS employees at the service user company were previously under the umbrella of another subsidiary. Because the tender was won by the service provider, they were transferred to the service provider in this project." - SSC Employee

Meanwhile, organic employees have been transferred to other management units, such as AR Management or other departments that align with the organization's needs.

"Organic employees have been transferred to AR Management or other management departments." - He continued

➤ Socialization and Adaptation Training

The transition process to SSC was accompanied by a training and socialization program. This was done to facilitate the adaptation process to the new work system and work instructions, given the differences in business processes between the previous entity and SSC.

"There will definitely be socialization. When you first enter the SSC, there is socialization because the business processes are different. The work instructions are also different. The training lasts for about two months because it takes time at the beginning and there is also knowledge sharing."

This training is important to ensure a common understanding in carrying out work processes efficiently and in accordance with the new standards applied at the SSC.

Discussion

Based on the interviews conducted, the author can describe how implementation works in the SSC unit. By interviewing three informants, the author can explain the questions in the research methodology and also see from several different perspectives.

The implementation of the Shared Service Center (SSC) in the accounting function of the company concerned shows significant changes in terms of organizational strategy, work structure, and the perceptions of various parties involved. Based on the results of interviews with three informants, namely the service user manager, service provider manager, and SSC employees, there are several main points that can be analyzed in more depth.

1. Strategic Changes and Reasons for SSC Implementation

From the perspective of service user management, the decision to transfer certain functions to SSC is based on considerations of efficiency, human resource rationalization, and focus on more strategic work. Standard processes such as reconciliation, treasury, and verification are considered to not require special expertise, so they can be performed by third parties through the SSC. This is also in line with the organization's need to deal with employee retirement, where replacement is not done directly, but rather through a transfer of functions to the SSC.

2. Transition Process and Implementation Challenges

Both users and service providers acknowledge that the transition phase to SSC poses a number of challenges, particularly in terms of human resource adaptation to new systems and procedures. Service users noted that at the beginning of implementation, there were errors in process handling (incorrect treatment), caused by a mismatch between the understanding of SSC human resources and the expectations of service users. This was also confirmed by service providers, who stated that service user SOPs were quite complex and varied, requiring time to harmonize work processes.

3. Impact on Operational Efficiency and Effectiveness

Although there was no noticeable difference in terms of task completion speed due to the Service Level Agreement (SLA), operational effectiveness was considered to have improved due to the reallocation

of human resources according to their competencies. Work processes became more efficient because repetitive tasks were managed by the SSC, which was designed for high work volumes and standard processes. From the service user's perspective, this efficiency not only impacts completion time but also leads to more targeted human resource utilization, where internal employees are no longer burdened by administrative tasks and can focus on strategic activities relevant to their salary and position.

4. Transfer of Employee Status and Role.

The impact of SSC implementation on employee status and roles is also quite significant. Outsourced employees (OS) who were previously under the service user entity are transferred to the service provider, while organic employees are transferred to other management units. However, their main roles and work activities remain the same, such as treasury still managing treasury, only that there is a change from the parent organization.

5. Evaluation and Monitoring of SSC Services

Both users and service providers use SLAs as the main measurement tool in evaluating SSC services. On the one hand, service users target completion below the SLA so that there is room for internal validation. Evaluation of SSC implementation performance is carried out routinely by both parties, both from the service user and service provider sides. In practice, this evaluation system refers to parameters that have been set in the Service Level Agreement (SLA), where performance assessments are carried out periodically every month.

V. Conclusion

Based on the results of research conducted through a qualitative descriptive approach using the case study method, it can be concluded that the implementation of the Shared Service Center (SSC) at the Service User is part of the company's long-term strategy to improve operational efficiency and work effectiveness, particularly in the fields of accounting and finance. The SSC is implemented to handle work that is standard, repetitive, and does not require special expertise, so that internal employees can focus on work that is strategic and has high added value. Although a number of challenges were encountered in the early stages of implementation, such as non-compliance with SLAs, limited understanding of the applicable work system among new human resources, and resistance to change, in general the transition process was adjusted over time. The performance of the SSC is evaluated periodically by both parties (service users and service providers), using parameters agreed upon in the Service Level Agreement (SLA). This evaluation is carried out systematically every month and forms the basis for future service improvements.

Both perspectives show that there is a shared commitment to maintaining the quality of SSC services through systematic and structured evaluations. The implementation of monthly SLA-based evaluations provides a clear mechanism for monitoring system performance, as well as a reference for continuous improvement. With an evaluation process that involves various parties and stages, companies can ensure that SSC implementation not only runs according to procedure, but also has a positive impact on overall work efficiency and effectiveness. The interview results also show that Service Users view SSC not only as a short-term efficiency solution, but also as a long-term operational management model that is adaptive to organizational needs. The development of the SSC's scope can be part of a broader digital transformation and cost efficiency strategy, as well as an effort to encourage increased human resource productivity by placing internal workers in more strategic and high value-added positions. In addition, there is the possibility of developing or expanding the scope of SSC in the future, especially in the areas of taxation and sales administration, such as managing withholding slips (Bupot) and issuing tax invoices. This shows that companies view SSC as a flexible operational service model that is adaptive to the long-term needs of the organization.

References

- Al Faruq, M., Prasetyo, M. I., & Buchori, I. (2024). Village Financial Management Analysis (Case Study in Kedungboto Village). *COSTING:Journal of Economic, Business and Accounting Volume 7 Nomor 5*.
- Anggitayudha, T. A. (2014). Efektivitas Pelayanan Samsat Corner Di Kantor Bersama Sistem Administrasi Manunggal Satu Atap (Samsat) Surabaya Timur (Studi Pada Samsat Corner Galaxy Mall Surabaya). *ejournal.unesa.ac.id*.
- Aschauer, E., & Quick, R. (2024). Implementing shared service centres in Big 4 audit firms: an exploratory study guided by institutional theory . *Accounting, Auditing & Accountability Journal*.
- Harras, H., Finatariyani, E., & Purwatiningsih. (2021). Perspektif Karyawan: Faktor-faktor yang Mempengaruhi Naiknya Kinerja. *Scientific Journal Of Reflection: Economic, Accounting, Management and Business*.
- Julizhar, D. A. (2024). Faktor Yang Mempengaruhi Efektivitas Organisasi Dalam Penerapan Shared Services Pada Holding Company: Studi Kasus Di Pt Xyz. *Syntax Literate: Jurnal Ilmiah Indonesia*.
- Juniarta, I. P., & Suaryana, I. N. (2023). Efektivitas Penerapan Sistem Informasi Akuntansi, Sistem Pengendalian Intern, Lingkungan Kerja dan Kinerja Karyawan. *E-Jurnal Akuntansi*.
- Maulidina, E., Putra, P., & Hardiy, D. Y. (2024). Implementasi Metode TCSD Pada Perancangan User Interface Layanan Shared-Service(SS) ICT. *JEMSI: Jurnal Ekonomi Manajemen Sistem Informasi*.
- Ningrat, S. J., Sisilia, K., & Hidayat, A. M. (April 2024). Perumusan Strategi Startup D'cetak Menggunakan Analisis Pestel Dan Swot. *Jurnal Riset Bisnis Vol 7(2)*, 209–217.
- Nurmarlia, R., & Sholihin, M. (2015). Evaluasi Penerapan Shared Service Center: Studi pada Perusahaan Pipa Minyak. *Repository UGM*.
- Prasanti, D. (2018). Penggunaan Media Komunikasi Bagi Remaja Perempuan Dalam Pencarian Informasi Kesehatan. *Jurnal Lontar Vol. 6 No 1*, 13-21.
- PT Sinergi Informatika Semen Indonesia. (2021, July 6). *stories/insight*. Diambil kembali dari <https://sisi.id/>: <https://sisi.id/stories/insight/ketahui-apa-saja-yang-bisa-dilakukan-dengan-shared-service/>
- PT Sinergi Informatika Semen Indonesia. (2023, Maret 23). *Strategi Jitu Penerapan Shared Services demi Hemat Biaya Perusahaan*. Diambil kembali dari sisi.id: <https://sisi.id/stories/insight/strategi-jitu-penerapan-shared-services-demi-hemat-biaya-perusahaan/>
- Syahfara, A. D., & Yuniarinto, A. (2023). Analisis Strategi Pengembangan Bisnis Fesyen Berkelanjutan Di Indonesia. *Jurnal Kewirausahaan dan Inovasi Volume 2 No 4*.
- Vionna, E., & Nahartyo, E. (2019). Analisis Strategi Implementasi Shared Services Center Di Pt Pertamina (Persero). *Repository UGM*.
- Yuliati, N. (2023). Efektivitas Pengadaan Barang Dan Jasa Dengan Metode Penunjukan Langsung Di Pt Pelindo Terminal Petikemas. *Repository Stiamak*.