The George Washington University

CLAI - The Center for Latin American Issues

School of Business

IMPLEMENTATION OF SHARED SERVICE CENTERS (SSC) IN THE STATE OF RIO GRANDE DO SUL (RGS)

Gustavo Pires Krüger
Minerva Program, Spring 2012

Advisor:
Nicholas Vonortas
Washington, DC

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1. Introduction

From the second half of the 1990s, as emphasized by Tomkinson (2007), a new operational strategy for the management gained strength, particularly in developed countries, based on the concentration and sharing of services in a single physical unit, forming a Shared Service Center - SSC.

The SSC has its origin in the private sector, and is the entity responsible for the execution and the handling of specific operational tasks, such as accounting, human resources, payroll, IT, compliance, purchasing and security. However, SSCs are not to be confused with corporate staff departments. Different from staff departments, SSC have measurable outputs (by quantity and quality), with costs per unit of service provided. So, a SSC is an accountable entity within a multi-unit organization tasked with supplying the business unit, respective divisions, and departments with specialized services (finance, HR transactions, IT services, facilities, logistics, sales transactions) on the basis of a service level agreement with a costs charge out on basis of some type and system of transfer price.

The creation of executor centers of shared services is a result of identification of inefficiencies caused by duplication of organizational structures designed to implement individual activities that were common to other organizational units and to the company as a whole (MATTHEW, 2009). The search for this greater efficiency can be confirmed by specific surveys on the topic. A study of the Deloitte company (2007), contemplating a universe of 89 enterprises from various countries, notes that the reduction in costs was the more pointed out objective (81% of the sample) among those who have led the implementation of a SSC.

On the other hand, Quinn, Cooke and Kris (2000) argue that the SSCs are not only synonyms for the reduction of costs, because, with them, one can reach the specialization of services, the scale of operations, the experience in processes, in addition to the standardization of activities and tasks. With this, the organization reaches an excellence in the services provided to clients, being they internal or external. In this sense, considering that the governments has incorporated practices and management techniques from the private sector, according to the paradigm of the New Public Management (NPM), this study aims to explore the use of SSCs in the public sphere.

The so-called NPM, according to Broadbent and Laughlin (2003), introduced new concepts in the process of management of public resources focused on their optimization. Between the concepts of this new model of management, stand out, according to Stewart and Walsh (1996), the following: (1) focus on the citizen as a customer; (2) realignment of the mission state; (3) budget based on results; (4) promotion of the transparency in governmental acts; (5) objective assessment of the public manager.

According to Wang and Wang (2007), the sharing of services became to be increasingly used in the public management. The authors mention that public bodies and departments in countries such as Canada, the United States, Australia, Ireland, Scotland, England, Holland, Germany, France, Italy, Spain, South Africa, and Singapore, have managed to improve public services and to reduce the associated costs allowing. Therefore, the governments are able to concentrate their efforts in processes of high impact for their mission, and not in transactional activities. In Brazil, the implementation of governmental SSCs is still incipient.

Successful examples of SSC in the public sector include the following: (1) National Business Center (U.S.); (2) National Finance Center (U.S.); (3) Ontario Shared Service Center (Canada); (4) National Health Service (United Kingdon); and (5) Quensland State Government (Australia).

Through these considerations, this study aims to examine the implementation of SSCs in the state of Rio Grande do Sul (RGS), Brazil, by the Secretary of Finance (SEFAZ/RGS), based on international experiences such as the ones from the United States and Australia. The proposed analysis intends to present an approach to administrative re-structuring of the state of RGS through the implementation of SSCs, focusing mainly on the sharing of services related to the Information Technology (IT) sector.

The following sections contain a brief explanation of the theoretical framework related to the proposed theme, contemplating an approach about the New Public Management and the sharing of services, presenting concepts, applications, advantages and disadvantages of this managerial tool.

Chapter 3 is intended to presents a brief report on the international experience of sharing services in the governmental framework addressing the experiences of the United States and Australia.

In Chapter 4, an overview about the practice of sharing services on an international level that could be applied to the RGS state is presented. Chapter 5 is intended to do a specific discussion about the sharing of the activities related to IT in RGS state, by the SEFAZ/RGS.

In Chapter 6, are presented the results and discussions of the survey carried out with the IT managers to be able to verify the perception of them about the implementation of a state SSC of IT. Finally, the final discussions and references used in the basement of the study are presented.

2. Theoretical Basis

The State, as an economic entity, as well as the companies are in need of management instruments capable of assisting the manager in the search for the best way and alternatives of use of the available resources. Thus, in order to guarantee the existence of a really efficient and effective management, it is necessary the excellence not only of the objective activities, but also in the activities-means, including the administrative support.

This way, the importance of the search for efficiency and effectiveness in the management of public resources, and the discovery of new management practices or the improvement of existing activities justify the development of studies of this nature, in this case, the application of the sharing of services by means of SSCs under the administration of the RGS state.

2.1 New Public Management (NPM)

Starting from the design of which the State is an economic entity, and therefore, needs to optimize its resources, each time scarcer, it can be observed that the governmental sphere is increasingly close to the public sphere in terms of the managing its activities (ALONSO, 1999).

In this sense, the NPM became a convenient abbreviation for a set of administrative doctrines that dominated the agenda of the reform of public administration of most of the countries members of the Organization for Economic Cooperation and Development - OECD, since the end of 1970 (Hood, 1991; Pollitt,

1993; Ridley, 1996). The NPM, according to Pollitt and Summa (1997), can be defined as a vision, an ideology or specifically a set of specific approaches and management techniques, originated in the private sector and applied to the State activities. The NPM is thus seen as a body of managerial thought (FERLIE *et. al.* 1996) or as a system of ideological thoughts based on ideas generated in the private sector and imported from it to the public sector (HOOD, 1991), by changing the emphasis of the management of public resources, now with a focus on performance, results and guidance to the citizen.

The reforms of the so-called NPM have been driven by a combination of economic, social and technological policies directed to the attack of two bureaucratic evils: (1) the inefficiencies related to the excessive number of procedures and procedural controls, and (2) the low accountability of bureaucrats in view of the political system and society. To achieve these objectives, its basic proposal was to make the public administration flexible and increases the governmental accountability (LÓPEZ, 2006). According to the OECD (1995), the NPM should be directed to the achievement, especially the professionalization of public management, adopting as main strategies the decentralization, the delegation of authority and a strict control on the performance, measurable through agreed and defined in advance indicators. Table 1 presents a summary of their goals and strategies.

Goals	Strategies
Flexible the management procedures	Decentralization of management authority, in order to respond faster to social needs
Establish goals aimed at controlling performance and accountability	Definition of indicators that can be measured, along with greater transparency of public acts
Providing adequate services to citizens	Develop public actions more sensitive to the wishes of its users
Improving human resources management	Qualification of the technical staff, increase labor discipline and efficiency of controls
Develop IT systems effective	Improve the technological infrastructure of the State
Strengthen the functions of government	Professionalization of public administration

Table 1: Objectives and strategies of the NPM
Source: Elaborated from Hood (1991) and Lopez (2006)

It should be noted that the decentralization of the managerial acts is closely related to the flexibility of the governmental structure, while the accountability refers to the improvement of the control and liability via rendering of accounts, on the implementation of public resources (BARZELAY, 2001).

Complementing the foundations of NPM, Prats i Catalá (2005) points out a number of principles commonly accepted with regard to the improvement of the public administration, as it is shown on Table 2.

Guidelines	Operationalization
Orientation to management for results	Indicators defined politically and technically measurable
Discretionary power and flexibility in the application of resources	Control performed by evaluating the results
Delegation of administrative autonomy	Creation of central operational units at decentralized level
Accountability of managers towards the use of public resources	Linking management to the results produced by it

Table 2: Guidelines of NPM
Source: Elaborated from Prats i Catalá (2005)

It is observed that the main direction of NPM is the administration through results, that is, the optimization of public resources in attendance to the social demands, exerted in a decentralized and flexible way. It is also seen that the operation of management in public administration depends on indicators capable of providing the evaluation of the performance of the public entity for the subsequent managers' accountability in view of the application of public resources - Centers of Responsibility (HOOD, 1991).

As previously mentioned in the contextualization of this study, the origin of the NPM is, significantly, Anglo American (United Kingdom, New Zealand, Australia, Canada, the United States and other countries), however, from the 1990s on, this methodology was expanded. According to Barzelay (2001), the barriers caused by globalization and the disorderly economic growth forced several countries to adopt a new attitude in their administrations, after being immersed in severe crises.

Especially with regard to Latin America, such processes of modernization of public management, according to Lee (2003), were promoted by multilateral lending agencies, especially the World Bank (WB), which since 1997 has been funding a series of measures to improve public administration. However, it should be emphasized that each country, to implement the instruments of the new public management model, should take into consideration its own peculiarities and the elements of its social, economic, and cultural context (BARZELAY, 2001). In addition, it is worth here the same understanding that literature applies to other management practices, in other

words, that its success is also dependent on the performance of a manager committed to the quality of the expected results.

Specifically regarding Brazil, it is worth considering that, with the advent of the 1988 Federal Constitution - FC/88, the system of planning and management, before highly centralized and organized by rigid sectors of the military government (TEIXEIRA and CARNEIRO, 2009), began to adopt concepts and procedures on the basis of the model of systemic management.

In this sense, and in accordance with Nunes and Nunes (2001), the institution of an integrated system between the planning and budget, of a multi-year plan, of the budgetary guidelines, and the annual budget, in all levels of government, sought to unify and harmonize the organs of government that were scattered across the three levels of the Federation and without any links among them. Trevas (2010) adds that with this increased articulation and intergovernmental cooperation, the shared management of public accountabilities could strengthen the federal entities in the accomplishment of their tasks, and make the consolidation of the process of competencies decentralization; thus ensuring the provision of more qualified public services in attendance to the social needs.

This legal basis of FC/88 has made it possible for the modernization of the governmental management to be implemented in Brazil in a more objective way since the first government of Fernando Henrique Cardoso, in 1995, through the creation of the Ministry of Administration and Reform of the State (MARE), under the command of Bresser Pereira and the implementation of the Master Plan of Reform of the State Apparatus (ABRÚCIO, 1999).

This plan has expressed the strategic vision of the Brazilian government, whereas the exhaustion of the existing bureaucratic model, and guided the design of the projects of the reform. According to Bresser Pereira (2001), beginning with the diagnosis that pointed out the main problems of the Brazilian public management in the legal-institutional, cultural and of management dimensions, a new conceptual model was proposed.

The main initiatives of the administrative reform were directed to: (1) review of the legal framework (constitutional reform and of the current legislation); (2) proposition of a new organizational architecture (regulatory executive agencies, and social organizations); (3) adoption of innovative managerial instruments (management

contracts, programs on innovation and on quality in public administration); (4) development of the federal official (new human resources policy, strengthening of strategic careers, review of the remuneration policy, launching of competitive public exams to become a civil servant, and the intensification of employee training, aiming to promote cultural change).

Specifically regarding the application of managerial instruments for the management of activities in support of the State, the studies of Dollery; Hallam and Wallis (2009), Walsh, Mc Gregor-Lowndes and Newton (2008), Sphoer, Burger and Barrett (2007), and Hyvönen *et.al.* (2004) show the SSCs as an effective tool on the management of these activities.

Finally, it is important to note that, according to Vigoda (2002), the evolution of the movement of the NPM, putting pressure on the bureaucratic model in order to make the public organizations more responsive to the citizens, consisted of a significant advance in the contemporary public administration. It can also be highlighted that the support activities, which are essential for the good achievement of target activities of the State, turned to be a relevant concern to the search for qualification of the public expenses.

The following section presents the concepts and origins of the SSCs, and it shows an approach of this organizational tool in the governmental framework, whereas the premises of the NPM.

2.2 Shared Service Center (SSC)

2.2.1 Concepts, origin and Evolution

In a highly competitive environment, issues such as differentiation, optimization of costs and operational processes - aiming at the excellence of the implementation of the activities of an organization - have been the focus of much attention in companies.

It is crucial that the organization that aims at maintaining it or obtaining a competitive advantage in this environment always seeks optimal point of the trade-off cost vs. quality. One of the main forms found by the organizations to achieve this result is the implementation of a management practice called Shared Services Center - SSC,

which is characterized as a structure for the supply of high quality services to either internal or external customer, with reduced costs.

According to Schulman *et. al.* (2001), shared services are defined as the concentration of resources of the organization in various activities, typically spread along its structure, in order to serve multiple internal parts. This occurs at reduced costs and with high quality in the provision of the services, having goals to attend the end customers and increase the value of the corporation.

In this sense, Quinn, Cooke and Kris (2000) conceptualize shared services as the practice in which business units decide to share a range of services, rather than have them as a series of duplicated support functions.

Thus, a SSC is a model for the organization and implementation of processes, by which a department of a company provides services from the same point of assistance, for various units or departments of the corporation. However, it is important to emphasize that the unity of the organization for the shared services is not a mere centralization for carrying out support activities and which operates, without the identification of the real need for each of the areas involved in the sharing of activities. And nor is it a simple outsourcing of services, which aims to only transfer the responsibility of transactional activities to third parties.

In this sense, the main characteristic of the SSC is to be a unit focused on the needs of its internal or external customer, seeking quality and maximizing the use of resources (Janssen, Joha and Zuurmond, 2008). So, on the basis of the study of Wang and Wang (2007), it is presented in Table 3 the existing dichotomies between the outsourcing and the sharing of activities.

Organizational Aspects	Shared Services	Outsourcing
Organizational Structure	Establishing an SSC	Bilateral Relationship
Strategy	Long Run	Short Run
Sharing Risks	Yes	No
Reengineering and Process Standardization	Yes	No
Reducing Duplication of Activities	Yes	No
Sharing knowledge between the partners	Yes	No
Central Control	Yes	No
Changes in Human Resource Management	Realocation and Training of Staff	Staff reductions

Table 3: Dichotomies between outsourcing and sharing of activities
Source: Adapted from Wang e Wang (2007)

As it can be observed in Table 3, the sharing of services is more enduring in relation to the outsourcing of activities, being the first hypothesis a long-term strategy, while the outsourcing reveals itself as a tool for solving immediate problems, that is, in the short term.

In addition, it can be seen that the sharing of risks between the collaborators and partners, the reengineering of processes and the existence of a central control are some of the advantages highlighted by the sharing of services in view of outsourcing, as it is denoted in Table 3.

Both in the public and private spheres, centralized structures are characterized mainly by economies of scale, in addition to potentiate the elimination of redundant functions. However, in organizations that center activities, the response time for the local needs is slow, because there is often a great distance between the central unit and the local unit, what makes the decisions slower to be taken.

In decentralized structures, the decisions to the local demands and the changes needed in business units are answered in a more skillful way, because, in addition to the greater flexibility of the authorizing officer, this manager has a more accurate knowledge of the real situation of the 'whole' enterprise. However, the corporation will have a higher cost due to the inefficiencies of duplicate processes, multiple independent suppliers, which may compromise the potential gains of the economy of scale.

The SSC must contemplate, according to Janssen, Joha and Zuurmond (2008), the advantages of the two structures presented, because its creation must result in economies of scale and standardization, on the one hand, and in flexibility and agility in making decisions on the other. Excellence of services to the customer by means of a management with a focus on its local strategy is target with the creation of a SSC, since the administrative support functions are consolidated in an independent organizational unit, which only mission is to provide administrative services in a highly efficient and effective way. In addition, there is a greater synergy and mutual learning among the units.

With the creation of a SSC, the business units start to focus on their end- activity while the SSC is turn to be the administrator of the resources intended for the support activities, seeking excellence in the provision of services.

In addition, notwithstanding the recurrent utilization of SSCs in the private sector, according to a survey conducted by Bywater (2001) with 200 companies

selected among the 500 largest listed by Fortune magazine, also the public sector has been doing use of this instrument of contemporary management, particularly in countries in which the NPM is already incorporated into the governmental management.

2.2.2 SSC an Approach to the Public Sector

Although the literature does not indicate temporal milestone in the emergence of the SSCs in public sector management, it is possible to make a parallel between the beginning of the use of SSC by governments, and the evolution of the models of public administration. Tomkinson (2007) mentions that the first experience, which occurred in the United Kingdom, would have started in 1997. As already discussed in section 2.1, the NPM favored the adoption of practices of shared services in the framework of the government when advocating the incorporation of techniques and tools from the private sphere.

In this context, it is noted that the SSCs has been increasingly used in the public management. According to several studies, such as those of Marshal (2009), Janssen and Joha (2006) and Whitfield (2007), public bodies and departments in countries such as Canada, the United States, Australia, Ireland, Scotland, England, Holland, Germany, France, Italy, Spain and South Africa reached the improvement of public services and the reduction of associated costs utilizing the SSCs.

In accordance with the international experiences of modernization of the governmental structure by means of SSCs, the activities of back-office more commonly shared are: (1) Information Technology (IT); (2) Financial Management (FM); (3) Legal Advice (LA); (4) Payroll (PR); (5) Human Resources (HR); (6) Acquisitions; (7) Accounting and Auditing (AA); and (8) Tax Management (TM).

In addition, it is worth considering that according to studies of Tomkinson (2007) and Mickelson (2007), the SSCs have been used in all spheres of government (federal, state and municipal). Ferreira (2010) adds that in these spheres, normally there is duplication of administrative structures and duplicated activities, and that the use of the SSCs, both within the intra and inter-govern frameworks, allows a considerable optimization in regards to transactional support processes. According to the survey by Accenture (2006), the main duplicities arising from the governmental decentralization

are activities related to the administrative support and the management of human resources.

Research carried out by The Economist Intelligence Unit (2006), with 127 executives in the public sector involved with SSC, reveals that the main reasons for the adoption of the model are the reduction of inter-departmental costs, the improvement in the satisfaction of the citizen-customers, the economies of scale and the specialization of services.

In this sense, it is important to highlight that the deployment of the SSC in the public sector is more complex than in the private sector, as the sharing of services in the public sector, given the particular nature of governmental management, has a series of specific challenges, such as: (1) the linking of Public Administration to the Principle of Legality; (2) lack of leadership and managerial skills on the part of public managers, often without the necessary qualification; and (3) the stability, inherent to the effective public officials.

Janssen and Wagenaar (2004) believe that the deployment of a SSC in the public sector turns to be more difficult than in the private sector, by listing three limiting reasons, which are:

- ✓ Initial insufficient investments, due to possible budgetary constraints;
- ✓ Lack of commitment on the part of managers for long-term changes, caused both by the electoral seasonality and the transfer of political agendas.
- ✓ Little cultural adaptability between "services on demand", characterized by negotiating prices, volumes and patterns, which are inherent to the sharing of services, and the methodology of work based on supply, commonly used in the public sphere.

The need to establish a new culture for the implementation of the model of the shared services is pointed out as one of critical issues. In particular, bodies that are using the SSCs are seen as partners, because the relationship between those who perform a task and those for whom the task is performed is vital for the achieving the goals of the organization (Schulman *et. al.* 1999).

In this direction, the research of IBM (2008) identifies five critical factors of success for the deployment of a SSC in the public management:

a) strong competence in project management;

b) support of senior management;

c) effective communication at all levels;

d) approach in gradual stages for the deployment; and

e) strong change management to deal with the resistance and help people to pass through the cycle of transformation.

Research conducted by Accenture (2005) with 143 senior executives from different spheres (central/ federal, state/provincial and local) from the governments of the United States, United Kingdom, Australia, South Africa, France, Canada, Sweden, Singapore, Italy, Germany, Ireland, Holland and Spain, has revealed significant findings, namely:

✓ 66% of those interviewed said they are already using shared services or are in the process of implantation for some functions;

✓ SSC is "very" or "extremely" important for 63% of the respondents;

✓ The majority of centers of the shared services serves / assists multiple agencies within the same sphere of government.

✓ 50% of respondents that have implemented or are implementing SSCs refers to have chosen the modality of own SSC;

✓ Despite the strong confidence in their own resources for the implementation of the shared services, governments, most of the times, refer to be unsecure to perform alone the SSC design and the deployment.

✓ Lack of conscience and managerial skills necessary to design and conduct a program of transformational change are the main challenges for governments, according to the interviewees;

✓ Other challenges mentioned: the lack of leadership and commitment to change; to maintain or improve the level of service expected by clients; and insufficient resources to the SSC project.

After the decision of implementing a SSC was made, governments usually choose from one of the four models (Tomkinson, 2007): intra-service, service, corporate and supra-corporative.

The intra-service model - collaboration in a specific or specialized service - allows that an entity or various entities of government share part of a service, formally or informally. There is no transfer of risk, and this model is useful to generate economies of scale, as an example of the purchase organization.

In the service model, generally, a body allows another to provide a service in a comprehensive manner in its name, transferring control and responsibility. This transfer occurs by means of appropriate formalization of relationship, but the body of the policyholder service continues with the control of the budget. In the corporate model, two or more entities unite to share a service.

The partners form an arrangement for the provision of services, with due formalization. Not only are the benefits shared, but also the costs and the governance of the SSC, in order to ensure the level of the provided service.

In the supra-corporative model occurs the sharing on the basis of the creation of a special purpose vehicle to provide services. The partners are joined and formed an arrangement for the provision of services. It is created a SSC (in the quality of vehicle for specific purpose), which will act on behalf of the partners. The risks are fully transferred to the SSC, which is responsible for all the resources involved in the provision of services.

The choice of one of these models will depend on the type of need, of the risks involved and the range of services to be provided. Also the form of partnership will depend on the degree of complexity and on the chosen strategy for the supply of services (IPF, 2006).

The following section is an approach of SSC, whereas the empirical studies about the use of this management tool in the USA and in Australia. It is worth noting that according to the analyzed bibliographic references, there are no reports on the implementation of SSCs in the Brazilian public sector, in any spheres of municipal, state or federal governments.

3. International Experiences about the use of SSC in the Public Sector

3.1 U.S. Experience

The use of SSCs by the American federal government has its roots in the inter-agency cross-servicing and administrative consolidation initiatives that began in the 1980s as part of the Reagan Administration's Reform 88 management improvement initiative. Payroll was an early target of opportunity, as modernized departmental payroll centers at the Departments of Agriculture and the Interior were promoted for use by external customers. Consolidated financial and administrative service centers were created in several departments, such as the Department of Commerce, where four regional centers were created by consolidating administrative functions from several bureaus.

Later, whereas the use of SSCs at the federal level has been advocated by both republican and democrat administrations, other efforts were undertaken with a view to increase the sharing of services in the US. We can cite the example of the so called "Reinvented government" program led by vice president Al Gore in the mid 1990s. Already in 2001, these efforts have been reinvigorated by the president Bush-43 Administration's President's Management Agenda (PMA), which drove shared services adoption through its e-Government initiative, and again in 2004 with the announcement of the Line of Business (LoB's).

In addition to the Bush Administration's LoB, a large number of internal Shared Service Organizations (SSOs) emerged and evolved in the 2000s – not as part of a government wide program, but through the independent leadership of their host agencies.

A few examples include the Internal Revenue Service's Office of Wide Shared Services Office, the NASA Shared Service Center and the US Postal Shared Services Organization (Marshal, 2009).

In addition to the examples mentioned above, other SSCs emerged through the government initiative. The Table 4, below, is an approach about some of these SSCs indicating their department and their main activities and characteristics.

SSC	Department	Description
National Business Center (NBC)	Department of Interior	The NBC supports the functions of budget, procurement and contracts, property management, finance and accounting and other general administrative services. The NBC provides systems analysis, design, software, development or acquisition, implementation, training, operations, and maintenance for administrative systems to the bureaus in the Department and to other Federal agencies.
Bureau of Public Debt Administrative Resource Center (ARC-BPD)	Department of Treasury	The ARC-BPD provides administrative support to various Federal agencies with a staff of over 400 full time employees, BPD provides a full range of administrative services that include financial management, information technology, human resources, procurement and travel.
National Finance Center (NFC)	Department of Agriculture	The NFC has implemented shared services to streamline the provision of payroll and human resources for 60,000 government employees in 174 civilian agencies, including the U.S. Department of Agriculture, the Department of Homeland Security, the Library of Congress, General Accounting Office and others.
HR-Connect	Department of Treasury	The HR Connect program manages the overall modernization efforts of Treasury human resources systems through deployment of HR Connect, Treasury's state-of-the-art HR management system and serves as the official Departmental liaison to the NFC Treasury's payroll provider. HR Connect is an automated web-based HR management system that enables managers and employees to easily manage personnel information and make strategic decisions while reengineering the core personnel processes provided by HR professionals.

Table 4: US SSCs.
Source: Marshal (2009)

Federal shared services initiatives have undoubtedly produced salutary business results, but there is very little reliable data available with which to assess them. The Office of Management and Budget (OMB) has estimated cost savings of over $5 billion from the HR and FM LoB initiatives over a 10 year period. The US Postal Service reports reducing the cost of its finance function by 16% to 18% and annual savings of $50 million in HR services. NASA reports cumulative savings to date of $43 million (Marshal, 2009).

In order to present in more detail the use of SSCs under the American federal government, the following is a summary of the National Business Center (NBC), a shared service center that responds to the Ministry of the Interior having operations in 25 states, and serving approximately 150 agencies/departments, from this and from other ministries and various federal American government agencies.

The NBC was established in 2000, through the consolidation of three service centers within the Department of the Interior: the Interior Service Center, the U.S. Geological Survey's Washington Administrative Service Center, and the Bureau of

Reclamations' Denver Administrative Service Center. This merger realized the Department's vision to create a centralized organization providing shared services, improving operational efficiency and effectiveness and improving economies of scope and scale. Since then, the NBC has grown significantly in size and scope.

The NBC provide a diverse, yet integrated set of administrative solutions, and are currently the only federal agency designated by both OMB and Office of Personal Management (OPM) as a Center of Excellence in the financial management and human resources LoB (NBC, 2012).

Among the services offered in its portfolio, as has already been considered in Table 4, it can be highlighted: human resources, payroll, training, purchasing, financial, accounting, and information technology, among others. It is worth pointing out that its revenue reaches $400 million per year, considering that a good part of this amount is reinvested in the improvement of their systems and work processes.

The following presents some figures in the 2008's Operational Performance:

✓ 30,000 users of systems
✓ 3 million financial transactions processed
✓ total of 12 billion dollars in bills
✓ 24 billion dollars paid in payrolls.

The proliferation of SSCs in American federal government in the last years has generated significant redundancy of service providers, i.e., different ministries, agencies and departments have created their own SSCs for the same type of service. The NBC, since 2001, has incorporated other minor SSCs seeking to gain in scale and their reduction in costs, accomplishing even the guidelines of the OMB, the body which has been searching the consolidation of SSCs and of other inter-agencies, departments and ministries functions (Marshal, 2009).

3.2 Australian Experience

The Commonwealth of Australia is composed of six states and two large continental territories. There are also smaller territories that are under the administration of the federal government. This study will focus on sharing of services in the state of

Queensland, whose capital is Brisbane. The choice of this state is justified due to the fact that it was one of the pioneers in the implementation of SSC in the public sector on a worldwide level and by the fact that it is a sharing in the state level, similar to the proposal presented in this study. It should be noted, however, that the sharing of services occurs by means of SSCs in all the Australian states, highlighting the following: Western Australia, New South Wales and Victoria.

Specifically regarding Queensland, it was observed that in July 2003, the Queensland State Government introduced the Shared Services Initiative as a response to challenges of maximizing cost-effectiveness whilst experiencing increased demand for services. This process derives from the administrative restructuring of the state, by transferring common corporate services traditionally carried out within each state government agency to shared services providers.

The functions considered for shared services under this initiative include: (1) Finance; (2) Procurement; (3) Human Resources (including payroll); (4) Document and Records Management; (5) Property and Facilities Management, and (6) Corporate Systems that support these functions.

The main benefits, the Queensland Governments aims to achieve, are economies of scale, the reduction of duplication and consolidation of technology. On those considerations, the Queensland Government established six shared service providers. The number of shared service providers has since been reduced to four (Shared Services Agency, Queensland Health Shared Service Partner, Corporate and Professional Services, and CorpTech). The State Government has reported that the savings through shared services initiatives for 2004-05 amounted to A$10 million and A$18 million since the commencement of the initiative.

The Shared Services Agency, which is currently part of the Department of Public Works, provides finance, procurement, human resource management, facilities management, and mail support services to around 80,000 public servants in 11 agencies and six statutory authorities.

As regard to the Queensland Health Shared Service Partner, it delivers the following corporate support services to Queensland Health: payroll; recruitment; supply; finance; business improvements; private practice support services; and HR consultancy and engagement.

Concerning the Corporate and Professional Services (CAPS), it provides corporate support functions to the Department of Education and Training (DET) and operates as a discrete business entity within the DET. The corporate services provided by CAPS include:

- ✓ Delivery of human resources services, including payroll each fortnight to employees across corporate business areas, state schools and TAFE institutes;
- ✓ Management of the ICT network for all state schools and corporate business areas;
- ✓ Financial and procurement advisory services;
- ✓ Management of school facilities, including water and energy efficiency initiatives;
- ✓ Project management of capital works projects for Queensland state schools; and provision of legal advisory and representation services.

Finally, regarding the CorpTech, it is responsible for the design, building, implementation and support of the whole-of-government information systems used by government agencies and shared service providers to administer the State's finances and workforce. These whole-of-government information systems include: payroll, rostering, purchasing, inventory management, asset management, accounts payable and accounts receivable.

In addition to these clusters, Queensland maintains the Corporate Administration Agency (CAA) to provide a range of corporate support services to statutory bodies within the arts portfolio. The CAA was established in 1997 and is a subdivision of the Department of Premier and Cabinet.

The CAA's client base has expanded over the years and it now services around twenty state government agencies within the following areas: financial services; HR/payroll services; and information management. It can also be highlighted that the CAA has been recognized as the Best Mature Shared Services Organization at the Shared Services Excellence Awards 2008. The announcement was made in Sydney on 29 April at the 11th Annual Shared Services Summit 2008 (CAA, 2012).

The CAA services smaller government agencies and statutory bodies (outside the current scope of the Shared Services Initiative) that often have difficulty in finding the resources to make the appropriate investments in support services.

Some of the main benefits, improvements, actions and results achieved by the establishment of SSCs in the state of Queensland are listed below (CAA, 2012):

- ✓ Delivered significant financial returns to Government (more than A$ 100 million to date) and significant savings in payroll disbursement contracts, IT infrastructure arrangements and procurement;

- ✓ Further refined the shared services model resulting in mainstreaming of shared services;

- ✓ Developed the Shared Service portal to provide staff with online access to the new finance and HR business solutions;

- ✓ Collocated almost 1,400 corporate Shared Service Agency staff from 36 to 11 buildings in the Brisbane central business district to create efficiency at each site by sharing resources and administrative arrangements;

- ✓ Completed a comprehensive redesign of financial and human resource management;

- ✓ Business processes to achieve greater standardization across Government resulting in detailed mapping of new processes and detailed business requirements;

- ✓ Developed a common costing and pricing methodology and established fee-for-service arrangements for shared service provider services;

- ✓ Consolidated computer servers running finance and HR applications from 42 to 6 providing the foundation for saving A$ 10.5 million in operating costs by 2008.

4. Administrative Restructuring of the RGS from the perspective of the SSC

As already presented in the theoretical platform of the current study, the SSC has been configured as an effective management strategy in terms of the optimization of government spending, once through a SSC it is possible to reach the specialization of services' provision, in terms of the scale of operations, of the experience in processes, of the standardization of activities and tasks, and consequently, of the reduction of costs.

In this sense, taking into consideration that the vision of the Treasury Sub-Secretary of SEFAZ/RGS, established in its strategic planning (Annex I), is to achieve excellence in the management of public finances, is shown below an approach of the possible application of a SSC in the RGS state, taking as a basis the SEFAZ/RGS.

The SEFAZ/RGS has its headquarters in Porto Alegre and is present in the entire RGS state. With nearly 3,000 people working in their offices, it is guided by a management model focused on results, based on three fundamental pillars: the management of people, the management of the processes and the management of knowledge.

Its basic structure is drawn in Decree no. 47,590, of November 23, 2010, which also defines its areas of competence, namely: tax administration; financial administration; budget administration, financial planning and release of budgetary resources; management of public debt; public and corporate accounting; auditing of public administration; policy of fiscal stimuli; assessment of plans and adjustments made by the Administration with the Union, the States and Municipalities; identification of the debt and the analysis of the resources' sources; financial administration of the State personnel payroll; definition of global limits for budgeting and planning for releasing budgetary and financial resources, consistent with the estimates and the collection of public revenue; administration of public service of lotteries in the State; and information technology (IT) and digital certification.

As established in the decree mentioned above, the SEFAZ/RGS is subdivided into three main departments, which are: (1) the Revenue Sub-Secretary; (2) the Sub-Secretary of Internal Control (General Auditing and Accounting Office – GAAO); and (3) the Treasury Sub-Secretary; besides the Supervision of Information Technology

(STI), the Supervision of Organizational Development and Quality (SUDESQ) and the Supervision of Administration (SUPAD), according to what is presented in Figure 1.
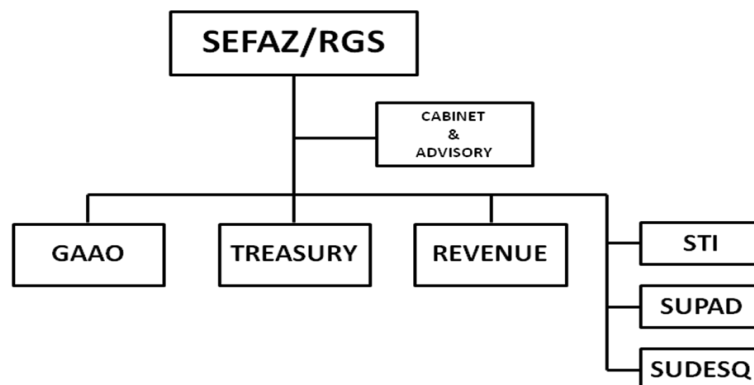

Figure 1: Structure SEFAZ/RGS
Source: SEFAZ/RGS (2011)

The General Accounting and Auditing Office (GAAO) is the constitutional body of the Internal Control system, acting in all the bodies and entities of the Executive, Legislative and Judicial Powers of the RGS state, as well as in the Public Attorney's Office and the Public Defender's Office, by means of delegations that guide the administrators on the organization and operation of accounting, financial, budgetary, operational and property controls. In addition, it exercises the supervision on the management acts, having as its mission to ensure the proper and regular management of public resources in the RGS state.

As for the Revenue Sub-Secretary, it is the body responsible for the administration of taxes in RGS, possessing as main activities the collection and the supervision of taxes which competence is of the RGS state. Its guiding principles are tax policy, the preponderance of fiscal preventive action, the repressive fiscal action, and the continuous improvement that guide the fulfillment of its mission, that is to ensure the necessary resources for the maintenance of the public policies.

As far as the Treasury Sub-Secretary is concerned, it can be observed that it acts in a complementary way to the GAAO and the Revenue Sub-Secretary, being responsible for the management of the public finances and the maintenance of fiscal sustainability, by controlling the cash flow. Some of its main activities consist of supervising, planning, monitoring and implementing the action of the budgetary expenses, besides carrying out the assessment of the public expenditure.

The functions and powers of each of the three major areas that compose the structure of the SEFAZ/RGS are set out to exhaustion in the respective organic laws of the GAAO, the Treasury Sub-Secretary and the Revenue Sub-Secretary.

Specifically regarding the STI, SUDESQ and SUPAD, it is observed that their activities permeate the GAAO, the Treasury Sub-Secretary and the Revenue Sub-Secretary, respectively in terms of support for the IT solutions, organizational development and operational management.

To carry out a systemic analysis of the abovementioned organic laws, contrasting them with the functions performed by supervisions, it can be noted that the implementation of transactional or back-office activities happen in duplicity within the context of SEFAZ/RGS, such as IT, HR, overtaxing the structures and the human resources.

In this sense, the proposal of this study focuses on the administrative restructuring of SEFAZ/RGS, so as to enable the focus of each and every one of its departments to be the achievement of its target-activities, or core-business. The Table 5 presents an approach for each major department of SEFAZ/RGS, indicating its core-business.

Department	Core-Business
GAAO	Auditing & Accounting (AA)
Treasury	Financial Management (FM)
Revenue	Tax Management (TM)

Table 5: Department *versus* Core-Business SEFAZ/RGS
Source: SEFAZ/RGS (2011)

Such restructuring is based on successful international experiences of implementing the SSCs within the context of government, already explained in the theoretical platform. It is understood that the use of executor centers of transactional activities should corroborate with the improvement and innovation of the treasury management, as recommended by the purposes 1.3, 2.3 e 4.1 of the strategic planning of Treasury Sub-Secretary (Annex I). It is clear, therefore, that the achievement of strategic objectives of SEFAZ/RGS can be facilitated through the implementation of the SSCs.

As already explained, the activities of back-office more commonly shared by SSC within the public sector are: (1) IT; (2) FM; (3) LA; (4) PR; (5) HR; (6) Acquisitions; (7) AA; and (8) TM.

Among these activities, it is noted that four of them are under the direct competence of SEFAZ/RGS, which are AA, TM, FM and PR, carried out respectively by GAAO, by the Revenue Sub-Secretary, by the Treasury Sub-Secretary, already characterized in the previous subsection. It should be highlighted that the latter is the responsible for both the FM and the PR. It should also be emphasized that the IT activities are carried out by PROCERGS, private and public joint stock company, part of the indirect administration and bound to SEFAZ/RGS.

The PROCERGS is characterized as the largest IT company in the RGS, being the State holder of 99.1 % of its share capital. The public sector is its main customer, corresponding to approximately 96% of its revenues, which in 2010 reached the amount of R$ 170,274,790.99.

As for the activities of AC and HR, it can be observed that they are linked to the Secretary of Administration and Human Resources (SARH), carried out respectively by the Central of Purchasing of RGS (CECOM) and by the Department of Administration of Human Resources (DEARH).

The CECOM is responsible for the operation of the effective running of the bidding procedures of the RGS. After a process of restructuring, that occurred in 2009, its area of operation was extended, and the generated an economy which exceeded the figure of R$ 100,000,000.00 in 2009 (SARH/RGS, 2011).

The DEARH is responsible for the management of processes related to human resources of the RGS. It is important to highlight that the activities of Payroll, as previously mentioned, are currently performed by the Division of Payment and Staff (DPP), located within the organizational structure of the Treasury Sub-Secretary. In accordance with the proposed model, such activities should be removed from the jurisdiction of the Treasury Sub-Secretary, which would then be responsible only for FM. Thus, the payroll processing should be re-classified in another department that, of course, would be the DEARH, once countless experiences about the sharing of activities of HR, including the Corp Tech of Queensland, indicate the Payroll as an activity related to the HR processes.

And finally, regarding the activities of LA, it is clear that the RGS attorney general (PGE/RGS) is the central coordinating body of the System of Advocacy in the RGS, directly linked to the Governor of the State and an integral part of his Office. The PGE/RGS has the mission to look after the interests of the RGS representing the State in cases of judicial dispute, in addition to being responsible for legal definitions of the administrative issues emerging in the tasks of the Secretaries of State.

It is presented on Table 6 a summary showing the body and the departments of RGS state responsible for the implementation of the most commonly shared activities within the governmental framework.

Activity	Office	Department/Agency
AA	SEFAZ/RGS	GAAO
FM	SEFAZ/RGS	Treasury Sub-Secretary
TM	SEFAZ/RGS	Revenue Sub-Secretary
PR	SEFAZ/RGS	DPP
IT	SEFAZ/RGS	PROCERGS
LA	Governor´s Office	PGE/RS
HR	SARH/RGS	DEARH
AC	SARH/RGS	CECOM

Table 6: RGS Structure
Source: SARH/RGS (2011)

As the structure of the Table 6 is analyzed, it appears that there is, for every kind of service, an organ, department or section within the current administrative structure of the RGS, which core business is the management of these back-office activities. It stands out that, however, these bodies do not act as SSCs themselves, once they accomplish transactional activities, which could be supported by other entities. In addition, they do not have administrative-financial autonomy, except for the PROCERGS.

Thus, it is worth considering that besides the entities listed in Table 6, the other bodies of the direct and indirect administration of RGS also possess, in their administrative structures, departments and sections with tasks involving IT, LA, PR, HR, AC, AA, TM and FM. Exemplifying, one can mention the IT departments of SEFAZ/RGS, whose powers compete with the ones of PROCERGS, as well as the legal departments of SARH, which could be incorporated by PGE/RGS. Regarding specifically the activities of IT, it should be informed that the following subsection

makes an approach about the possible sharing of this activity by the government of the RGS state.

There is, therefore, the duplicity of structures and processes in RGS, inefficiency which could be remedied through the implementation of SSCs, since the observed benefits in the literature could be obtained, mainly in those cases of Queensland, and of the United States, such as in the specialization of processes, the upgrading of the levels of service and in economies of scale.

In this sense, the proposed model is based on the premise that the bodies responsible for the activities listed in the Table 6 run the reengineering of their processes, so as to enable each entity to focus on its core-business. This way, each one of these entities would act as a business unit, that is, a SSC in essence, providing services to internal and external customers, directed at obtaining positive economic results.

It can be noted that the revenue of each SCC would be measured in accordance with the volume of services rendered, whereas possible negotiation of price, which would be based on the price charged by the market or the opportunity cost. According to the modeling applied by the Queensland State Government, the state SSCs meet both the government of the province of Queensland and the local governments, the latter being external customers.

In this sense, it is observed that the implementation of the SSCs in RGS could, in addition to improving the governmental expenditures through the elimination of duplicate structures and processes, increase the current revenue of RGS. Such observation stems from the possibility that, besides meeting the demands of the government of the RGS, the RGS SSCs, as the example of the Australian ones, offer their services to the Brazilian municipal entities, as well as to the other powers of the state and even to the private initiative.

The before mentioned increase in revenue from services would provide an increase in the capacity of the investment of the RGS, which currently is limited to around 2% of the budget. In addition, it is noted that such revenues would enjoy reciprocal immunity regarding the relations between governmental entities, as per diction of Art.150 of the Brazilian Federal Constitution.

As for the costs of each SSC, they should be basically composed of fixed and variable expenses related to the provision of the offered services, considering the values

paid to others SSCs for management of their transactional activities. It is important to mention that, according to the Brazilian Standards of Accounting Applied to the Public Sector (NBCASP), which aimed at the standardization and the convergence of accounting information within the framework of the Brazilian government, in effect since 2012, it will be compulsory the introduction of cost information systems throughout the Brazilian administrative sphere.

This way, it can be inferred that the determination of the economic result of each SSC, will be feasible, allowing the managers better conditions to assess how it adds value to the state activities that are under their managements, as well as helping them in terms of the decision-making.

In Figure 2, an example of the interaction between the Treasury Sub-Secretary and the PROCERGS is presented, acting as SSCs, proving the respective annual declarations of outcome for each entity.

PROCERGS		TREASURY	
Revenue IT Services	**1.000.000,00**	**Revenue FM Services**	**1.000.000,00**
PGE	150.000,00	PGE	150.000,00
Treasury	50.000,00	PROCERGS	100.000,00
Revenue	150.000,00	Revenue	100.000,00
DARH	150.000,00	DARH	150.000,00
CECOM	150.000,00	CECOM	150.000,00
GAAO	150.000,00	GAAO	150.000,00
DDP	200.000,00	DDP	200.000,00
(-) **Cost of Service**	**400.000,00**	(-) **Cost of Service**	**400.000,00**
(-) **Expenditure SSC´s**	**400.000,00**	(-) **Expenditure SSC´s**	**350.000,00**
Expenditure LA	50.000,00	Expenditure LA	50.000,00
Expenditure FM	100.000,00	Expenditure IT	50.000,00
Expenditure TM	50.000,00	Expenditure TM	50.000,00
Expenditure RH	50.000,00	Expenditure RH	50.000,00
Expenditure CA	50.000,00	Expenditure CA	50.000,00
Expenditure AA	50.000,00	Expenditure AA	50.000,00
Expenditure PR	50.000,00	Expenditure PR	50.000,00
(=) **Operating Income**	**200.000,00**	(=) **Operating Income**	**250.000,00**

Figure 2: Income of the SSCs RGS
Source: Elaborated by the author

In the presented case it is possible to verify that the costs of the PROCERGS habituated to the activities of FM would compose revenue to the Treasury Sub-Secretary, at the same time that the costs of the Treasury Sub-Secretary with IT would be revenue from PROCERGS. It should be noted that the measurement of economic performance of each SSC will allow the managers better conditions to assess how they

add value to the State in the activities that are under their management, as well as it may assist the manager in terms of the decision-making.

Soon, both the SEFAZ/RGS and the SARH/RGS would take the role of a Business Agency (AB), the first responsible for SSCs corresponding to the activities of AA, FM and TM, and the latter managing the SSCs familiarized to AC and HR, given that the Secretary of State SEFAZ/RGS and the State Secretary of SARH would, in a similar way to the private sector, assume the role of Chief Executive Officers (CEOs).

In this sense, it is presented in Figure 3, the inter-relationship of SSCs SEFAZ/RGS with the other SSCs which may compose the administration of the RGS state.
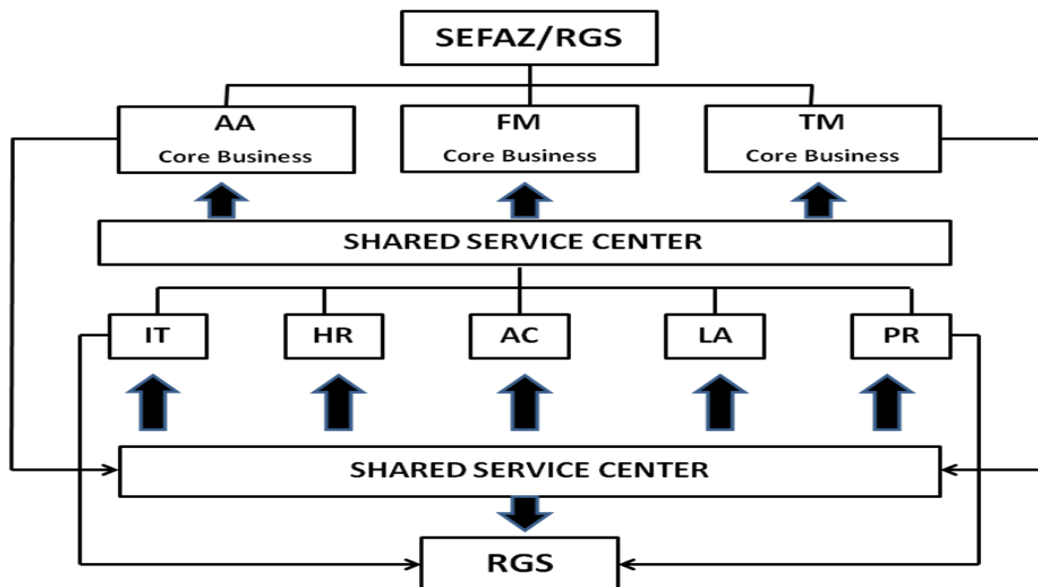
Figure 3: Structure of the RGS from the perspective of the SSC
Source: Elaborated by the author

However, it should be mentioned that the literature on the topic indicates how one of the main critical factors of success for the governmental SSCs, the maintenance of agility in decision-making process, which is often hampered by the centralization of activities. One can cite the recent event that occurred in Queensland, July 2010, in which the SSC responsible for PR (Corp Tech) has failed in implementation of its service in the area of health, causing trouble and blowing over the reliability of the sharing of this service. Experts from the Australian government indicated that the failure was due to the slowness in terms of decision-making, due to the absence of local strategic management of PR at health units (Queensland State Government, 2011).

Another key issue for the implementation and continuity of the SSCs within the RGS sphere refers to the administrative fragmentation in the state, which is reorganized (at) each change of government, without, however, losing its bureaucratic character. In addition, historical and political-administrative issues, such as the federalist system, which is adopted in Brazil, also influence the way in which the sharing of services is established.

Several other critical factors of success that are mentioned by studies that explored the sharing of services theme within the scope of government, such as the social, political, structural and legal barriers, the inflexible to changes culture, the possible budgetary and financial constraints, and the involvement of employees in the process of the entities restructuring, will be discussed in subsection 4.3.1, which presents the results of the survey carried out with the IT managers of the SEFAZ and the PROCERGS, to be able to verify the perception of these managers about the implementation of a state SSC of IT.

5. Sharing IT through SSC in the RGS State

Whereas the services related to IT, as already explained in the theoretical platform of the current research, are activities commonly shared by governments of various countries, and that within the administrative structure of the RGS there are duplicated structures for the achievement of these activities, it is presented in this section an approach about the possible implementation of a SSC for the management of IT processes in the RGS.

On this way, a survey was made by the application of a questionnaire with open, dichotomous and multiple choice questions to managers responsible for some of the IT departments of RGS state aiming at obtaining their perception, concerning the proposition of the unification of the IT services in a single SSC, responsible for assisting all the demands of the public administration of the RGS.

Specifically in terms of the SEFAZ/RGS, it should be noted that both the GAAO, and the Treasury Sub-Secretary and Revenue Sub-Secretary, possess in their organizational structure departments responsible for the management of technological infrastructure and development of information systems. In addition, as already

explained, SEFAZ/RGS relies with a specific supervision for the management of activities involved with IT. Such structures are summarized in Table 6.

	IT Departament
Supervision	Supervision of Information Technology (STI)
Revenue	Division of Technology and Fiscal Information (DTIF)
GAAO	Division of Technology and Projects (DTP)
Treasury	Division of Technology and Institutional Development (DTDI)

Table 6: IT Structures Duplicated on SEFAZ/RGS
Source: SEFAZ/RGS (2011)

It is observed that exists within the organizational structure of SEFAZ/RGS, four sections or departments responsible for the same activity. In conclusion, given the discussions already submitted, that the fragmentation of these activities besides causing the duplicity of structures and of processes related to IT, overtaxes other departments with the implementation of non-core activities.

It is therefore proposed the unification of these structures, as well as its merger with the other IT state departments, that permeate the entire public administration of the RGS, contemplating its secretaries and other entities of the indirect administration, which can constitute a single SSC. This SSC would be responsible for the management of the flow of all the processes related to IT, in the RGS state, incorporating for this purpose, the human resources and the technological expertise of the other IT organs that make up the administrative structure of the RGS.

On the basis of this structure, one can reach the excellence in the provision of services by means of specialization, of the standardization of tasks and of the economy of scale, corroborating for the management improvement in RGS and consequently in SEFAZ/RGS, since it will allow the concentration of effort in its target activities (core-business).

Whereas the proposition presented here, it is important to highlight that the PROCERGS, linked to the SEFAZ/RGS could assume the role of SSC within the administrative sphere of RGS, once that account with almost 100% of public capital.

So, it is necessary that the PROCERGS would be relieved of its transactional activities, that is, all the efforts of the company should focus on their core business. For instance, it is shown in Figure 4 the inter-relationship of SEFAZ/RGS with the PROCERGS, where the first acts as an AB, managing 3 units of SSCs, while the latter

acts as a SSC. It should be noted that all the SSCs involved in processes assist each other, and also serving as support to the other governmental ABs.
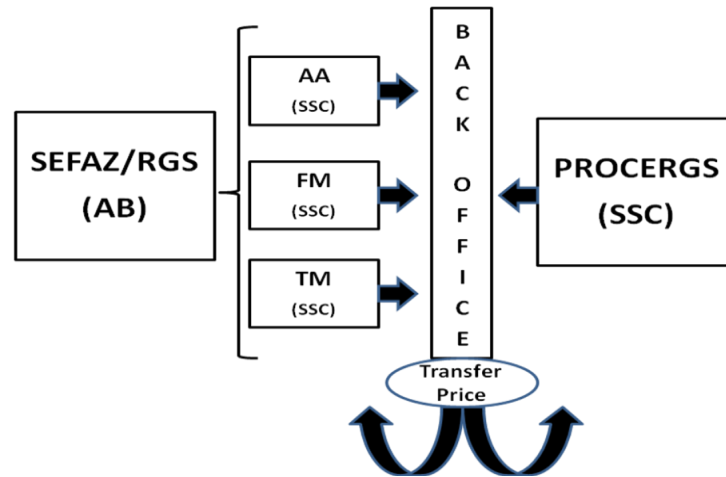

Figure 4: SEFAZ/RGS x PROCERGS
Source: Elaborated by the author

It is noted that, according to the presented proposal, the AB operates in a similar way to a holding - analogous to the private sector - once it becomes responsible for the management and control of SSC s, which will have costs and revenue, therefore, presenting results, which should be maximized by its controller.

With the purpose of verifying the acceptance of the proposal, as well as of characterizing the organizational environment of the SEFAZ/RGS, interviews were held with the supervisor of the STI, with the heads of DTIF, DTP and DTDI and with the President of PROCERGS. The discussions about these interviews are the target of following section.

6. Discussion and Findings

Given the submitted proposal, it is discussed in this section the perception of the IT managers in relation to implementation of a state SSC for the management of activities related to information technology. The questionnaire was structured so as to check the knowledge of the managers regarding the tool of SSCs, their perceptions about activities that could be shared in the context of the RGS through SSCs, as well as the inherent reasons and obstacles to the implementation or not of SSCs in RGS. In

addition, the objective of the questionnaire, was to check whether the managers are favorable or not to the establishment of a state SSC for the management of the IT activities.

Preliminarily, in Table 7, it is presented a profile of the respondents.

Organ	Time of action in the public service	Time of action in IT activities	Level of schooling
STI - SEFAZ/RGS	19 years	9 years	Master Degree
DTP - SEFAZ/RGS	26 years	10 years	Master Degree
DTIF - SEFAZ/RGS	19 years	15 years	Doctoral Student
DTDI - SEFAZ/RGS	20 years	20 years	Master Degree
PROCERGS	18 years	16 years	Master Degree

Table 7: Profiles of IT managers

It is highlighted the average of performance of the interviewees within the public service is of 20.4 years, and the average performance in activities involved with IT is of 14 years. Such information is relevant because it shows their experience regarding the activities of IT in the governmental sphere. In this context, we must inform that all the interviewed managers said that they knew about the SSCs.

As for the activities, which in the opinion of the managers could be shared by the state government of RGS, those results are presented in Table 8.

Activity	DTDI	DTIF	DTP	STI	PROCERGS
Planning and Budget Execution	X	X		X	X
Bidding procedures	X	X	X	X	X
Accounting / Controller		X	X	X	X
Information Techonology	X	X		X	X
Human Resources	X	X	X	X	X
Payroll	X	X	X	X	X
Legal Advice		X	X	X	X
Auditing			X	X	X
Internal Controls		X		X	X
Warehouse	X	X		X	X
Cleaning, Maintenance and Security		X	X	X	X
Ombudsman / Citizen Service Center	X	X	X	X	X

Table 8: Activities that could be shared on RGS

It was noted that the bidding activities, HR, PR, and Ombudsman proved to be with 100% agreement on the part of managers as capable of sharing in the context of the RGS. Specifically with regard to IT, only the manager of DTP proved to be contrary to the sharing. Such results corroborate the literature reviewed, especially in regards to the sharing of activities of PR and HR.

As for the reasons for the establishment of SSCs within RGS government, the cost reduction, the improvement of the processes and of the service levels were the factors that stood out as significant advantages on the part of the managers interviewed. It is observed that these benefits are derived from the economy of scale, and the standardization of tasks provided for the management of activities by means of an SSC. However, specifically in the case of the RGS, the organizational structure excessively fragmented was a factor that 100% of the respondents listed as an obstacle to the implementation of SSCs in RGS. It is notable that the fragmentation of the administrative public sector is a critical factor widely discussed in the literature regarding the establishment of governmental SSCs, as pointed out the studies of Janssen and Wagenaar (2004) and Accenture (2005). Other factors listed by the administrators as reasons for the non-implementation of SSCs in RGS were the unawareness of the tool operation and the organizational culture inflexible to changes.

When asked about the difficulties for the operation of SSCs in RGS, managers listed the reengineering of processes and the recruitment of new professionals as the main factors to be considered. Also the budgetary financial restrictions, the obtaining of the servers involvement and the training of personnel as key issues stood out for the successful implementation of SSCs in RGS. It is worth pointing out that the legal aspects regarding the legitimacy of the SSCs and the political will of the government leaders were also cited by managers as possible obstacles to the adoption of state SSCs.

Specifically regarding the sharing of the activities of IT, 100% of the managers have proved to be favorable to the creation of a state SSC for this purpose. Financial advantages were cited, such as the economies of scale and the elimination of duplicated and non-financial activities, such as the technical expertise and the improving levels of service. Table 9 presents a summary of the benefits that would be earned, in the opinion of those interviewed, regarding the implementation of a SSC in the RGS for the management of the IT activities.

Benefits	DTDI	DTIF	DTP	STI	PROCERGS
Specialization of professionals		X	X	X	X
Standardization of Processes, Activities and Tasks	X	X	X	X	X
Expertise		X		X	X
Optimization of software and systems	X	X	X	X	X
Cost reduction	X	X	X	X	X
Elevated levels of service	X	X	X	X	X

Table 9: Benefits regarding the implementation of SSC in the RGS

Complementing the analysis, it is presented in Table 10 the IT activities which in the opinion of the managers could be shared by the departments of IT within the context of SEFAZ, together with the PROCERGS.

Activity	DTDI	DTIF	DTP	STI	PROCERGS
Hardware Management and its devices and peripherals		X	X	X	
System Development	X		X	X	X
Improving IT Systems	X	X		X	X
Customer service	X	X	X	X	
Management and Architecture of Data and Information		X	X	X	X
Risk Management in IT		X	X	X	X

Table 10: IT Activities that could be shared between SEFAZ/RGS and PROCERGS

Observing the activities listed by the managers, it appears that both the activities of management and development of software and data bank on activities related to the management of hardware and users' service are regarded as capable of sharing in the context of SEFAZ/RGS. It is clear, therefore, that the managers consider that these activities are being carried out today in duplicity, and therefore, are also causing waste of human and physical resources.

It is also noteworthy the activity of risk management in IT, which had its sharing approved by 4 of the 5 interviewed managers (80 %). It is clear that such activity if managed by a specific SSC would have its processes optimized, since there would be a specialization of technical professionals and the elevation in the levels of services, thus resulting in a safer and more efficient technological structure.

Finally, complementing the analysis of the questionnaire, the managers of the IT departments of the SEFAZ/RGS were questioned about the possibility of fusion of their departments to the other IT organs that make up the administrative structure of the RGS,

creating a single body (SSC) capable of managing all IT activities of the direct and indirect administration of RGS. The answers were different. Although all managers agree that there are more advantages than disadvantages in the structure of a SSC, some factors related to the operation of this tool were cataloged as obstacles to their implementation in the state of the RGS, namely:

- ✓ Technological disharmony between the secretaries and other organs of the indirect administration;
- ✓ Unsatisfactory results in the short and medium terms;
- ✓ The strategic management of IT must remain in the organs, only the operation processes must be absorbed by SSC;
- ✓ Legal aspects, mainly in terms of the indirect administration of the state of the RGS, whose bodies have financial and administrative autonomy;
- ✓ Lack of political will;
- ✓ Financial insufficiency for the development of the project;

Therefore, it is observed that the proposal for the establishment of an SSC for the filling of solutions in IT within the context of the state of the RGS should be evaluated by the government, and included in its strategic planning, because in this way, it would be possible to remedy the inconsistencies reported by the administrators interviewed by means of the promotion of a long-term policy. It should be noted that the whole structural change demands great efforts, however the results to be obtained justify such actions, as it can be observed in successful international experiences of governmental SSCs establishment presented in this study.

Moreover, as previously mentioned, in addition to the many financial and non-financial advantages that can be obtained with the implementation of SSCs, such as the reduction of costs and the increase in the levels of service, there could be a significant increase in revenue for the state of RGS, through the provision of services to external customers such as occurs in the American and Australian models.

In such a case, the PROCERGS, whose annual income reaches the mounts of more than R$ 170,000,000.00, with approximately 96% of this amount coming from services provided to the public sector (PROCERGS, 2011), could increase its result through the provision of services (also) to the private sector. The director of the

Company says he is favorable to the transformation of the PROCERGS in a SSC, and also affirms that the PROCERGS has conditions to expand its field of action, however, he emphasizes the same obstacles mentioned by IT managers of the SEFAZ/RGS, principally in terms of the lack of resources for investment and the need to maintain the activities of IT strategic management inside of each governmental body.

7. Conclusion/Final Thoughts

The analysis about the implementation of SSCs within the framework of the state of the RGS, considering the reviewed literature together with the interviews, allows the identification of some of apparent conclusions.

Initially it is important to note that there is duplicity of structures and processes in RGS. This inefficiency could be remedied through the implementation of SSCs, since the observed benefits in the literature could be obtained, mainly in those cases of Queensland, and of the U.S., such as in the specialization of processes, the upgrading of the levels of service and in economies of scale. So it is possible, through a reengineering process, that each agency or department can focus on their core-business.

Specifically regarding the implementation of an SSC for IT, PROCERGS could assume this role. So, it is necessary that the company would be relieved of its transactional activities. The results of the survey shows that the director of the Company is favorable to the transformation of the PROCERGS in a SSC, and also affirms that the PROCERGS has conditions to expand its field of action, however, he emphasizes some obstacles such as lack of resources for investment and the need to maintain the activities of IT strategic management inside of each governmental body.

Moreover, 100% of the managers interviewed have proved to be favorable to the creation of a state SSC for IT services. However, the main barriers pointed out by the managers interviewed are as follows:

- ✓ unawareness of the tool operation
- ✓ organizational culture inflexible to changes
- ✓ organizational structure excessively fragmented
- ✓ difficulties in maintaining agility in decision-making process
- ✓ reengineering of processes

- ✓ recruitment of new professionals
- ✓ budgetary and financial restrictions
- ✓ obtaining the engagement of the servers
- ✓ legal aspects regarding the legitimacy of the SSCs
- ✓ political will of governments

Despite the difficulties to be overcome for the implementation of an SSC for the execution of IT services, it is understood that long-term gains would be relevant. It is observed that the implementation of the SSCs in RGS could, in addition to improving the governmental expenditures through the elimination of duplicate structures and processes, increase the current revenue of RGS. Such observation stems from the possibility that, besides meeting the demands of the government of the RGS, the RGS´s SSCs, could offer their services to the Brazilian municipal entities, as well as to the other powers of the state and even to the private initiative. This increase in government revenues could boost investment capacity of the RGS.

Thus, the establishment of a SSC to provide IT solutions in RGS should be evaluated by the government, and included in its strategic planning, because in this way, it would be possible to remedy the inconsistencies reported by the administrators interviewed by means of the promotion of a long-term policy. It should be noted that the whole structural change demands great efforts, however the results to be obtained justify such actions.

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Annex I

Strategic Planning of the Treasury Subsecretary RGS

| Vision: Institution of excellence, the protagonist of the fiscal management of the RGS | Mission: Manage public finances and be the guardian of fiscal sustainability |

Society

- 1.1 Achieve fiscal sustainability
- 1.2 To facilitate understanding of society over state finances
- 1.3 Being recognized as an institution of excellence

Government

- 2.1 Leverage the investment capacity of the State Government
- 2.2 Be proactive in major tax issues
- 2.3 Optimize the application of public spending

Focus of Activity

- 3.1 Increase funding sources
- 3.2 Reduce the cost of public debt keeping the level of prudential risk
- 3.3 Improve the management of contingent liabilities
- 3.4 Improve the allocation and efficiency of public spending
- 3.5 Provide solutions to fiscal policy
- 3.6 Pointing alternatives and solutions to human resource expenses and social security
- 3.7 Communicate proactively with society in a direct and clear way
- 3.8 Provide solutions for financial engineering

Straegic Infrastructure

- 4.1 Have the main work processes optimized
- 4.2 Promote IT solutions focused on optimizing work processes
- 4.3 Maintain highly qualified and valued workforce
- 4.4 Have institutional identity and structures integrated
- 4.5 Maintain the functional stability of the Treasury's Servers