

Public Sector Shared Services Move Out of the “Back-Office”: The Role of Public Policy and Mission Criticality

TREO Talk Paper

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Abstract

Although shared service centers (SSCs) have been in operation for many years, they have been slow to evolve beyond their original private sector purview where they host standardized access to a company’s well-structured, commoditized, administrative (“back-office”) processes. SSCs typically host routine and administrative business processes as a way to standardize company practices and increase efficiency. In the public sector, however, shared service many times applies to functions critical to an organization’s central mission, moving it out of the “back-office”. This research extends Bergeron’s shared service framework to cover the added challenges of public sector processes. We conduct case analyses of two public safety networks (PSNs) within the United States, and propose the addition of two new characteristics for public sector shared services, Public Policy and Type of Service.

With increasing pressures to provide public services under restrictive funding, public sector organizations (like the private sector) embrace shared services to control service costs. Unlike the private sector, in the public sector, we find legislative controls, i.e. policy, manage information and communications technology (ICT) investment, meeting efficiency and especially effectiveness controls. Also, mission criticality trumps cost considerations of traditional “back-office” services. In the public sector, SSCs both share traditional back office functions and extend to the core processes of and critical purposes of the agencies involved.

In this research, we study the extension of SSC services in PSNs. With growing threats from terrorism and natural disasters coupled with political pressure to reduce spending, newly created PSNs have taken on a critical role in assurance of public safety. PSNs evolve through partnerships among their member agencies (such as law enforcement, fire, and emergency medical) supported by a common ICT infrastructure. Over time, a shared service structure with its own “corporate entity” emerges as the PSN.

PSNs exhibit many of the shared service characteristics defined by Bergeron but we found, additionally, a critical role for politics and public policy. Political and administrative champions, reliance on external and fickle funding sources and unevenly distributed agency priorities have the power to affect the goals and functionality of the PSN. As a result, we added a seventh category, Public Policy, to Bergeron’s list of six characteristics to acknowledge its importance in PSN and public sector decision making.

In addition, the mission-critical nature of PSN services leads us to propose an eighth category, Type of Service, to distinguish these practices from the private sector’s “back-office” service sharing. Type of Service acts to qualify other characteristics of public sector shared services. Here, quality of service is paramount, taking precedence over other characteristics such as economics and may be the basis for policy decisions impacting the service, its measurement, the processes employed and technology in use.

Our resulting SSC model, including Public Policy and Type of Service, and recommendations from this research should lead to improvements in the cost and performance of PSNs and public sector shared services and their role in ICT supported, mission-critical, shared services. This model also contributes to a more generalizable application of the underlying framework for shared service design and operation.