Business shared services model as a catalyst of cost reduction in East African Breweries Limited

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Abstract
The business shared services model (BSSM) seeks to integrate service delivery between the headquarters and subsidiaries for the general good. In this paper, the role of BSSM as a catalyst of cost reduction in a manufacturing firm was explored. The predictive power of human resource shared services, finance shared services, logistic shared services, and customer shared services on cost reduction in East African Breweries Limited (EABL) was determined. Using a sample survey of 149 employees, it was established that a BSSM is a positive catalyst of cost reduction in the manufacturing sector in EABL. Adoption of BSSM fosters a distinct culture of collaboration resulting in efficacy in logistics services delivery.

Introduction and Background

As companies extend their presence across borders, it becomes increasingly uneconomical to maintain a duplicate procurement, human resource, finance, and accounting infrastructure within each country of operation. BSSM was therefore created to gain an advantage in cost savings, standardisation of processes, and to increase efficiency. The business shared services model (BSSM) was introduced into the corporate environment in the early 1990s as large, decentralised firms sought to combine basic transactional processes such as general accounting, payables, payroll, plant, property, and equipment capital budgeting, receivables, and credit management and resell those services at cost to the individual business units (Rutledge & Duncan, 2018).

The most significant advantage of BSSM according to Squilla, Lee, and Steil (2018) is its ability to result in cost reduction in support and infrastructure services. Companies have historically duplicated fundamental transaction processing capabilities across all their corporate divisions, factories, and retail locations. As a consequence, there is a lot of redundancy and not enough scale to attain optimum efficiency (Adkins & Misch, 2017). Shared services, on the other hand, may provide a variety of solutions that provide rapid customer support without needing the physical presence of the client by using Enterprise Resource Planning (ERP) systems, e-enabled technology, and other advancements, resulting in cost benefits (Santosh, 2017).

Corporations have made significant investments in BSSM in order to enhance their competitive position during the last ten years (Rutledge & Duncan, 2018). Following in the footsteps of the Fortune 500, the US middle market is increasingly embracing the intelligent use of BSSM. They want the operational flexibility and cost reductions that the Fortune 500 have experienced in recent years. Companies in Europe started by establishing shared service centres (SSCs) in Asia, especially in India (Cluver & Stevens, 2014). However, some European companies have set SSCs in other low-cost European countries (Rutledge & Duncan, 2018). Africa has also not been left behind in the shift in culture towards expanding businesses to accommodate shared services centres. This has come due to rising demand from global, regional, and local multinationals. Kenya is mostly a favoured destination for centralising operations due to its central location in Africa.

BSSM according to Aguirre et al. (2015) is a model for delivering corporate support, combining and consolidating services from headquarters and business units into a distinct entity based on market-like principles. Santosh (2017) indicates that BSSM is where an organisation has a central location where geographically dispersed departments of branches can share certain services from a central location. The SCC serves internal customers who can specify their service needs. The SCC must meet those requirements, and they can expect to have their performance evaluated using pre-agreed measurable criteria. Further, Rutledge and Duncan (2018) posit BSSM is where an organisation develops and implements an entity responsible for the execution and the handling of specific operational tasks, such as accounting, human resources, payroll, Information Technology (IT), legal, compliance, purchasing, security, and other tasks.

The processes shared using the BSSM model identified by Rutledge and Duncan (2018) include human resources, finance, information, communications technology (ICT), logistics/materials management, customer service, and corporate and legal affairs. Human resource shared services include compensation, payroll processing, benefits administration, records management, relocation services, training and education, and travel and expense. Finance shared services include cash management, accounts payable, general ledger, planning and budgeting, accounts receivable, tax compliance, foreign exchange, and internal audit (Wanyande, 2015). Information shared services include standards, desktop support, technology/development, telecommunications, data centre operations, applications development, application maintenance, and hardware and software. Logistics/materials management shared services include procurement, inventory management, strategic sourcing, warehousing, and transportation. Customer service shared resources include call centres, order management, credit and collections, and returns processing. Lastly, legal/corporate affairs shared services include communication services, media relations, litigation support and coordination, insurance, regulatory compliance, and environment, health, and safety (Cluver & Stevens, 2014).

Cost reduction is the process of identifying, evaluating, and eradicating unwarranted expenses from a business to make the processes and activities more efficient (Santosh, 2017). According to Aguirre et al. (2015), cost reduction is the optimisation of processes, procedures, and activities to make the least possible use of inputs and other resources. Additionally, Strikwerda (2014) indicates that cost reduction is the sustained decrease in the unit cost of products provided by the company, without compromising on suitability and quality. This is mostly enabled by continuous improvement or adoption of innovative technology or practices.

Most firms have focussed on cost reduction because of the tightening margins and competitive strategies focussed on cost leadership (Rutledge & Duncan, 2018). Cost reduction is important in a firm to enable it to keep costs down, free resources for growth and expansion, and enable it to remain profitable and competitive in its sector. Indicators of cost efficiency in an organisation include volume billed per worker, quality of service, losses, coverage, and financial data. These measures are generally available and provide the simplest way to perform cost comparisons. However, such indicators are partial and do not provide an overall picture. The cost to income ratio is the most used indicator and it is appropriate because it provides an overall picture. It is computed by dividing total operating and administration costs by the total revenue generated. A high cost-to-income ratio shows inefficiency while reduced ratios show cost reduction.

East African Breweries Limited (EABL) is a Kenyan business that produces alcoholic and non-alcoholic drinks. Formally known as Kenya Breweries Limited, it was established in 1922. In 1934, it became a public business, and in 1935, it purchased Tanganyika Breweries, requiring a name change to East African Breweries Limited in 1936. In 1959, it purchased a financial stake in Ugandan Breweries, giving it a dominant stake in the East African market. EABL is East Africa's largest branded alcoholic beverage company, having a diverse portfolio of products ranging from beer to spirits to adult non-alcoholic beverages (EABL, 2019). EABL has engaged in the BSSM model as a strategy to reduce costs, remain competitive and enhance its profitability. It has developed and implemented several SCCs to serve its different subsidiaries and branches all over Africa. The SCCs provide most back-office services, including administration, finance, customer service, and some HR tasks. and computing payrolls, leaving country-specific HR units to oversee recruitment, terms and conditions, pay, and benefits. Kenya harbours the Africa Business Service Centre (ABSC) which is one of Diageo’s main SCC that performs various finance processes (EABL, 2019).

Adkins and Misch (2017) established that the success of BSSM in a company depends mostly on location implementation. The companies that report success in cost reduction have better implementation than those that do not report success in cost reduction. Wanyande (2015) established that finance-shared services had not led to significant cost savings. Strikwerda (2014) investigated the effect of IT and finance-shared services on cost reduction and other corporate benefits, the study established that when implemented effectively, finance and Information Technology (IT) shared services enabled firms to reduce their costs significantly. These mixed findings provided a gap that the current study sought to bridge. This study sought answers to the questions; what is the effect of human resource shared services, finance shared services, logistic shared services, and customer service shared services on cost reduction in EABL?

LITERATURE REVIEW

Theoretical anchorage was based on the transaction cost theory and the service platform theory. The transaction cost theory by North (1992), offers a conventional economic methodology to establish the organisation's confines and applies efficiency as a main motivation that makes firms enter into inter-firm partnerships or collaborations. An organisation can enhance its performance and decrease its total operational costs by collaborating with inside or outside partners to provide some non-strategic services (Halldorsson et al., 2007). Transaction costs are the main determinants of whether firm undertakings will be shared or every department, branch or subsidiary will have its own, separate department to provide the services. With high transaction costs, it is appropriate to share services and enhance efficiency and quality. On the contrary, with low transaction costs, it is advisable for each subsidiary or department to have its own internal service provider (Zylbersztajn, 2018). A three-dimensional framework was formulated to characterise transactions. These dimensions are frequency, uncertainty, and specificity. These dimensions determine how organisations plan their back-office services.

Emphasising the benefits of capabilities, most scholars have opined that organisations tend to share those back-office services that provide maximum savings and cost reduction when shared by many departments or subsidiaries (Akbar & Tracogna, 2018). According to Peng and Associates (2016), multinational or large organisations with different geographically dispersed branches would engage in sharing services on those activities that the organisation lacks enough resources for or those activities that the organisation feels are being duplicated by the different business units, branches, or subsidiaries. The transaction cost theory was applied in this study to explain the expected cost reduction when human resources or finance services are shared by various subsidiaries, business units, or branches of EABL.

The service platform theory developed by Halman et al. (2003) is an underlying philosophy of corporate shared services. Service platform thinking, according to Halman et al. (2003), is the process of identifying and exploiting commonalities among a firm's offerings, target markets, and processes for creating and delivering offerings, and developing a successful strategy to create variety while maximising the use of resources such as time and money. The sharing of components, services, modules, and other assets across a family of business divisions, branches, subsidiaries, or products is critical in the platform thinking approach (Halman, et al., 2003). It is an example of organisational architecture that spans several business divisions. A product family is a group of goods that have similar features (Halman, et al., 2003). According to Robertson and Ulrich, these assets may be divided into four groups (1998). Components, processes, knowledge, and people and connections are the four categories. These important elements in platform thinking are similar to the core ideas of shared services, which are centered on service reuse or consolidation (Schulz, et al., 2009). Platform thinking is based on the fact that shared services and platforms have a lot of commonalities. Platform thinking, according to Halman et al., (2003) and Robertson and Ulrich (1998), may lead to increased efficiency (costs, time, variety), flexibility (time to market), reduced risk, improved service, and effectiveness (training, learning curve). The majority of these advantages are also present in the shared services paradigm. The product environment is where the platform theory comes from. Platform theory has been connected to the sharing and reuse of services by authors such as Voss and Hsuan (2009) and Meyer and DeTore (2001). A shared service platform is used for all services provided to the company's various business units and offers the highest level of uniformity feasible in terms of the performance criteria that must be met owing to varied client demands (Hofman & Meijerink, 2015). This theory was used in this study to link the sharing of customer service and logistic service and cost reduction. Since logistics and customer services could be similar for the various business units of the same organisation, they can be shared through a service platform and thereby reducing the overall cost to the organisation.

A study by Redman, Snape, Wass, and Hamilton (2007) determined that human resource strategies had a significant impact on institutions' ability to reduce the cost of production. A corresponding study by Tammel (2017) found that human resources is a paramount element in managing cost reduction. Elston and MacCarthaigh (2016) posit that shared services are a strategic approach to reform institutions under financial pressure. Paagman, Tate, Furtmueller, and Bloom (2015) support the argument that shared services have a significant impact on institutions' capacity to reduce costs. Selden and Wooters (2011) concluded that shared services is considered a strategic approach that addresses challenges linked to the centralisation and decentralisation of human resource management systems. According to Wandera (2016), shared services such as human resources led to reduced costs. These findings are corroborated by Elston and Maccarthaigh (2016) who established the role of human resource shared services in promoting institutions' performance and reducing costs. Tammel (2017) also supports the argument that shared services linked to human resource functions have a significant impact on the reduction of cost.

Meijerink and Bondarouk (2013), in a study of services in the Netherlands, affirmed that Human Resource Shared Services (HRSS) is paramount in promoting performance and ensuring cost reduction. According to Meijerink and Bondarouk (2013), updating employees' skills and knowledge is one of the effective methods to ensure shared services and improved performance. A related argument by Noda (2017) notes that HRSS within the public sector has a significant impact on sustaining service delivery by the extension of the reduction of costs within institutions. Mbugua and Kinoti's (2011) in a study of shared services strategy on cost reduction within East African Breweries Limited, deduced that human resource shared services had a significant impact on the reduction of transactional costs.

Lueg (2013) points out that the implementation of finance shared services results in efficiency and reduced costs within firms. Helbing, Rau, and Riedel (2013) demonstrated that shared services linked to finance is an important driver to enhance effectiveness and cost reduction. Hausser (2013) asserts that firms achieve cost effectiveness by eliminating unnecessary expenses and activities using production processes. Helbing, Rau, and Riedel (2013) argued that the adoption of Finance Shared Services (FSS) led a firm to reduce costs and enhance competitive advantage. Domingues and Gomes (2011) affirm that FSS management solutions embrace the concept of reducing costs and ensured effectiveness while delivering services or producing goods. Similarly, Miskon, Bandara, Fielt, and Gable (2010) established that finance shared services is an antecedent to cost reduction. Bandara, Fielt, and Gable (2010) agree that finance shared services is an approach by firms that results in improved quality of business processes. Mbugua and Kinoti (2011) posit that FSS strategy at EABL led to the reduction of overhead costs from 184 million in 2000 to 156 million shillings by the year 2009, exemplifying the role of shared services in business. In the contrast, Wanyande (2015) using the Chi square test, established that there was no association between FSS and financial performance among manufacturing firms listed at Nairobi Securities Exchange (NSE).

Dan et al. (2007) observed that logistic shared services lead to cost reduction. Corresponding research by Xu, Niu, and Cai (2020) established that allocation of scarce resources in the transportation of products remains an important aspect of reducing the cost of production. This exemplifies a previous finding by Dan et al. (2007) that affirms the role of shared services in logistic as a process of ensuring efficient cost accounting in relation of logistics. Deloitte (2015) affirms the need for shared services in management of logistics operations within firms. Van der Linde, Boessenkool, and Jooste (2006) affirms that logistics is a strategic operation where businesses have adopted the concept of shared services. Xu, Niu, and Cai (2020) observed that shared services in logistics had a significant impact on cost reduction and performance. A report by Price Waterhousec Coopers (PWC) (2015) exemplified the future of logistic sector and approaches to lower the cost of moving products. The idea of shared channels and standardised approaches is described as one of the approaches that results in reduced cost in logistics. The report also affirms the role of shared services in ensuring firms gain sustainable performance. A similar concept is demonstrated by the Deloitte (2015) report that exemplifies the need for firms to embrace shared services while developing the logistics model to reduce the cost per unit and promote institutional performance. Kalinzi (2016) and found that outsourcing non-essential logistic functions ensures reduced costs and high performance within firms.

A report by World Bank Group (WBG, 2017) acknowledges the role of consumer-driven shared services as an approach to drive growth in business. Similarly, Mbugua and Kinoti (2011) posits that customer driven shared services has a significant impact on reduction of cost within firms. In this regard, there is a need for business to manage the cost incurred to ensure customer satisfaction. Mbugua and Kinoti (2011) affirms that customer driven shared services ensure firms minimise on cost as customers' expectations are met. WBG (2017) report notes that the key to shared services is to eradicate bureaucracy and create responsive customer-driven processes beyond the need to minimise costs. Herbert and Seal (2012) affirm that shared service approach is applied to ensure market driven strategies are achieved within businesses. Duggal (2015) reports that application of customer value to control and implement shared services promotes efficiency and cost reduction. In addition, Deloitte (2019) reports that shared services model enhances delivery of services and is a prevalent tactic by large institutions and that the role of customer drive shared services is ensuring target consumers achieve the desired satisfaction. From PWC (2015) report consumer-driven shared services is a strategic model that ensures business attain the market expectations as they control and reduce costs incurred.

METHODOLOGY

Guided by the understanding that research design is a theoretical plan within which a study is conducted (Creswell & Creswell, 2017), the study adopted a descriptive research design. This research design was preferred because it identifies categories, trends and relationships between BSSM and cost reduction (Zikmund et al., 2013).

All the 238 employees in management positions at EABL headquarters in Ruaraka, Nairobi Kenya comprised the target population. The unit of analysis in the study was EABL while the units of observation were the management level employees. A unit of analysis is the object, unit, entity or individual that the study seeks to make conclusions about and which is the main focus of the study (Angrist & Pischke, 2014). A unit of observation, on the other hand, is the entity, object or item that is actually observed, measured or data collected from, in seeking to gain insights into the unit of analysis (Colomb et al., 2016). Using stratified random sampling, the employees were grouped as top, middle and lower managers and a sample of 149 respondents drawn.

The study utilised a structured questionnaire in data collection. Lincoln and Guba (2018) observe that a structured questionnaire is a quantitative data collection instrument with standardised, fixed scheme, and fixed order closed questions. The study instrument was subjected to a validity and reliability test. Validity is the capacity of the research tool to measure what it is designed to measure (Sharp et al., 2017). It is also indicated as the degree of systematic error in the study instrument (Collis & Hussey, 2013). The study tested the validity of the questionnaire through expert reviews by using a panel of experts on business shared services to determine construct, face and content validity of the instrument. Reliability of the questionnaire was assessed through a pilot test whose results were used to compute Cronbach's alpha. A questionnaire with Cronbach's alpha of 0.7 and above indicates that it has internal consistency whereas an alpha of below 0.7 indicates lack of internal consistency (Owino et al., 2014). The questionnaires were self-administered and the collected questionnaires were analysed using descriptive and inferential analysis under the Statistical Package for Social Sciences (SPSS).

Conceptual Framework

Figure 1 presents the conceptual framework that guided the study. The relationship between the predictor and response variables is depicted in Figure 1. The conceptual framework provides a hypothesised relationship between finance shared services, human resource shared services, logistics shared services and customer service shared services that guided the study.

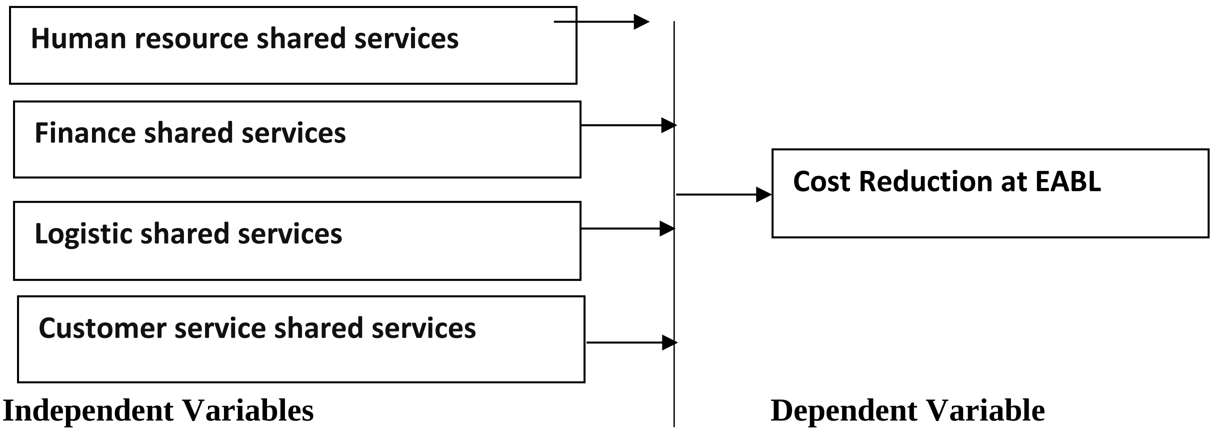

Figure 1: Conceptual Framework

In the framework in Figure 1, it is hypothesised that human resource shared services, finance shared services, logistics shared services and customer service shared services have an influence on cost reduction at EABL.

FINDINGS AND DISCUSSION

Out of the 149 management level employees targeted, 117 responded resulting in a 78.5% response rate which was deemed adequate in the study. A mode analysis showed that 80.3% of the respondents had worked in the organisation for a period between 5 and 10 years and therefore had the tacit knowledge relevant for the study (Cheruiyot and Owino, 2014). An examination of BSSM under four broad fronts; human resource shared services, finance shared services, logistic shared services and customer service shared services was undertaken. Using mean analysis, it was observed that the components of human resource shared services that led to the highest levels of cost reduction were; payroll processing services (mean = 2.85), sharing of recruitment services (mean = 2.62) and shared benefits of administration (mean = 2.56). The greatest contributor of cost reduction in terms of finance shared services were; customer billing (mean = 3.40) sharing of accounts payable administration (mean = 3.35), accounts receivable management (mean = 3.29) and purchasing function (mean = 3.27). The role played by logistic shared services in cost reduction was explained to a great extent by; sharing of order processing (mean = 3.14), sharing of inventory control (mean = 2.93) and shared materials handling function (mean = 2.82). In terms of the customer service shared services front, the variables that explained the greatest reduction in cost at EABL were sharing of order taking function (mean = 2.68), sharing of customer queries function (mean = 2.64) and the customer complaints handling function (mean = 2.28).

Employing a multivariate regression analysis, the study sought to determine the effect size of the predictors comprising BSSM on cost reduction. Diagnostic tests of the data adequacy were performed under test of normality, linearity test, multicollinearity test and test of heteroscedasticity. A Shapiro-Wilk test was applied to assess the normality of the error term. The results show the values of Kolmogorov-Smirnov (statistics = 0.612, sig. = 0.168) and (Shapiro-Wilk statistic = 0.965, sig. = 0.171). Either test shows p-values greater than 0.05 and the study failed to reject the null hypothesis that the unstandardised errors of the regression were normally distributed along the line of best fit. Using ANOVA test of deviation from linearity, the linear association between BSSM and cost reduction was assessed. Guided by the null hypothesis that the predictor and explained variables had a linear association, it was noted that the resulting p-values were all greater than 0.05 and hence the predictor values had a linear association with the explained variable (Wooldridge, 2015). Presence of multicollinearity was examined guided by the Gujarati, (2011) rule that multicollinearity undermines the statistical significance of the independent variables that are highly correlated. All the predictor variables had variance inflation factor (VIF) below 5 which implied the assumption multicollinearity was not violated.

Noting that heteroscedasticity in data makes the standard errors unreliable and thus making the confidence intervals to be too wide or too narrow (Linton, 2017), the study employed the Breusch–Pagan test to assess heteroscedasticity in the study. The null hypothesis in this test was that the errors are homoscedastic. The null hypothesis is accepted when the p value is above 0.05 and rejected when the p value is 0.05 or below. The resulting chi-square value was 2.454 with associated $p = 0.211$ indicating there was no evidence to reject the null hypothesis of homoscedasticity and hence homoscedasticity was assumed. The study applied the Shapiro-Wilk test to assess the normality of the error term. After fitting the multiple linear regression model, the errors were saved and the test generated. The null hypothesis in the test is that the residuals are normally distributed. The null hypothesis is accepted when the p value is above 0.05 and rejected when the p value is 0.05 or below (Angrist & Pischke, 2014). The study established that the null hypothesis that the unstandardised errors of the regression were normally distributed could not be rejected based on the evidence (Shapiro Wilk statistic = 0.965, $p = 0.171$).

Effect of Business Shared Services Model on Cost Reduction

Using multiple linear regression analysis, four research hypotheses were tested;

H_{01}: Human resource shared service has no significant effect on cost reduction at EABL.

H_{02}: Finance shared service has no significant effect on cost reduction in EABL.

H_{03}: Logistic shared service has no significant effect on cost reduction in EABL.

H_{04}: Customer service shared service has no significant effect on cost reduction in EABL.

The predictor variables were human resource shared services, finance shared services, logistics shared services and customer service shared services. The predicted variable in the study was costs reduction. The model summary shows that the coefficient of determination (r squared = 0.615) indicating that 61.5% of the variance in cost reduction at EABL was explained by the four predictors in the model and that only 38.5% of the variation in cost reduction at EABL was explained by other factors that were not included in the model. The model therefore provided a moderately good fit. The ANOVA table associated with the model was significant ($F = 42.242$, $p < 0.05$) and therefore the four-factor model was significant in predicting variations in cost at EABL.

Table 1: Coefficients of Business Shared Services

Variables		(Constant)	Human resource shared services	Finance shared services	Logistic shared services	Customer service shared services
Unstandardised Coefficients	B	-0.238	0.47	0.209	0.226	0.182
	Std. Error	0.286	0.113	0.09	0.098	0.112
Standardised Coefficients	Beta		0.388	0.208	0.227	0.146
t value		-0.832	4.171	2.328	2.315	1.62
Sig.		0.407	0	0.022	0.023	0.108

a. Dependent Variable: Cost Reduction

The coefficients Table 1 shows that human resource shared services had a significant positive influence on cost reduction in EABL ($\beta = 0.470$, $p < 0.05$). Research hypothesis one (H_{01}) was rejected at 95% confidence level and the alternative adopted. The findings indicated that when all other factors are held constant, a one unit change in human resources shared services would result in a direct change of 47.0 % in cost reduction at EABL. It was determined that finance shared services had a significant positive influence on cost reduction in EABL ($\beta = 0.209$, $p = 0.022$). Research hypothesis two (H_{02}) was rejected at 95% confidence level and the alternative adopted. The findings implied that when all other factors are held constant, a one unit change in finance shared services would result in a direct change of 20.9% in cost reduction at EABL. The study established that logistics shared services had a significant positive influence on cost reduction in EABL ($\beta = 0.226$, $p = 0.023$). Research hypothesis three (H_{03}) was rejected at 95% confidence level and the alternative adopted. This meant that when all other factors are held constant, a one unit change in logistics shared services would result in a direct change of 22.6% in cost reduction at EABL. It was observed that customer service shared services had no significant influence on cost reduction in EABL ($\beta = 0.182$, $p = 0.108$). Research hypothesis four (H_{04}) was therefore not rejected at 95% confidence level. This meant that in a four-factor model, engaging in customer service shared services would have no notable effect on cost reduction at EABL.

DISCUSSION

The study determined that human resource shared services had a significant positive influence on cost reduction in EABL. These findings corroborate the transaction cost theory by North (1992), which posits that efficiency as the main motivation that makes firms to enter into inter-departmental or inter-firm partnerships or collaborations. The study findings about human resources shared services also concur with the findings by Elston and MacCarthaigh (2016) who established that human resource shared services are a strategic approach to reform institutions under financial pressure. Other studies with similar findings to this study include Paagman, Tate, Furtmueller and Bloom (2015). Wandera (2016) who examined the impact of human resource shared services on the performance of multinational companies in Kenya also had similar findings to the findings from this study. Similarly, Elston and Maccarthaigh (2016), and Meijerink, Bondarouk, and Looise (2013) who examined the concept of creating value within business through human resource shared services had comparable findings to the findings from this study. Similarly, Tammel (2017) demonstrated that human resource shared services are a paramount element in managing costs reduction.

The role of finance shared services as a catalyst on cost reduction in this study was significant and positive. These findings were consistent with the transaction cost theory by North (1992) which denotes that transaction costs are the main determinants whether firm undertakings will be shared or every department, branch or subsidiary will have its own separate department to provide the services. Putting emphasis on the benefits of capabilities, most scholars have opined that organisations tend to share those back-office services that provide maximum savings and cost reduction when shared by many departments or subsidiaries such as finance services as indicated by Akbar and Tracogna (2018). This resonates to the findings by Lueg (2013) that implementation of finance shared services is a widely accepted method to gain efficiency and reduce costs within firms. A similar position is taken by Helbing, Rau, and Riedel (2013) who posited that finance shared services is an important driver to enhance effectiveness and achieving cost-saving for account functions. The same results were registered by Hausser (2013), who pointed out that finance shared services ensure firms attain cost effectiveness by eliminating unnecessary expenses and activities during production processes. Taking the same stand, Domingues and Gomes (2011) affirmed that finance shared services embraces the concept of reducing costs and ensuring effectiveness while delivering services or producing goods. Wanyande (2015) in study of manufacturing institutions listed at the Nairobi Security Exchange had comparable findings to the findings of this study.

Logistics shared services as a predictor in this study had a significant positive influence on cost reduction in EABL. These findings are in tandem with the platform theory developed by Halman et al. (2003) which describes platform thinking as the process of identifying and exploiting commonalities among a firm's offerings, target markets, and the processes for creating and delivering offerings, and developing a successful strategy to create variety with an efficient use of resources such as time and costs. Xu, Niu, and Cai (2020) supported the logistic role of shared services in significantly reducing transportation cost management. This also concurs with Deloitte (2015) who affirms the need for shared services in the management of logistics operations within firms. In a related study, Price Waterhouse Coopers (PWC) (2015) and Ahmed and Nondi (2021) exemplified the role of the logistic shared services in lowering the cost of moving products. Correspondingly, Xu, Niu, and Cai (2020) examined the relationship between outsourcing logistic services and the efficiency within the supply chain, and deduced that logistic shared services model was significantly effective in cost reduction.

Examining customer service shared services as a catalyst of cost reduction led the study to the finding that customer service shared services had no significant influence on cost reduction in EABL. These findings are not supported by the platform theory by Halman et al. (2003) which posits that when an organisation has a platform to share common services and functions such as customer service, it can benefit from efficiency. The findings from the current study contradict the findings by World Bank Group (2017) which indicated that customer service shared services are an approach to drive growth in business and reduce costs. The current study findings also contradict the findings by Mbugua and Kinoti (2011) which determined that customer service shared services have a significant impact on reduction of cost within firms. The findings were equally contrary to Herbert and Seal (2012) which affirmed that customer service shared service approach is applied to ensure market driven strategies are achieved within businesses, with one of the key outcomes being cost reduction.

CONCLUSIONS AND RECOMMENDATIONS

The study concluded that BSSM is a positive catalyst of cost reduction at EABL. The main components of BSSM with the greatest effect size on cost reduction were identified as; human resource shared services, logistic shared services, and finance shared services respectively. The study concluded that human resource shared services are vital for cost reduction in EABL. The key HR shared services include; payroll processing, recruitment, benefits administration and employee claims. Other HR shared services at EABL included health benefits administration, talent management, training and education, and employee counselling. The study deduced that finance shared services are essential for cost reduction in EABL, and of particular significance are; customer billing, accounts payable administration, accounts receivable management, purchasing, internal audit and inventory management. From the findings, the study infers that logistics shared service is a catalyst of cost reduction in EABL. The key logistics services that are included are order processing, inventory control, and materials handling.

Due to the demonstrated significance of human resource shared services, the study recommended that EABL can extend its human resource shared services model to encompass; sharing of health benefits administration, relocations services, talent management, training and education and employee counselling. In terms of finance shared services, the study determined that EABL engaged in sharing of finance functions to a moderate and small extent. The study hence recommended that EABL should enhance the portfolio of activities in the business services sharing model. This could make it easy for the organisation to standardise finance processes across the whole organisation, ensuring that not only is the organisation running at peak efficiency, but that its clients are getting the same high-quality experience regardless of whatever department they interact with. Besides, incorporating more finance activities and processes in the BSSM makes training of employees in the finance department a lot easier. This is because the organisation does not have to locate a separate training course for each department because they are all expected to function and act in the same way while dealing with financial transactions, activities and processes.

In the realm of logistics shared services, the study determined that EABL engaged in sharing of packaging function, warehousing and transportation to a small extent. The study recommended that EABL should use more of BSSM in discharging its logistics functions. This would foster a distinct culture of collaboration in a shared services centre, where workers are able to combine their expertise to successfully finish these logistics services efficiently. Besides, sharing these logistics functions will enable EABL to experience and mentally optimise your business model, as well as the talents to make that model a reality. This will also allow the organisation to get the most out of its employees by grouping departments and functions together depending on how well they complement each other.

Lastly, the study concluded that sharing customer service functions may not be beneficial for the organisation. This is because shared service implementation can potentially cause issues within the firm. Customer service employees who formerly provided services in numerous business divisions, for example, may be dissatisfied with the new arrangement's loss of control. Furthermore, staff at the headquarters who provide shared services from a central location may be hesitant to treat business units as clients, and to provide the exclusive service that a department would want to provide its clients. Since customer services is a critical function that deals with outside stakeholders, switching to a shared services environment, in reality, would necessitate EABL to engage in the development of new skills, with a greater emphasis on flexibility and customer service.

In terms of future studies, it was recommended that this study focused on four constructs of BSSM; human resources, customer services, finance and logistics. Future studies can unearth more constructs that can affect a firm's production costs. This study depicted the influence of the BSSM model on a business by combining service functions into a single department, and how the BSSM can eliminate service duplication and business unit silos inside enterprises, further research is required in other organisations to determine whether similar benefits are experienced. The study should not only focus on large organisations like EABL but should also focus on medium enterprises. Moreover, implementation of the BSSM model can be riddled with challenges that may make various organisations fail to experience the promised benefits. This study hence recommended further research onto the challenges in implementation of BSSM that could enable management to understand the challenges so that they can devise appropriate responses.

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