White Rose Research Online

eprints@whiterose.ac.uk
https://eprints.whiterose.ac.uk
Universities of Leeds, Sheffield and York

Deposited via The University of Leeds.

White Rose Research Online URL for this paper:
https://eprints.whiterose.ac.uk/id/eprint/131623/

Version: Accepted Version

Article:
Mezihorak, P (2018) Competition for control over the labour process as a driver of relocation of activities to a shared services centre. Human Relations, 71 (6). pp. 822-844. ISSN: 0018-7267

https://doi.org/10.1177/0018726717727047

© The Author(s) 2017. This is an author produced version of a paper published in Human Relations. Uploaded in accordance with the publisher's self-archiving policy.

Reuse
Items deposited in White Rose Research Online are protected by copyright, with all rights reserved unless indicated otherwise. They may be downloaded and/or printed for private study, or other acts as permitted by national copyright laws. The publisher or other rights holders may allow further reproduction and re-use of the full text version. This is indicated by the licence information on the White Rose Research Online record for the item.

Takedown
If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.

Competition for Control over the Labour Process as a Driver of Relocation of Activities to a Shared Services Center

Abstract

New approaches to the study of multinational companies (MNCs) that are sensitive to the issues of power and politics have made considerable progress towards developing a more realistic understanding of MNCs' behaviour. To achieve a full understanding of this issue, however, it is necessary to incorporate the issue of labour. This paper offers a framework for conceptualizing the nexus of power, politics, and labour in MNCs. It suggests that the units in MNC as a result of fragmentation of production compete for control over the labour processes. This leads to the introduction of controlling mechanisms, norms, and standards across the MNC that add to the fragmentation of labour processes and renders them more codifiable and less complex, and thus makes it easier to externalize them. The proposition is supported by a case study of a firm's relocation of services to a shared services centre and its impacts on labour processes on both the sending and the receiving units in the MNC. It is necessary to understand the presence of power relations, politics, and competition in MNCs not only as a consequence but also as a factor of organizational restructuring connected with the fragmentation of production.

Key phrases: labour process, shared services, multinational company, global value chain

Key words: control, power, labour, outsourcing, competition

Introduction

In recent years scholars in the field of study of multinational corporations (MNCs) have increasingly been devoting their attention to the political nature of MNCs. Key authors (e.g. Bouquet and Birkinshaw, 2008; Geppert and Dörrenbächer, 2014; Geppert and Williams,

2006; Roth and Kostova, 2003) have criticized mainstream studies for ignoring issues of power and politics in MNCs. As a result, new approaches to this field of study sensitive to these issues have made considerable progress towards developing a more complex and realistic understanding of MNCs' behaviour. However, these approaches still suffer from the same problem as the mainstream approaches: they fail to take the issue of labour into account.

To better understand the organizational restructuring of MNCs we need to focus our attention on the relationship between power and politics within MNCs and changes in the workplace. I would argue that incorporating issues of labour and specifically the labour process, which have either been ignored or only implicitly included in 'emerging critical perspectives' (Geppert and Dörrenbächer, 2014), could substantially enhance the power of these and other approaches to explain the behaviour of MNCs. The reported presence of power relations and politics within MNCs needs to be seen not only as a relevant research subject but must above all be understood as a consequence and at the same time a factor of organizational restructuring related to the fragmentation of production, looser forms of organisation (Ponte and Gibbon, 2005) or quasi-externalisation (Sydow, 1998 in Flecker et al., 2013: 17). This organizational restructuring results in new forms of relationships among units in MNCs, which transform the workplaces and shape the labour processes. These changes of labour processes then again influence the forms of relationships between units in MNCs, and shape the space for power struggles and politics.

The empirical part of this paper is based on a case study of a shared services centre (SSC) established in Central Europe by a multinational bank domiciled in Western Europe.

My research question is: How does the relationship between the shared services centre, its

client departments, and the headquarters shape the labour processes in the multinational corporation?

Specifically, I would look for answers on the questions: How is the relocation of activities to the SSC organised? What is the impact of the relocation on the labour processes underlying the transferred activities? How is the relationship between the SSC and its client departments coordinated? What is the position of the SSC within the organisational structure of the company and how does it influence the internal and external labour processes?

The concept of shared services challenges the classic notion of outsourcing. It can be concisely described as a type of internal outsourcing and in its ideal form entails the centralization and related standardization of all support and administrative activities within a company to one or a few points. This means that the destination of the relocated activities remains within the organizational structure of the company in the form of an SSC, but the position of the SSC and its relationship to the rest of the company have features typical of outsourcing. The SSC and the client departments have different employment conditions and regulatory frameworks and the relationship between them can be characterized as a contract-based supplier-client relationship. This type of relationship does not necessarily require that the firm's activities be moved to another country, but in reality this is very frequently the case. In Central Europe 99% of SSCs are tied to companies domiciled outside the region (Delloite Consulting LLP, 2015: 4).

In the section describing the theoretical background of my study, I emphasise the political and social conditionality of economic decisions as opposed to their technological and economic determinism. To do this it is not sufficient to shift away from understanding an MNC as an organization in the static sense towards a dynamic perception of an organization

as an activity (see Morgan, 2001). If we want to persuasively deconstruct the still largely influential transactional understanding of a firm inspired by Coase (1937), which implies that the evolution of the capitalist economy is essentially determined by technological development, we have to make clear our understanding of a firm as an organization whose greatest challenge is the indeterminacy of human labour (Braverman, 1998: 33). This conceptualization would consequently make it possible to see more clearly the relationships between phenomena such as changing corporate strategies, power relations and politics within MNCs, and their overall impact on work and people's lives.

I found in my case study that the relationship of the SSC to departments in the HQ could be characterized as 'subversive' (Morgan and Kristensen, 2006). The SSC is not dutiful vis-a-vis its clients, because this would undermine its long-term capability to grow. The SSC needs to build its own capacities and sometimes even to conceal its actual abilities and ambitions. Specifically, the SSC and the client departments compete for control over the labour processes. This leads to the introduction of stronger process management and monitoring systems, which in turn impact labour processes both in the SSC and in the client departments. This reduces the complexity of transactions and thereby open up space for the further externalization of the firm's activities.

At the same time the SSC strives for independence not only from the client departments but also from the HQ. The HQ respects and even induces this strategy as far as the SSC brings cost-savings and enables to increase the control of labour processes within the MNC. What we have here is a genuine strategy on the part of the bank's upper management and a de facto 'alliance' (Kristensen and Zeitlin, 2005: 157-84) formed by upper management with the SSC's management in a joint effort to increase control over the labour process and to

overcome resistance from both middle management and employees based in the HQ and the SSC. I will argue that this 'divide and serve' strategy, an analogy to that of 'divide and rule' (Flecker et al., 2013), is not an anomaly, and should rather be conceptualized as a relevant part of the current restructuring efforts of MNCs that are directly linked to the fragmentation of production through foreign direct investment, outsourcing, and 'quasi-externalization' (Sydow, 1998 in Flecker et al., 2013: 17).

The paper is organized as follows. In the next section I present the theoretical context of the study to describe the shift that has recently been occurring in the relevant theoretical approaches to the study of MNCs that seek also to consider the issues of power, politics, and conflict. A shift, however, that shall remain incomplete unless the issues of labour and the labour process are also taken into consideration; consequently, in my theoretical approach I integrate these issues into one framework, and present the potential of the research on shared services. Next in the paper I present my methods, and the methodological section is followed by empirical evidence. I conclude by summarizing my findings and presenting their implications.

Views on the evolution of MNCs

The global value chain framework and labour

Gereffi and his colleagues ask the following question: 'How and why do the complexity of information, the ability to codify information, and supplier competence change' (Gereffi et al., 2005: 96)? These three criteria are identified as determining three types of networks that are situated between market and hierarchy: the modular value chain, the relational value chain, and the captive value chain (Gereffi et al., 2005: 84). The crucial question of their change is answered mainly by a reference to a development of technological characteristics

of products and processes, that means it remains within the framework of transaction costs theory. The authors speak also about 'social processes surrounding the development' (Gereffi et al., 2005: 98), for example value chain's lead firm decision to reduce complexity, but these lines of thought are not further developed.

When we look on the key question once again, we can realize that it refers to key topics of the labour process theory, which are respectively the division of labour, the control of labour process, and the distribution of knowledge (see Braverman 1998), however, this interconnection has not been yet enough elaborated.

The vision of one-way relationship between changes in MNCs and labour (e.g. Barrientos et al., 2010; Mayer and Pickles, 2010) miss the dynamics and reciprocity within this relationship. Lakhani and her colleagues (2013) propose a reciprocal relationship between supplier firm employment systems and the lead firm's strategies whereby the upgrading of a supplier generally results in higher employment stability and the need for higher employees' skills (2013: 459). The authors, however, narrow the workplace into the issue of employment relations and thus do not open up the black box of changes in the nature of tasks, which is repeated with variations also in Barnes (2016) or Newsome (2015). Barnes state that '[l]abour has tended to be treated as an "object" rather than a "subject" with its own set of interests' (2016: 241). This refers to conceptual and language misunderstanding. Braverman's approach to labour (1998) was 'objective', because he was interested in labour as an object - as a (labour) process with specific features such as its division, control or skills requirements. Braverman's conceptualization of control over the labour process as 'the dictation of each step of the process, including its mode of performance' (Braverman, 1998: 69) is neglected also in Hammer and Riisgard (2015), who see the division of labour on the level of labour

market division (into its formal and informal part) and put the emphasis on the control over bodies, eventually, control of performance. McGrath-Champ et al. (2015) link labour process analysis with the global value chain perspective (how labour-intensive versus more automatated manner of e-waste disassembly determines value chain form), but they are not interested in dynamics of this configuration.

Labour process theory and politics

The labour process theory has rarely focused on inter-firm or inter-unit relationships in international supply chains (Robinson and Rainbird, 2013: 94). At best this issue has been touched upon only indirectly in studies focusing on the role of trade unions or international and national quality standards. Cumbers et al. (2008) and Rainnie et al. (2011) call for the much greater integration of labour into theories of the global commodity chain, global value chain and global production network; but, in the end they themselves conceptualize labour mainly in the organized form of trade unions and thus to large extent repeat the conceptual flaws identified in the previous section.

On the other hand, Flecker et al. (2013) with their notion of 'divide and serve' strategy, an analogy to that of 'divide and rule', depict the fragmentation of the labour process and the increasing division of labour as a power and political strategy of GVCs' management. Their research follow up Flecker, 2009; Flecker and Meil, 2010 and Huws, 2006, which confirm that this strategy is not an anomaly. Instead, it should rather be conceptualized as a relevant part of the current restructuring efforts of MNCs that are directly linked to the fragmentation of production through foreign direct investment, outsourcing, and 'quasi-externalization' (Sydow, 1998 in Flecker et al., 2013: 17).

These researches inverse the traditional relationship between transaction costs and value

chain restructuration. The fragmentation of production decrease transaction costs through the increased division of labour and control of labour process, which lead to further possibilities of this fragmentation. What is, however, missing in this framework is more detailed elaboration of power struggles and politics within the fragmented value chain and labour process, which are the important factors of these changes.

Institutionalism, politics, and labour

Some scholars speak about the growing importance of of intra-firm competition in MNCs (see Becker-Ritterspach and Dörrenbächer, 2011; Bouquet and Birkinshaw 2008; Dörrenbächer and Geppert 2006). Other scholars call attention to the shift from 'coordination' towards 'normalization'. The notion of governance as 'normalizing' was introduced by Ponte and Sturgeon (2014) drawing on convention theory. This type of governance relies on norms and standards ('normative power') (Gereffi and Lee, 2016: 28) rather than on the 'direct' producer or buyer power. The third stream combines the notions of competition and coordination, and speaks about 'coopetition' (Becker-Ritterspach and Dörrenbächer, 2011). In this context, it becomes crucial to understand how the relationships between units in MNCs can be organized.

Kostova and her colleagues offer a framework that focuses on 'rule systems' within the MNC and their ongoing construction by actors both within and outside the organization (2008: 1002). Inspired by the concept of 'institutional logics' (Thornton et al., 2012), Kostova et al. study unit-level motivations in order to understand the unit's relationship to the organization as a whole. Institutional logics includes the priorities, preferences, values, beliefs, and practices that have been established and institutionalized (Kostova et al., 2016: 6). This framework provides us with four types of behaviour: opportunistic, unpredictable, erroneous, and dutiful (Kostova et al., 2016: 15). As this typology makes clear, power and politics within MNCs are seen as a problem,

as ‘signs of “bad” (dysfunctional) management or simply as a misfit between the organizational design and certain aspects of external environmental features’ (Dörrenbächer and Geppert, 2006: 252).

The ‘new’ institutionalist theory was able to draw attention to the flaws of classic institutionalism and neoinstitutionalism; however, instead of focusing on power and politics it seeks to find a persuasive contextualized agency-based model (e.g. Lubatkin et al., 2007; Wiseman et al., 2012). What is necessary is to reconceptualize power and politics, and to integrate to the institutionalism the interplay between ‘episodic’ and ‘structural circuits of power’ (Clegg, 1989) close to the concept of ‘rule systems’. This shift needs to be further supplemented by the focus on control over the labour process, which could be perceived as an important component of ‘rule systems’, and which could serve as a good departure point for further institutional analysis of the relationship between HQ and subsidiaries. The focus on labour would enable to ‘enter’ the firms and study relevant norms, codes, and standards, which increasingly coordinate looser forms of organisation and their movement towards a ‘network world’ (Ponte and Gibbon, 2005: 21-22). It would also respond to the demands for institutionalism to much more widely include such critical issues as inequality, corporate power, and new work practices (Munir, 2014).

Emerging critical and micro-sociological perspectives, and labour

In emerging and micro-sociological perspectives the main trigger of MNC transformation is viewed through the prism of interaction, not in the form of institutional duality (local institutions vs. MNC), but in a more subtle scheme of contact between different identities and interests (see Dörrenbächer and Geppert, 2012). What is underlined is the role of the actors’ career patterns, ambitions, resource mobilization strategies, and political sense-making approaches (Geppert and Williams, 2006; Kristensen and Zeitlin, 2001, 2005; Morgan and

Kristensen, 2006). The MNC is conceptualized as a field of relations between diverse actors with different power potential and interests. Taking a bottom-up view, this approach makes it possible to ask questions about how different identities and interests stabilize or destabilize institutional, cultural, and organizational patterns, not vice versa, as in the institutionalism. One of the most important contributions of emerging perspectives to MNC analysis has been made in the study of HQ and subsidiary relationships. Morgan and Kristensen in their seminal article (2006) distinguished between 'boy scout' strategists and 'subversive' strategists who respond differently to increased HQ pressures. The authors argue that the 'boy scout' approach, which refers to local managers just implementing HQ commands, could undermine the long- and mid-term capabilities of subsidiaries to build resources of entrepreneurship. The subversive strategy could be more successful and eventually more appreciated by the HQ. This conclusion seems counterintuitive, though at the same time it perfectly fits the framework that assigns a crucial role to power and politics in explaining the behaviour of contemporary MNCs. When Kristensen and Zeitlin underline the importance of alliances between local players as a complement to their conflicts (2005: 157-84), they do not contradict these ideas and on the contrary provide evidence for the validity of this perspective. The problem is that this perspective is often unable to provide answers to larger questions concerning the impact of organizational changes, and it tends to fragment the studied subject into analyses of several micro-political situations without linking their outcomes to a broader and more grounded framework.

Research on shared services and its implications

From the first comprehensive literature review on shared services center research (Richter and Brühl, 2017), it is clear that the management and human resources orientation dominates the

stream. This is true despite the fact that Gospel (2006) already in the one of the first conceptual papers on this topic indicated that SSCs introduce new phenomena that cannot be explained solely by established theories like the transaction costs or administrative structure theory. This claim had been, however, eclipsed by a number of studies looking for the 'best practice' cases, or dealing with strictly applied researches. This corresponds to the fact that large majority of literature uses the examples from public sector. Only 20 % of articles focus on private companies, in absolute numbers it makes 10 articles (Richter and Brühl, 2017: 30).

Richter and Brühl identify exactly those lacunae, which could not be grasped by mainstream frameworks, such as non-financial outcomes, the entanglement between coordination and configuration, or the interactions (2017: 35-36). However, they do not call for incorporation of the issues of power, politics or labour, without which would be very difficult to elaborate this research agenda. The only article from the literature review which explicitly deals with labour is the text by Howcroft and Richardson (2012).

Howcroft and Richardson (2012) show how the increased control of labour process through the shared services concept enables permanent restucturing and reconfiguration of the value chain. What is neglected, is the process of gaining this control. As Flecker et al. (2013) claim, this process is not trivial, and is connected with the fragmentation of labour process, which lead to tensions within a value chain. Oliveira and Clegg elaborate this more deeply within the framework of interplay between the 'episodic' and 'structural circuits of power' (2015: 444), however, they do not study the impacts on labour and thus miss implications for the reconfiguration of the value chain in the sense of possible internalisation/externalisation of activities driven by this power transformations.

If we want to see all the potential of shared services research, we could broaden the scope. On

the one hand, the research on call centers elaborated the possibilities of extensive control of labour processes (Taylor and Bain, 2005). These findings, however, did not refer, or not primarily, to possible influences of these control mechanisms on the rest of value chains, probably also due to supposed specificity of services provided by call centers. On the other hand, researches from within the area of symbolic work increasingly pay attention to the importance of 'code' defining the labour processes even within knowledge industries (e.g Aneesh, 2006 ; Upadhya, 2016). Shared services seem to be placed between these two poles, and thus they are potentially very promising field for the study of the interconnections between power, politics, work, and governance within contemporary MNCs.

The integration of power, politics and the labour process in the study of MNCs

One of the main propositions of structuration theory is that 'the rules and resources drawn upon in the production and reproduction of social action are at the same time the means of system reproduction' (Giddens, 1984: 19). That signifies that '[t]he basic domain of study of the social sciences, according to the theory of structuration, is neither the experience of the individual actor, nor the existence of any form of societal totality, but social practices ordered across space and time' (Giddens, 1984: 2). This focus links structuration theory to 'new' institutionalism and its emphasis on 'rules systems' (Kostova et al., 2008), however, its perception of power and politics needs to be reconceptualized to grasp the interplay between power, politics and rules. I place this focus within a framework based on labour process theory and its understanding of a firm, with its concern with the control, division, monitoring of labour, and intensity of work, which should help to avoid the danger of subjectivism identified by some scholars as related to structuration theory (see Clegg, 1989: 141). Specifically, I will focus on control over the labour process as a key variable explaining, on

the one hand, the relationship between client departments, HQ, and SSC and, on the other, the impact of this relationship on labour. Control over the labour process can be conceptualized as a set of rules, standards, and knowledge defining how the transactions within the SSC, and between the SSC and its client departments should be processed and monitored. Given their importance in evaluating services provided, these elements represent a source of power and at the same time shape the relationship between the SSC, client departments, and the HQ. Consequently, I will argue that control over the labour process is the subject of negotiation and conflict between various actors (and their coalitions), namely SSC management, upper and middle management at the HQ, and workers on both sides. Especially useful are the findings on complex relationships ('boy-scout', 'subversive', 'alliances') between the HQ and subsidiaries (Kristensen and Zeitlin, 2005; Morgan and Kristensen, 2006).

Methods

Case selection

My case study involves an MNC that has so far relocated activities corresponding to more than 500 full-time jobs. These activities were relocated in the course of four years from the corporate headquarters (HQ) of a multinational bank domiciled in Western Europe to an SSC located in Central Europe. Western Europe is defined as consisting of founding members of the European Economic Community, while Central Europe is defined as Poland, the Czech Republic, Slovakia and Hungary. For the reasons of anonymization I cannot specify in more detail the locations or the company concerned.

The shared services and outsourcing industry is an integral part of the Central European economy. A study by the KPMG (KPMG Institute, 2015) suggests that in Poland, Hungary and the Czech Republic there are currently 860 SSCs which employ more than 200 000

people (KPMG Institute, 2015: 5). The large majority of SSCs are part of companies operating in the manufacturing industry (Deloitte Consulting LLP 2015: 3). Banks entered the trend of relocating activities later than companies in other industries. We can hypothesise that it is because banks are more risk averse, more regulated, more heavily based on specific or sensitive knowledge, and, finally, are financially stronger than manufacturing companies. This hypothesis has been proved by my communication partners, who consistently drew my attention to the specificity of banking industry. The concept of outsourcing and/or offshoring face within the banking industry new challenges.

At the same time, the implementation of the shared services concept within the bank industry complicates the view that sees outsourcing business services as merely a tactical relocation of simple activities to countries with lower salaries. It also represents a theoretical challenge for the study of international business, MNCs, or work, because the relocation increasingly concerns also supposedly 'core' activities of banks such as for example risk management. The boundary between 'core' and 'non-core' knowledge and activities becomes within the shared services concept blurred, as well as the boundary of a firm. These are the reasons why I focused on the study of shared services implemented by a multinational bank. I expected the case to be rather atypical and thus rich in information (Flyvberg, 2006: 229).

In 2009 there existed in Central Europe six shared services centres of banks domiciled outside the region, specifically in the USA and Western Europe (Deloitte Consulting LLP 2015: 4). These centres were built after the Central European countries joined the European Union in 2004. Five of the SSCs were located in Poland and one in Hungary (KPMG Institute 2015: 5). The financial crisis which broke in 2008 represented an additional impulse for banks to relocate some of their activities. After the crisis seven centres were built and located

also in other Central European countries. I chose one of the centres built after 2008 as a case study. The selected shared services centre is the first SSC established by the bank in my study. Before it established this SSC the company had had no experience with shared services or outsourcing, which made the case yet more interesting. Apart from that I had to take into consideration during the selection of the case my possibility to gain access to people working both in the HQ and in the SSC.

Case study method

I opted for the case study method because the focus of my analysis was to look for relationships of a causal nature. I also wanted to include contextual conditions, because I believed they were relevant to the phenomenon under study as the boundaries were not clear between the phenomenon and its context (Yin, 2003 in Baxter and Jack, 2008: 545). Regarding the validity and reliability of my constructs and results, I followed the approaches of Yin (2003) and Flick (2007) who strongly recommend using a theory-driven approach and making a clear initial statement of the research questions when conducting a case study. The data collection involved conducting twenty qualitative, semi-structured interviews, both in the SSC and in the HQ, and was supplemented with an analysis of internal documents of the company studied concerning the relocation.

Communication partners

The communication partners were selected on the basis of their experience with the relocation. I traced the relocation of activities from the very beginning until their finalisation. In the SSC location I did twelve interviews in the period from December 2013 to January 2015. According the preference of my communication partners the interviews took place always outside the premises of the SSC and out of working hours. I spoke with two managers

responsible for onboarding of new activities, two domain managers each responsible for managing of four different teams, two team leaders, two team coordinators (assistants to team leaders), three officers (ordinary team members), and one external human resources consultant.

In the HQ location, the communication partners usually invited me to their offices in order to do interview within their working hours. In this way I did seven interviews from September to December 2015 in the premises of communication partners' workplaces, one interview was done per phone. I spoke with two managers responsible for nearshoring of activities, two managers responsible for process management, one assistant to process manager, one manager responsible for corporate culture change, one team leader and one officer. It was very difficult to access other officers, i. e. ordinary employees in the HQ location, impacted by the relocation, they either did not answer my requests, or strictly referred to their responsible manager.

Interviews

The average duration of an interview was between one and one and half hour. The interviews were semi-structured. The first part of questions enquired about the communication partner's work, its content, organization, and control, and its role within the SSC. The second part of questions was adapted according to the hierarchical and spatial position of my communication partner in the 'relocation chain', I was interested in the coordination of the relocation and the relationship between the SSC and the client. The third part was based on communication partner's previous answers. As indicated, nineteen interviews were made face-to-face, one was done per phone. All the interviews were recorded with permission and I analysed the transcripts.

Empirical evidence

The SSC in my case study was established in 2011. It started with accounts payable/accounts receivable activities, followed by procurement and payments activities including the processing of complaints and the design of payment applications. This scope was followed by back- and middle-office activities for the bank's operations in financial markets. By the end of 2013 the SSC had around 250 full-time employees. The year 2014 was devoted to preparing the next wave of activities, which began to be introduced in 2015 and which involved activities connected with the administration of the bank's internal finances and the administration of insurance activities, which are also part of the bank's portfolio. More than 500 people were working at the SSC by the end of 2015. The plan for 2016 and 2017 envisages rapid growth and an increase in the number of employees to around 800 by the end of 2017.

Politics of the relocation

The interviewees at the HQ complained about the lack of information on the shared services project. A typical comment sounded like this: 'Actually apart from the initial information - this is what we are going to do - I do not remember any larger communication on it whatsoever, the only information I have is from the hallways. It shouldn't be like that, I should know more' (Corporate Culture Manager, 13 October 2015). This opacity corresponds to the process of transfer initiation, which has been very complex and multifaceted. In terms of a top-down approach, some senior managers basically enforced the transfer through strict-costs targets imposed on middle managers and/or they prompted the transfer by setting up of a bonus scheme. According to interviewees, a more bottom-up approach emerged over time, when some middle managers themselves sought to establish cooperation with the SSC.

One process manager assigned to nearshoring stated: ‘these managers think forward, they have a vision of their department, they know that it will come anyway, they are proactive and prepared on changes. However, they are rare’ (Process Manager 1, 1 December 2015).

Two years after the SSC’s establishment the positions of two nearshoring managers based in the HQ and two onboarding managers in the SSC were created. This further complicates the picture of the relocation. The function of nearshoring managers is not only to negotiate transfers but also to collect formal and informal information about transfer opportunities and to try to ‘push’ the transfers on behalf of the SSC. The onboarding manager, who is based at the SSC but communicates on a daily basis with the nearshoring managers, indicated an important role of ‘hot leads’, which are collected by a nearshoring team, or of ‘back-talks’ among senior managers on the topic of the SSC (SSC Onboarding Manager 2, 10 December 2014). Both nearshoring managers spent some time at the SSC before moving to the HQ. Now they operate on the SSC’s behalf in the HQ of the company.

Both nearshoring and onboarding managers tended to speak about ‘politics’ as something happening only in the HQ: ‘higher you go in the hierarchy, of course, it gets more political because it is all about, yeah, hierarchy, all about power, so there, of course, the game is played in different way when it is played on the level of normal managerial, normal operations’ (Nearshoring Manager 1, 24 September 2014).

However, we can take the expression ‘the game is played in a different way’ literally and understand also the efforts of lower managers as ‘political’, even if in different form. This would correspond to the fact that specifically the onboarding managers were praised by other actors in the SSC for being strong negotiators able to negotiate advantageous conditions of the SSC-client relationships. As one nearshoring manager explained: ‘indeed, they [clients]

tell you how they used to work and so on, but the SSC is in difficult position when it commits to something. And very often, at the beginning, the SSC committed in a naive trust that what they told us was true' (Nearshoring Manager 2, 6 October 2015).

On the other hand, the SSC onboarding and domain managers not only defend the position of the SSC but also actively seek the support in the HQ and strive for upgrading of the SSC's position from mere executor of (some) activities within a process to a 'process owner'. This consequently has become, as I will argue, the most important way how the SSC can attract further activities.

One onboarding manager clarified limits and possibilities of the SSC in the process of the relocation initiative: 'the original idea is there, what we can do is to try to take over as much work as possible. That means we are selling ourselves, we can say, look, we do this and we do it perfectly, we can do also other activities, but still, we are not those who decide about the relocation' (SSC Onboarding Manager 1, 10 December 2013).

The process ownership is, however, a subject of permanent debate with clients and the HQ. One experienced project manager based at the HQ who was involved in the SSC project only at its very beginning criticised the increasing emphasis of the SSC managers on the clear division of responsibilities and related time-table as 'too theoretic': 'in the certain moment, in the SSC management team they started to discuss when the SSC side is responsible, until when the client side, it was too much…I think, the first level - the client side is responsible for the processes and the activities, second level - the SSC is responsible for the activities but the client side is responsible for the processes, and third level - the SSC is responsible both for process and activities. Ok, maybe that's ok, but you can have a lot of discussions about all these levels, what is included and what is not!' (Project Manager based at the HQ, 10

September 2015).

The creation of nearshoring and onboarding positions was a part of broader regulation of the relocation process. ‘The old process [of transfer organization] was more spontaneous, the SSC was in direct contact with the client, now there is more control, more formality’ (SSC Finance Manager, 21 January 2015). This formalization is related to the fact that the original way of the relocation began to be considered as too open and risky. Activities done later by nearshoring and onboarding managers used to be shared among the SSC domain managers, who had to divide their time between operational management of teams and coordination of the relocation. This way was found as inappropriate for the relocation of more critical and more complex tasks.

The SSC finance manager described the mistakes made in the first years of the SSC as mainly connected to the process of the relocation: ‘There were mistakes in the documentation, at least in business cases, now, there is a lot of disputes about what was, what wasn’t negotiated and promised, and it influences our current costs, the documentation was wrong’ (SSC Finance Manager, 21 January 2015).

The formalization of the relocation included the implementation of stricter rules of documentation. This was not, however, seen as a disincentive to a relocation, on the contrary, the formalization should have helped the SSC in a long term.

‘I think that the formalization [of the relocation] will help us a lot. In this way, we have a several documents which are approved by both sides, they are completed together, always someone from the client, someone from us. We have full documentation of what and how was negotiated, we have full documentation of the business case…our exact inputs from our side, from their side, we thus know what was compared. Because even now there is a lot of

costs which will appear for example in three years, and they are not calculated. We can go back to the documentation and say: "Look, the activity is now more expensive because there is a cost you didn't inform us about and which is paid by us not by you as the client." When the documentation is missing, we have a problem (SSC Finance Manager, 21 January 2015).'

At the same time this development of the formalization was related by an onboarding manager to the fact that the SSC gets nearer to the organizational structure of the bank. 'Momentarily, we are rather part of the bank than a so-called stand-alone entity. The trend is that we come nearer, it has several reasons why it is happening, there also human aspects and so on. It's not this typical thing, that there is some office [the SSC] which is doing something for them' (SSC Onboarding Manager 2, 10 December 2014).

To conclude this section, the SSC is not dutiful vis-a-vis its clients and the HQ, because this would undermine its long-term capability to grow. The SSC needs to be 'subversive' (Morgan and Kristensen, 2006) and to build its own capacities and sometimes even to conceal its actual abilities, ambitions and plans. We can observe how the episodic political struggles transforms into 'structural circuits of power' (Clegg, 1989), which strengthens the power of the SSC within the organizational structure of the bank. However, if we want to understand the SSC dynamics and the process of the relocation, the interplay between politics and rules needs to be related to control over the labour processes which directly impact the form of labour processes both within and outside the SSC.

Competition for control over the labour process

After the idea to relocate an activity is taken up by nearshoring managers as worth pursuing, and eventually discussed with legal or risk experts and process managers, the activity is

mapped completely and thoroughly. The work-flows, manuals and, where necessary, specific job-aids are created by process managers based on information obtained from the original team members. This process can be quite painful, usually at least one-quarter of employees refuse to participate, and it often takes several months. During this time the process managers and coaches organize workshops where they together with employees codify all the processes within the activity. Communication partners emphasised that the crucial issue is to engage the employees in the whole process which is depicted as an important innovation. The bank even created specific team called 'Laboratory' whose task is to do the workshops in more problematic cases. 'I think the way how you are talking to people and sitting next to them makes the difference. You can sit there like I'm going to do this, and then everything is stopping, or you can sit next to your colleague and tell: "Ok, I need you. I need your info, I need to understand what you are doing." It's like curious young people sitting next to them. It's no longer the decision of the CEO they've never seen in person. Only on company drinks. It's real person being curious and sitting next to them. And it helps' (Process Manager Assistant, 17 December 2015).

Equally important is the fact that the bank does not dismiss the persons whose jobs are transferred to the SSC. Roughly one-third went to early retirement, one-third was proposed another job within the bank and the last third voluntarily left the company. The policy of no dismissal was a result of a negotiation with the trade unions and according to interviewees considerably influenced the successful start of the whole project of the SSC.

Based on this mapping, the expected amount of labour, indicated as full-time equivalent units (FTE; 8 hours per day or 40 hours per week), is calculated for every task (box) within an activity and the key performance indicators (KPIs) through which the service delivery (of

every task) will be monitored are developed. Given the general absence of strict KPIs in the preceding organization of work, the new KPIs are often established in a 'trial and error' method and are subject of negotiation between the SSC and the client department. However, generally it is expected that the performance per employee will be considerably higher in the SSC than in the previous organization due to the 'synergy' and 'standardization' of activities. Afterwards the service level agreement (SLA) specifying the terms and conditions (usually the content of the service and the assigned FTEs and KPIs) of the relationship between the original department (client) and the SSC (new supplier) is contracted. If not all the tasks within the activity can be moved due to legal or risk reasons to the SSC, then the process is split, and the transferrable part is put through the procedure described above.

For the client departments, i.e. departments based at the HQ that are relocating a part of their activities to the SSC, the SLA is a form of contract. Though not legally binding, the SLA includes all the essential information defining the terms and conditions of outsourcing, which means the requested amount, delivery time and quality of services provided.

On the other hand the actors in the SSC understand the SLA only as a basic departure point, as a minimal framework defining the relationship between the SSC and client departments. This can be illustrated using KPIs. The indicators that define the amount (e.g. number of processed invoices), quality (e.g. number of errors) and delivery time (e.g. 24 hours) of services involved in an SLA are in most cases not the same services as the ones implemented at the SSC and through which the work of the SSC employees is monitored. 'Internal KPIs', as interviewees in the SSC called them, are more demanding and more numerous than the KPIs stated in the SLAs. 'Team KPIs will be slightly more challenging because we want to keep the margin that the team even if it doesn't reach team KPIs, it reaches SLA. So we have

a buffer and also we challenge a team little bit to see how far we can push the boundaries' (SSC Domain Manager 2, 10 December 2015).

It was decided that only the first few employees assigned to activities newly transferred to the SSC would be trained at the HQ by their predecessors. This first group of employees would be then responsible for the training of their colleagues at the SSC. In the beginning this decision was not as clear-cut as it seems to be retrospectively, because some managers at the HQ were afraid that the SSC would diverge from initial job instructions, which would lead to errors. However, the SSC employees have a huge interest in changing the original work-flows. As one SSC team leader put it: 'As some people say we received a kind of open-air museum from the bank, some old processes, and I think a lot has changed, that more than just the automatic takeover of work is involved and that we are constantly coming up with ways in which to make the process more efficient.' But she added: 'In the beginning, the powers of the SSC were extremely limited. Everything had to be ratified and was done in conjunction with the original departments. Only a small part of the process was here. Everything had to be negotiated by email. It was tough' (SSC Team Leader, 4 November 2014).

This struggle over the definition of the labour process underlies the relationship between the SSC and its client departments at the HQ to the present day, despite the fact that the SSC is nowadays in a wholly different position. The stronger position of the the SSC enables onboarding managers to strive openly for 'process ownership', which implies the possibility to modify relocated processes and represents in each case the ultimate goal of the SSC. 'For us it's good to own the process, because then we could offer the improvements to our clients, which is not possible when you have more clients and each of them wants to do the activity in

a different way. So this is the key question, you own the process or only deliver the activity to a process, which is called process-split' (SSC Onboarding Manager 2, 10 December 2014). Process 'ownership' is closely related to process management. According to most of the interviewees there was no 'proper' process management implemented in the bank before the SSC was established. The process manager based at the HQ but assigned to nearshoring to the SSC told me that prior to the existence of the SSC the position of process managers existed, but their role was like that of a 'fire-fighter', only appearing when there was some problem with the process. The process manager offers instead a definition of process management as 'a sort of glue' (Process Manager 1, 1 December 2015). The purpose and meaning of process management were also viewed differently by the actors involved in nearshoring and those more involved in the previous understanding of process management. 'I'll tell you how we see it. Not everywhere in the bank do they see it this way. As we see it the process manager should have the end-to-end view of a process. He should know what happens within the process, he shouldn't know all the details, he shouldn't be a content owner, and most of the knowledge should remain among employees who are doing the job. But a process manager should be able to tell on the basis of KPIs whether the process is working well or not, whether there are any improvements needed. And so on. Plainly he should be a sort of glue, when he sees that something is wrong in the process he calls people together and says: ok, here and here we have a problem, how can we solve it' (Process Manager 1, 1 December 2015)?

The implementation of this paradigm at the SSC represents also the main channel by which the SSC exercises influence on the HQ and its departments. This is demonstrated by the emphasis on the implementation of KPIs.

‘Normally, everyone should have KPIs, the whole bank, not only the bank but all organizations, all firms should have KPIs. Sometimes they have them but not the right ones. There must be KPIs which tell you some valuable information, what to do, where the problem is, they simply indicate the problem…Unfortunately, many processes are not mapped, we have only targets that are not measurable. If we had KPIs on all processes, we could evaluate their performance, how well they function, we can improve those that are red or orange’ (Process Manager 1, 1 December 2015).

The detailed mapping and measuring of processes intended to be transferred to the SSC is not only a necessary condition of the transfer but represents also a basis for reinforced process management.

Even though process managers are not content owners, nor technically are the workers. All the knowledge about processes is registered in detailed process flows and manuals, which are updated regularly (once every six months or year). This enables process managers to calibrate the processes and also eventually to increase KPIs if they were fulfilled in the long term in previous period.

Impact on the labour process and the SSC’s upgrading

The already mentioned creation of nearshoring and onboarding positions and the formalization of the relocation is related to the fact that in 2014 the organizational position of the SSC changed from a peripheral to a strategic project. This shift was related to organizational change at the HQ, where the new department was created with aim of centralizing all the operational activities within the HQ. The SSC represents a unit within this department (around one-third of included employees); however, it is evident that there is a tendency to promote the version of process management implemented at the SSC among

other operational teams within the HQ. It could be expected that there would be greater resistance to implementing this conception of process management among these teams than at the SSC, in part owing to the different institutional settings at each location – for example, the different role of trade unions, which are missing in the SSC. However, the existence of the SSC, which is always willing to strengthen its position, represents a considerable limitation to any effective resistance at the HQ.

Even though the SSC maintains the considerable differences that exist between external and internal KPIs, which assures it some independence, the SLA is now defined in much more detail and external KPIs are more numerous and more precise. This enables the SSC to justify its position if it is criticised by a client department. Related changes concern more frequent monitoring and reporting on services provided by the SSC.

'Well, you know, bad criticism spreads much faster than praise, so one invoice paid after its due date and everyone here at HQ was talking in the corridors about how the SSC pays invoices after their due date and it never occurred to these people that the invoice may have arrived late at the SSC. So these are the reasons that led to the implementation of reinforced process management, to reporting on a daily basis. Nowadays, even the client has to report every day - for example, now we have implemented double reporting in projects during the transition. Actually, every day at 4 pm we assess the day without data and based on subjective feelings. Today we had a good feeling, or today we felt that we found a lot of errors and we had to correct them and stuff. So it's clear for the people that the transition curve is not always green and ok, and at the same time the people at the SSC learn how to solve conflict situations with the client' (Nearshoring Manager 2, 6 October 2015).

Monitoring and reporting are forms of defence for the SSC. However, it means also putting

pressure on other operational departments based at the HQ that are not able (or do not want) to implement this form of control, but which in principle compete with the SSC not only over control over labour processes but potentially also over their execution. Senior managers can compare the performance of departments located at the SSC and those at the HQ or can compare their 'approach to work', which represents an additional advantage for the SSC and potentially opens up possibilities for new transfers.

The emphasis on growth permeated the entire structure of the SSC, cultivated from the very bottom. A team leader told me that already in the position of team coordinator, she was obliged always to divide the employees between those 'who see change as a challenge and those who see it as a threat' (SSC Team Leader 1, 4 November 2014). The SSC's vulnerable and threatened identity led to the focus on fast growth and commitment to provide better and faster services to its client departments. The SSC's dynamism corresponds to the fact that it has a high voluntary turnover rate. According to interviewees, 25% to 50% (the statements varied) of new employees leave the organization within the first year. The reasons for leaving are their dissatisfaction with the routine nature of the work, pressure, and low salaries. The SSC managers do not express any real concern about this issue. They focus on keeping the employees with intrinsic motivation (those 'who see their work as a challenge') and argue that, thanks to the fact that the knowledge is documented and preserved, they are still able to manage the organization even with this turnover rate.

According to most of the interviewees, both at the HQ and the SSC, there has been a clear tendency to relocate increasingly complex activities to the SSC. However, as one process manager pointed out, the issue of complexity is rather a fake issue because 'everything can be learned and I don't know what complexity actually means' (Process Manager 2, 10 December

2015). This seemingly exaggerated statement refers to the fact that the relocation has much more been a process largely contingent on the SSC's capacity to transform the processes than a top-down action coordinated from the HQ determined by the character of transferred activities. In GVC terms we can speak about 'suppliers' capabilities', which presumably outweigh the criteria of 'complexity' and 'codifiability' (Gereffi et al., 2005). Moreover, the wage differential of 50% between the original and the SSC location enables huge investments on the one hand into codification and on the other into learning activities connected with the transfers, while preserving the transfers' short-term rentability.

The activities in the SSC become increasingly heterogenous in terms of work processes, however, the pattern remains the same. 'I think that in payments they have for example only 3 KPIs. However, in financial markets they have a lot of activities, so they can have even 30 KPIs. They have 6 activities, each has 5 KPIs, so together 30 KPIs' (SSC Team Coordinator, 4 November 2014). The nearshoring manager thinking about the future of the SSC was able to imagine the relocation of not only back-office or middle-office services, but also front-office activities technologically 'by-passed' to a 'point-of-contact' in the original location (Nearshoring Manager 2, 6 October 2015). This heterogeneity of activities, or possible polarization of skills needs further investigation, because it is more recent phenomenon, however, what proved to be true in the interviews with the nearshoring and process managers was the fact that the key criterion of the relocation in a long term (several years) was the language. The necessity to communicate face-to-face and in the language other than English became the crucial issue of a non/relocability outbalancing the criteria of codifiability or complexity, if we ignore legal regulations, which play an increasingly important role.

In thinking about the future of the SSC, we need to take into consideration above all the transformative potential of the relocation. Transferring an activity involves and is actually conditioned by its codification, which again requires its fragmentation into specific tasks. These aspects are further reinforced by continuous process management, which also influences the non-transferred activities. All these are conditions for the increased division of labour and job specialization. This usually happens in connection with increased workload per employee due to the centralization and standardization of activities that were previously dispersed across several departments at the HQ. Control over the labour process in both its dimensions, as a definition of process and performance control, permeates all these aspects. However, none of these phenomena is static; they dynamically evolve as they are stimulated by a mix of cooperation and competition between the SSC and the client departments at the HQ. Grasp this process need not be simple even from within the MNC. One experienced (and angry) project manager based at the HQ who was involved in the SSC project only at its very beginning complained in the interview about this 'picking' of tasks, which is 'messy', instead of moving whole specific domains (Project Manager based at the HQ, 10 September 2015). This opinion illustrates a certain misunderstanding about how a relocation is organized, a misunderstanding that can also be applied to certain theoretical approaches. The struggle for control over labour processes is de facto a way of not only implementing relocation but also bringing about broader organizational change.

Conclusion

The process of relocation involves an ongoing combination of cooperation and competition between the SSC, client departments, and the HQ. Specifically, we can speak about 'coopetition' (Becker-Ritterspach and Dörrenbächer, 2011). That, however, is not only

inevitable, but is also a necessary process that actually drives the relocation forward. Control over the labour process is the subject of struggle: first between the original employees and the process managers, who need to codify the labour process in order to enable its transfer to the SSC; then between the SSC, as it strives to attract further activities, and the client departments over modifications to labour processes and their monitoring and control; and finally within the SSC, where senior staff take advantage of the SSC's fragile situation to justify putting pressure on the SSC's workers (and managers), which they do by increasing internal performance indicators and by emphasizing the need for continual improvement. Moreover, SSC workers are willing to change the processes and cooperate with their superiors because they are aware that this is the only way in which the SSC can strengthen its position. All these developments contribute to the increased fragmentation of labour processes into specific tasks (and sub-tasks) and their increasingly specific codification, which assures decreasing complexity. This consequently makes it easier to externalize, control, and, finally, commodify the activities concerned.

By moving from being a 'peripheral' to a 'strategic' project, the SSC made its way from being a captive value chain towards becoming a modular, potentially relational value chain. A captive value chain is mainly responsible for processing transactions, while their design, which is closely linked to control over the labour process, remains at the HQ. By contrast, a modular, potentially relational value chain becomes largely responsible also for steering these transactions and their architecture and development (Gereffi et al., 2005: 86). However, the gains for the SSC are at best ambivalent due to increased control and division of labour, and intensity of work.

Maybe even more important is the question of the impact of relocation on labour in the MNC

as a whole, and especially in the client and operational departments at the HQ. The SSC serves as a tool (and at the same time as a benchmark) for increasing pressure on workers and managers even in the non-transferred departments. Apart from the fact that the employees at the HQ feel threatened by the existence of the SSC and the possible relocation of their jobs, they find that their work process is changing. The process management developed in the course of establishing the SSC is also applied to the non-SSC parts of operational activities performed at the HQ. This results in increased control over and division of labour, and intensity of work.

In accordance with the most recent findings (see Becker-Ritterspach and Dörrenbächer, 2011), I argue that my case study is an example of the growing importance of intra-firm competition in MNCs. This development requires that even more of our attention be devoted to the issues of power and politics when studying GVCs. At the same time, in order to really understand why, how, and with what consequences organizational changes are implemented, we need to relate the issues of power and politics to the question of control over the labour process, which remains the central challenge of contemporary MNCs. The case study has shown that a looser form of coordination between the HQ and the SSC and the corresponding greater importance of power and politics do not mean that the value chain is less 'driven' (Ponte and Gibbon, 2005). On the contrary, the much greater control over the labour process throughout the observed part of the value chain that results from this looser coordination actually supports the centralized governance of the MNC.

This development confirms the doubts about the validity of the initial distinction between the producer-driven and the buyer-driven value chain (Gereffi and Lee, 2016: 28). Ponte and Sturgeon (2014), drawing on convention theory, introduced a conceptualization of

governance as ‘normalizing’. This type of governance relies on norms and standards (‘normative power’) (Gereffi and Lee, 2016: 28) rather than on the ‘direct’ producer or buyer power. I argue that this shift from ‘coordination’ towards ‘normalization’ only underscores the need to incorporate the issue of the labour process into frameworks dealing with global value chains. It is necessary to elaborate relevant norms and standards as ‘rule systems’ (Kostova et al., 2008), which, however, perpetually arise in the course of interactions between actors. Some of these actors are more powerful than others and can thus take advantage of creation of these norms and standards. This also means that the upgrading of a previously ‘weaker’ unit cannot be seen only as a techno-managerial response to the formation of the value chain, but it is necessary to analyse the related changing social relations (Flecker et al., 2013). I argue that labour process theory provides a basis for formulating a framework that grasps the relationship between the interactions between relevant actors, the development of the value chain, ‘rule systems’, and impacts on the labour process and social relations within the MNC.

The biggest limitation to this study is obviously that the data were collected within just one organization. In order to strengthen the external validity of the findings the research would have to be replicated in other MNCs implementing shared services. However, my findings are in line with the conclusions of recent researches analysing the impact the restructuring of global value chains (but more or less ignoring power and politics) has on labour (see Flecker, 2009; Flecker et al., 2013; Flecker and Meil, 2010; Huws, 2006; Ramioul and Van Hootegem, 2015). Despite the limitations, I would argue that the presented case study proved not only the validity but also the urgent timeliness of incorporating the issue of labour into frameworks focusing on power and politics in contemporary MNCs. I believe that this paper

has thus opened up a new direction for deepening the discussions about the role of power and politics in the current global economy.

References

Aneesh A (2006) *Virtual migration: the programming of globalization*. Durham: Duke University Press.

Barrientos S, Gereffi G and Rossi A (2010) Economic and Social Upgrading in Global Production Networks: Developing a Framework for Analysis. (Capturing the Gains Working Papers). Available at: http://www.capturingthegains.org/publications/workingpapers/wp_201003.htm (accessed 5 September 2016).

Barnes T, Das KSL, Pratap S (2016) Incorporating Labour Research into Studies of Global Value Chains: Lessons from India's Auto Industry. *Global Labour Journal*, 7(3): 240-256.

Baxter P and Jack S (2008) Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers. *The Qualitative Report* 13(4): 544–59.

Becker-Ritterspach F and Dörrenbächer C (2011) An Organizational Politics Perspective on Intra-firm Competition in Multinational Corporations. *Management International Review* 51(4): 533–59.

Bouquet C and Birkinshaw J (2008) Managing Power in the Multinational Corporation: How Low-Power Actors Gain Influence. *Journal of Management* 34(3): 477–508.

Braverman H (1998) *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*, 25th anniversary edn. New York: Monthly Review Press.

Clegg S (1989) *Frameworks of Power*. London ; Newbury Park: Sage Publications.

Coase RH (1937) The Nature of the Firm. *Economica* 4(16): 386–405.

Cumbers A, Nativel C and Routledge P (2008) Labour agency and union positionalities in global production networks. *Journal of Economic Geography* 8(3): 369–87.

Delloite Consulting LLP. 2015. *2015 Global Shared Services Survey. Executive Summary*. Available at: http://www2.deloitte.com/us/en/pages/operations/articles/2015-global-shared-services-survey0.html.

Dörrenbächer C and Geppert M (2006) Micro-politics and conflicts in multinational corporations: Current debates, re-framing, and contributions of this special issue. *Journal of International Management* 12(3): 251–65.

Dörrenbächer C and Geppert M (2012) Politics and Power in the Multinational Corporation: an Introduction. 1st paperback edn. In: Dörrenbächer C and Geppert M (eds) *Politics and power in the multinational corporation: the role of institutions, interests and identities.* Cambridge: Cambridge Univ. Press, 5–33.

Flecker J (2009) Outsourcing, Spatial Relocation and the Fragmentation of Employment. *Competition & Change* 13(3): 251–66.

Flecker J and Meil P (2010) Organisational restructuring and emerging service value chains: implications for work and employment. *Work, Employment & Society* 24(4): 680–698.

Flecker J, Haidinger B and Schönauer A (2013) Divide and Serve: The Labour Process in Service Value Chains and Networks. *Competition & Change* 17(1): 6–23.

Flick U (2007) *Designing Qualitative Research*. London: SAGE.

Flyvbjerg B (2006) Five Misunderstandings About Case-Study Research. *Qualitative Inquiry* 12(2): 219–245.

Geppert M and Dörrenbächer C (2014) Politics and Power within Multinational

Corporations: Mainstream Studies, Emerging Critical Approaches and Suggestions for Future Research: Politics and Power within MNCs. *International Journal of Management Reviews* 16(2): 226–44.

Geppert M and Williams K (2006) Global, national and local practices in multinational corporations: towards a sociopolitical framework. *The International Journal of Human Resource Management* 17(1): 49–69.

Gereffi G and Lee J (2016) Economic and Social Upgrading in Global Value Chains and Industrial Clusters: Why Governance Matters. *Journal of Business Ethics* 133(1): 25–38.

Gereffi G, Humphrey J and Sturgeon T (2005) The Governance of Global Value Chains. *Review of International Political Economy* 12(1): 78–104.

Giddens A (1984) The Constitution of Society: Outline of the Theory of Structuration. Cambridge: Polity Press.

Hammer N, Riisgard L (2015) Labour and segmentation in value chains. In: Newsome K, Taylor P, Bair J, Rainnie A (eds) *Putting labour in its place: labour process analysis and global value chains*. London ; New York, NY: Palgrave Macmillan, 83-99.

Howcroft D and Richardson H (2012) The back office goes global: exploring connections and contradictions in shared service centres. *Work, Employment & Society* 26(1): 111–127.

Huws U (ed.) (2006) The transformation of work in a global knowledge economy: towards a conceptual framework. Leuven: HIVA.

Kostova T, Roth K and Dacin MT (2008) Institutional Theory in the Study of Multinational Corporations: A Critique and New Directions. *Academy of Management Review* 33(4): 994–1006.

Kostova T, Nell PC and Hoenen AK (2016) Understanding Agency Problems in

Headquarters-Subsidiary Relationships in Multinational Corporations A Contextualized Model. *Journal of Management.* Epub ahead of print 2 May 2016. DOI: 10.1177/0149206316648383.

KPMG Institute. 2015. *The Stories behind the Numbers: Research on Shared Services and Outsourcing Trends and Developments in Central and Eastern Europe*. Available at: http://www.kpmg.com/NL/nl/IssuesAndInsights/ArticlesPublications/Documents/PDF/Advisory/The-stories-behind-the-numbers.pdf.

Kristensen PH and Zeitlin J (2001) The Making of a Global Firm: Local Pathways to Multinational Enterprise. In: Morgan G, Kristensen PH, and Whitley R (eds) *The Multinational Firm: Organizing across Institutional and National Divides*. Oxford ; New York: Oxford University Press, 172–95.

Kristensen PH and Zeitlin J (2005) *Local Players in Global Games: The Strategic Constitution of a Multinational Corporation*. Oxford ; New York: Oxford University Press.

Lakhani T, Kuruvilla S and Avgar A (2013) From the Firm to the Network: Global Value Chains and Employment Relations Theory. *British Journal of Industrial Relations* 51(3): 440–72.

Lubatkin M, Lane PJ, Collin S, Very P (2007) An embeddedness framing of governance and opportunism: towards a cross-nationally accommodating theory of agency. *Journal of Organizational Behavior* 28(1): 43–58.

Mayer F and Pickles J (2010) Re-embedding governance global apparel value chains and decent work. (Capturing the Gains Working Papers). Available at: http://www.capturingthegains.org/publications/workingpapers/wp_201001.htm (accessed 5 September 2016).

McGrath-Champ S, Rainnie A, Pickren G (2015) Global destruction networks, the labour process and employment relations. *Journal of Industrial Relations* 57(4): 624–640.

Milberg WS and Winkler D (2013) *Outsourcing economics: global value chains in capitalist development*. Cambridge ; New York: Cambridge University Press.

Morgan G (2001) The Multinational Firm: Organizing across Institutional and National Divides. In: Morgan G, Kristensen PH, and Whitley R (eds) *The Multinational Firm: Organizing across Institutional and National Divides*. Oxford ; New York: Oxford University Press, 1–24.

Morgan G and Kristensen PH (2006) The contested space of multinationals: Varieties of institutionalism, varieties of capitalism. *Human Relations* 59(11): 1467–90.

Munir KA (2014) A Loss of Power in Institutional Theory. *Journal of Management Inquiry*. Epub ahead of print 4 August 2014. DOI: 10.1177/1056492614545302.

Newsome K, Taylor P, Bair J, Rainnie A (2015) Introduction. In: Newsome K, Taylor P, Bair J, Rainnie A (eds) *Putting labour in its place: labour process analysis and global value chains*. London ; New York, NY: Palgrave Macmillan, 1–26.

Oliveira J and Clegg S (2015) Paradoxical puzzles of control and circuits of power. *Qualitative Research in Accounting & Management* 12(4): 425–451.

Ponte S and Sturgeon T (2014) Explaining Governance in Global Value Chains: A Modular Theory-Building Effort. *Review of International Political Economy* 21(1): 195–223.

Rainnie A, Herod A and McGrath-Champ S (2011) Review and Positions: Global Production Networks and Labour. *Competition & Change* 15(2): 155–69.

Ramioul M and Van Hootegem G (2015) Relocation, the restructuring of the labour and job quality. In: Drahokoupil J (ed.) *The outsourcing challenge: organizing workers across*

fragmented production networks. Brussels: ETUI, 91–115.

Richter PC and Brühl R (2017) Shared service center research: A review of the past, present, and future. *European Management Journal* 35(1): 26–38.Ponte S and Gibbon P (2005) Quality Standards, Conventions and the Governance of Global Value Chains. *Economy and Society* 34(1): 1–31.

Robinson PK and Rainbird H (2013) International Supply Chains and the Labour Process. *Competition & Change* 17(1): 91–107.

Roth K and Kostova T (2003) The Use of the Multinational Corporation as a Research Context. *Journal of Management* 29(6): 883–902.

Sydow J (1998) Unternehmung und Mitbestimmung im Wandel. Auf dem Weg zur Entbetrieblichung des Betriebs? In: Berthel J (ed.) *Unternehmen im Wandel: Konsequenzen für und Unterstützung durch die Personalwirtschaft*. München: Hampp, 137–44.

Taylor P and Bain P (2005) 'India calling to the far away towns': the call centre labour process and globalization. *Work, employment and society* 19(2): 261–282.

Thornton PH, Ocasio W and Lounsbury M (2012) *The Institutional Logics Perspective: A New Approach to Culture, Structure, and Process*. Oxford: Oxford University Press.

Upadhya C (2016) *Reengineering India: work, capital, and class in an offshore economy*. New Delhi, India: Oxford University Press.

Wiseman RM, Cuevas-Rodríguez G and Gomez-Mejia LR (2012) Towards a Social Theory of Agency. *Journal of Management Studies* 49(1): 202–22.

Yin RK (2003) *Case study research: design and methods*, 3rd edn. Los Angeles: SAGE.