MOBILISING THE SHARED SERVICE CENTRE IN A HIGHLY CENTRALISED POWER CONTEXT: AN INTERPRETIVE CASE STUDY OF A CHINESE STATE-OWNED ENTERPRISE

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LIST OF ABBREVIATIONS

SSC	Shared Service Centre
SOE	State-owned Enterprise Communist Party of China CPC
ZTE	Zhongxing Telecommunication Equipment
SASAC	The State-owned Assets Supervision and Administration Commission
Sinopec	China Petroleum and Chemical Corporation
IT	Information Technology
ANT	Actor-network Theory
HR	Human Resources
SASAC	State-owned Assets Supervision and Administration Commission
CPC	Communist Party of China
IIS	Integrated Information System
SSS	Self-Service System
SSO	Shared Service Operation System
SOM	Shared Operation Management System
ERP	Enterprise Resource Planning

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MENGGERAKKAN PUSAT PERKHIDMATAN KONGSI DALAM KONTEKS KUASA TERPUSAT TINGGI: KAJIAN KES INTERPRETIF SEBUAH PERUSAHAAN MILIK KERAJAAN CHINA

ABSTRAK

Tesis ini membentangkan kajian kes tafsiran Perusahaan Milik Negara (SOE) China iaitu Sinopec yang telah menggerakkan Pusat Perkhidmatan Kongsi (SSC) dengan mengatasi (menggunakan kaedah menolak secara senyap model SSC yang dikenakan oleh kerajaan China) tentangan terhadap perubahan. Berikutan pembaharuan perusahaan milik negara (SOE) China, yang diperkenalkan oleh Suruhanjaya Penyeliaan dan Pentadbiran Aset Milik Negara China (SASAC) pada 2013, China telah menyaksikan pertumbuhan SSC untuk meningkatkan kecekapan dan mewujudkan kecekapan berdaya saing melalui penjimatan kos dan penambahbaikan kualiti produk. Walau bagaimanapun, sebagai model pengurusan yang berasal dari Barat, amalan SSC dalam SOE telah mengalami rintangan terhadap perubahan, terutamanya disebabkan oleh pengaruh institusi China yang unik, budaya Confucian dan kerumitan SSC mengenai kejuruteraan semula proses. Itu menunjukkan bahawa pemahaman kita tentang mobilisasi SSC dalam konteks berpusatkan kuasa tinggi masih samar-samar. Oleh itu, cadangan ini berusaha untuk menjelaskan dan menganalisis proses mobilisasi dan evolusi SSC dalam konteks yang berpusatkan kuasa tinggi dan peranan serta interaksi pelakon khasnya (cth., setiausaha parti dan budaya Confucian) dalam proses ini dengan menggunakan konsep yang berakar umbi. dalam teori rangkaian aktor (ANT) dan menggunakan temu bual separa berstruktur, analisis dokumentari dan pemerhatian. Tesis ini mendedahkan bahawa mobilisasi berkesan SSC tidak mengikut proses linear berpandukan ‘faktor kejayaan kritikal’. Sebaliknya, ia memerlukan ‘spiral’ interaksi dan kompromi yang berterusan yang melibatkan pelakon manusia dan bukan manusia. Kuasa menyediakan pelakon teras, bertindak sebagai orkestra, dengan legitimasi dan formaliti, sekali gus mengurangkan rintangan dan halangan semasa proses terjemahan untuk mobilisasi SSC. Dapatan kanjian juga menunjukkan bahawa budaya Confucian secara aktif menyumbang kepada mobilisasi SSC dan

memudahkan interaksi di kalangan aktor yang pelbagai, membolehkan mereka meneruskan minat dan keperluan mereka sambil memberi tumpuan kepada kepentingan kolektif dan menunda kuasa aktor teras. Selain itu, tesis menunjukkan penyelidikan ini menganalisis proses melanjutkan prestasi perniagaan untuk merangkumi prestasi politik dalam SSC. Pelanjutan ini diperlukan oleh keperluan untuk menyesuaikan diri dengan landskap dasar kerajaan dan keutamaan negara yang berkembang. Adalah penting untuk mengakui bahawa penggabungan prestasi politik memperkenalkan dimensi baru konsensus dan kerjasama dalam proses mobilisasi SSC, sekaligus memperkenalkan cabaran pengurusan baharu dan keperluan untuk tindak balas strategik. Kajian ini memberikan pemahaman yang lebih luas tentang interaksi aktor heterogen untuk menggerakkan SSC dalam konteks yang dominan kuasa, khususnya, peranan yang dimainkan oleh kedua-dua aktor manusia dan bukan manusia. Tesis ini diakhiri dengan membincangkan implikasi dapatan penyelidikan dan menggariskan peluang untuk penyelidikan masa depan.

MOBILISING THE SHARED SERVICE CENTRE IN A HIGHLY CENTRALISED POWER CONTEXT: AN INTERPRETIVE CASE STUDY OF A CHINESE STATE-OWNED ENTERPRISE

ABSTRACT

This thesis presents an interpretive case study of a Chinese State-Owned Enterprise (SOE) namely Sinopec which has mobilised a Shared Service Centre (SSC) by overcoming the resistance to change (silently rejecting the SSC model imposed by the Chinese government). Following the reform of Chinese state-owned enterprises (SOEs), introduced by the Chinese State-owned Assets Supervision and Administration Commission (SASAC) in 2013, China has witnessed the mushrooming of SSC to improve efficiency and create competitive competency through cost savings and improved product quality. However, as a management model that originated in the West, the practice of SSC in SOEs has experienced resistance to change, mainly due to the influence of the unique Chinese institutions, Confucian culture and the complexity of SSC concerning process reengineering. Therefore, this study seeks to explain and analyse the process of SSC mobilisation and evolution in the highly power-centralised context and the roles and interactions of its special actors (e.g., party secretaries and Confucian culture) in this process by drawing on the concepts rooted in actor-network theory (ANT) and using semi-structured interviews, documentary analysis and observation. This thesis reveals that the effective mobilisation of SSC does not follow a linear process guided by 'critical success factors'. Instead, it entails a continuous 'spiral' of interactions and compromises involving both human and non-human actors. Power provides the core actor, acting as an orchestrator, with legitimacy and formality, thereby reducing resistance and obstacles during the translation process for SSC mobilisation. The findings of the thesis also indicate that Confucian culture actively contributes to the SSC mobilisation and facilitates interaction among diverse actors, allowing them to pursue their interests and requirements while focusing on the collective interests and deferring to the power of the core actor. Additionally, this study analyses the process of extending business performance to encompass political performance within SSC. This extension is necessitated by the need to adapt to the evolving landscape of

government policies and national priorities. It is important to acknowledge that the incorporation of political performance introduces a novel dimension of consensus and cooperation within the SSC mobilisation process, concurrently introducing new management challenges and the need for strategic responses. This study provides a broader understanding of the interactions of heterogeneous actors for mobilising SSC in a power-dominant context, in particular, the role played by both human and non-human actors. The thesis concludes by discussing the implications of the research findings and outlining potential avenues for future research.

CHAPTER 1

INTRODUCTION

1.1 Introduction of the Study

The globalisation of the economy has exposed many organisations to a changing and increasingly competitive market environment. Essentially, their focus is mainly centred on strengthening core activities by changing their organisational structures and ways of working to gain a competitive advantage (Sako, 2010; Schulz & Brenner, 2010). Resilient organisational structures, increased operational efficiency, and reduced cost are the desirable aims for an increasing number of modern organisations that many have achieved through shared service centre (SSC) (Teece, 2014; Paagman et al., 2015; Richter & Brühl, 2017). SSC is considered a business model which is based on the consolidation of internal service functions into a partly autonomous business unit and operates consolidated support activities, providing services to internal and external clients (Bergeron, 2003; Schulz & Brenner, 2010; Seal & Herbert, 2013). The main goals for implementing SSC include enhancing business effectiveness, creating business value, reducing costs, and improving service quality (Bergeron, 2003). Given the increasing focus on innovation, cost reduction and efficiency enhancement, a growing number of organisations have started to shift to SSC (Harritz, 2016; Richter & Brühl, 2017). Most multinational companies, e.g., Ford, Motorola and Huawei, have already used this approach or will start implementing in the future (Bangemann, 2016). Managers in large multinationals and public sectors are using SSC as a way of improving organisational performance (Wagner, 2006; Zhao et al., 2022).

The SSC concept originated in the United States in the 1980s and practiced in Europe in the 1990s (Justine & Pierre, 2012). It involves centralising financial operations in one unit by integrating core elements such as people, processes and technology in one or more locations to achieve economies of scale and scope. In other words, SSC represents a reorientation inside the organisation from departments to functions and from jobs to roles; specifically, similar tasks within the organisation are identified, standardised, and brought together in centres dedicated to back-office activities (Howcroft & Richardson, 2012). The functions that are usually included in SSC are some support activities such as finance and accounting (Waterhouse, 1997; Bangemann, 2005), payroll (Keith & Hirschfield, 1996), information technology (Casiraya, 2001) and human resource management (Lawler & Mohrman, 2003; Reilly & Williams, 2003). It aims to reduce costs, improve service quality and efficiency, promote core business development, and integrate resources to achieve strategic support, to achieve long-term sustainable development of the organisation (Schulman et al., 1999; Zhang & Chen, 2010; Herbert & Seal, 2012).

As a management accounting information platform, SSC collects decision support information (e.g., cost information and performance data) and optimises management accounting processes to enhance resource utilisation, financial transparency, and data-driven decision-making capabilities (Seal & Herbert, 2013). The centralisation of management accounting tools (such as, the Balanced Scorecard and Cost-Volume-Profit Analysis) and the integration of information systems enable SSC to effectively manage and analyse data, providing decision support to enhance the organisation's insight into internal operations and external market changes (Schulz & Brenner, 2010; Zhao et al., 2022). This helps organisations provide centralised support and improve the quality of business decisions to better adapt to changing market environments (Richter & Brühl, 2017).

Hence, the mobilisation of SSC is regarded as an organisational change aimed at integrating service functions (such as, accounting and HR) and process reengineering, achieving greater efficiency and profitability at reduced costs, providing decision-making support through integration of information systems, and realising process standardisation and lean practices within the organisation (Fahy, 2005; Richter & Brühl, 2017; Wei & Chen, 2021). It is not uncommon to see average cost savings of 25-30% following the adoption of the SSC (Quinn et al., 2000). Unsurprisingly, SSC is being adopted by an increasing number of companies, particularly large multinational groups, with over 75% of Fortune 500 companies having established SSC (Richter & Brühl, 2017). Ford established the world's first SSC in the 1980s. The original intention was to realise the centralised processing of some basic financial work through the SSC to reduce the cost of human resources and improve financial efficiency. Following Ford, more multinational organisations have begun to realise the advantages of the SSC and to experiment, such as DuPont, Mobil, and Shell (Richter & Brühl, 2021).

In China, the redundant organisational structure, changing managerial needs, diverse business scenarios, and complex information transfer have become a 'unbearable burden' for the accounting departments of Chinese state-owned enterprises (SOEs) (Xu, 2020). Thus, SOEs are expected to mobilise SSCs to improve management and operational efficiency, reduce financial risks, promote organisational performance, and combat corruption by the Chinese government (SASAC, 2020). However, the introduction and mobilisation of SSC needed to match the management model established in Chinese SOEs that relied on the strict management systems of power[1] (for example, concentration of power, conservative culture and policy interventions) (Yu, 2019). During the introduction and mobilisation of SSC, SOEs accustomed to centralised power management often maintain or repeat previous experiences, actions or patterns, demonstrating a reliance on prior approaches, systems and management tools (such as, the traditional financial management model) (Leutert, 2016; Yu, 2019).

In view of the above, this study will examine a SOE in a highly centralised power

[1] This study draws on the concept of power in institutional theory (Yang & Modell, 2012; Lawrence & Buchanan, 2017), defined power as the constraining effects of extant institutional arrangements as these frame actors' beliefs and behaviour in a particular field. This form of power is often, though not necessarily, of an unobtrusive nature and is played out as actors comply with habitualised norms and practices.

context that has recently introduced an SSC model by analysing the roles and interactions of heterogeneous actors. And this study highlights how SSC, which has become popular in Chinese SOEs in recent years, was introduced and mobilised, in the hope of contributing to a more effective SSC mobilisation in Chinese SOEs.

1.2 Motivation of the Study

The motivation to conduct this study is due to a recent SSC mobilisation initiative undertaken by a SOE in China which led by Chinese government and had been prevalent. SSC represents a strategic initiative aimed at improving operational efficiency and cost-effectiveness through centralized service delivery. By improving operational efficiency and reducing costs, SSC can enhance the performance of SOEs in a highly competitive business landscape.

Furthermore, this study is driven by recent literature on organisational change, which highlights the unique environment of Chinese SOEs characterised by strong centralisation and government influence. Highly centralised power structures present unique challenges for the implementation and operation of SSC. These challenges may include resistance to change, bureaucratic hurdles, and the need to navigate complex political dynamics. Investigating how SSC mobilization navigates these challenges sheds light on effective change management strategies in centralised organisational contexts and is crucial for comprehending the dynamics of organisational change and innovation in these settings.

1.3 Research Background and Issues of the Study

1.3.1 Research Background

With the globalisation of the economy and the rapid development of information technology, today's organisations are experiencing accelerated growth and expansion. The increasing size of organisations and the growing number of branches have led to problems such as increased costs, difficulty in control, financial and operational risks, challenges to shareholders' right to information, and inefficient financial decision-making (He, 2013; Richter & Brühl, 2017). Under the influence of external challenges characterized by rapid changes in the business environment, these internal 'diseases' seriously restrict performance and organisational development (He & Zhou, 2013). Hence, some large multinational organisations began to vigorously promote administrative reform, innovation, and process reengineering by establishing SSC (Davenport et al., 2004; Zhao et al., 2022), which has been widely adopted by companies as a way to better support processes and reduce costs concomitantly (Janssen & Joha, 2006; Richter & Brühl, 2021).

Although cost savings were the original purpose for the mobilisation of SSCs, they are only a short-term goal of the SSC model (Janssen & Joha, 2006; Fielt et al., 2014). The SSC model has changed the way information is accessed and managed within organisations, and these changes have, in turn, contributed to the evolution of the SSC function. It has evolved from initial cost savings to process reengineering and standardization, the integration of non-core services to improve internal resource allocation, and ultimately, to support the shaping and execution of corporate strategy (Wei & Chen, 2020). As a result, the number and size of SSCs have been steadily increasing since the 1980s. According to estimates, the majority of large Western corporations currently have SSCs for all their back-office operations (Helbing et al., 2013). Many success stories of SSC deployments in large multinational companies and their associated potential advantages have been published (e.g., General Electric and Digital Equipment Corporation) (Lacity & Fox, 2008; Richter & Brühl, 2017).

In this context, the business and branches of large multinational organisations have expanded in China since the implementation of a policy named 'Reform and Opening'[2] by the Chinese government, and their advanced management model has also been brought to China. Inevitably, SSC was introduced in China along with the outsourcing of foreign consulting companies and multinational organisations. As shown in Table 1.1, SSC was widely adopted by large multinational and privately owned enterprises in China from the 1990s but was not introduced and implemented by SOEs until 2013 (Huang et al., 2014).

[2] This policy includes 'reform' and 'opening' (Sun & Jiang, 2008). 'Reform' refers to the internal reform of the economic system - transforming the planned financial system into the market economic system. Enterprises, especially SOEs, were given more autonomy in their management to achieve the 'two separations' - the separation of political controlling and enterprise management, and the separation of ownership and control rights. 'Opening' means attracting foreign investment to China to set up enterprises, introduce equipment and technology, open the market and participate in international competition. This marked the start of the Chinese shift from central planning to major market change.

Table 1.1 Some leading companies' SSC practices in China

Company name	Brief description of SSC
Motorola	Establishment of Asian Financial Settlement Centre in Tianjin in 1999 Renamed Motorola Global SSC in 2006
Accenture	Establishment of Asia Pacific SSC in Shanghai in 2003
Hewlett-Packard	Establishment of SSC in Dalian in 2004
ZTE	The first SSC in China was successfully established in 2005
Sino-British Life Insurance	The first SSC in the foreign insurance industry was established in China in 2006
Pfizer	Establishment of the global SSC in Dalian for Asia Pacific in 2007
Adidas	The Asia Pacific SSC was established in Dalian in 2012
Sinopec	The first SSC was launched in 2013 in Chinese SOEs
China Railway Construction Group	The SSC launched based on the Cloud Services in 2013

From 2012, the Chinese government's SOE reform began to enter the stage of comprehensive deepening of reform, aiming to strengthen and optimise state-owned capital, and foster world-class enterprises with global competitiveness. The Third Plenary Session of the 18th Central Committee of the Chinese Communist Party adopted the 'Decision of the Central Committee of the Communist Party of China on Several Major Issues of Comprehensively Deepening Reform', which listed the reform of SOEs as a critical reform and emphasised the need to manage capital to strengthen the supervision of state-owned assets (Chinese Development and Reform Commission, 2012). The Chinese government expected to enhance the competitiveness of SOEs through the deepening of SOEs' reform, strengthen the supervision of state assets and achieve a shift from 'enterprise-oriented management' to 'capital-oriented management' (Li, 2014, Zhou et al., 2019). Nevertheless, the government discovered that the SOEs have some common problems in the reform, such as high costs, a lack of strategic direction, low productivity, trouble in management and control, low efficiency of business decision-making, and poor performance (Wu & Zhang, 2014). The success of SSC in privately owned Chinese enterprises had attracted the government's attention, and it hoped SSC would be an effective tool to solve the problems of SOE reform (He, 2010; Zhou et al., 2019). Hence, The next section describes the characteristics of SOEs in the Chinese socialist system and how they differ from private firms.

1.3.2 SOEs in the Chinese Socialist Context: A Highly Centralised Power Context

Chinese government manages the world's largest state asset systems, which are both the economic and political bases of the Communist Party of China (CPC) and the Chinese state (Jin et al., 2022). In the centralised context of socialism, Chinese SOEs embody the coexistence of corporate and political governance in their control and operations (Wang, 2014). Specifically, unlike the objective of governance to maximize shareholder wealth in privately-owned firms, the objective function of SOEs is to maximize social welfare. Political governance attends to this unique objective of state-owned firms. It is a CPC-dominated system that is integrated into the governance framework of SOEs and typified by Party leadership. It is used to set political, social, and economic goals as well as the methods by which they are implemented and the related oversight procedures (Yu, 2019; Jin et al., 2022). Thus, while Chinese SOEs are organised as firms, with all or most of the attributes of corporate governance, they are controlled by the CPC mainly through political governance (Wang, 2014; Jiang & Kim, 2020).

An important feature of the political governance of Chinese SOEs is that Party committees form the core of SOEs' leadership. As the political core of SOEs, Party committees ensure the execution of Party or government policies in SOEs[3]. General managers (factory directors), who assume overall responsibility for the operations of SOEs, follow the directives of the Party committees (Jin et al., 2022). To strengthen Party leadership, cross-appointment and two-way entry systems[4] were implemented in SOEs . Notably, the chairman of the board of directors also serves as the secretary of the Party committee in this structure. Members of the party committee may hold positions in the senior management group, the board of supervisors, and the board of directors. Conversely, members of the Party's top management group, board of supervisors, and board of directors may also participate in the Party committee. The integration of corporate and political control enables Party members to engage in the decision-making process. Furthermore, for 'three-important and one-large'[5]

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[3] According to the Article 2 of the Working Rules of the Communist Party of China (CCCPC, 2015/2019), Party organisations are the leadership institutions established by the Party at central and local state organs, people's organizations, economic organizations, cultural organizations, social organizations, and other organisations. The Party organisations play leadership role in their organisations. According to the Article 32 of the Working Rules of the Communist Party of China (CCCPC, 2015/2019), the Party committees are the leadership institutions established by the Party at the subordinate state department. The Party committees play leadership role in their departments. Therefore, both Party organisations and Party committees are leadership institutions within their organisations or departments.

[4] As stipulated in 'Opinions on Strengthening and Improving the Party-Building Work of Central State-Owned Enterprises' (CCCPC and State Council, 2004).

[5] It refers to decisions on 'important issues' on the appointment and dismissal of 'important cadres' investment in

decisions, a group discussion system is employed, in which the Party committee, the board of directors, and the management team collaboratively discuss and decide on such matters.

Therefore, the political governance of Chinese SOEs led the highly-centralised power context. It refers to an organisational setting where decision-making authority and control are concentrated at the upper echelons of the organisational hierarchy. This centralized structure often results in a top-down approach to management, where key decisions are made by senior party officials or government representatives and then implemented throughout the organisation. Lower-level employees and departments may have limited autonomy and discretion, with most directives coming from higher authorities. Additionally, the close alignment between SOEs and the government further reinforces this centralised power structure, as government policies and directives heavily influence the operations and strategic direction of these enterprises.

This CPC and government's political governance has resulted in Chinese SOEs being burdened with multiple performance objectives in this highly-centralised power context (Li et al., 2006). They include strategic planning for national economic development, macroeconomic regulation, employment, and social stability, which Lin and Li (2004) refer to as political burdens. Under Chinese

'important projects' and the use of large amounts of funds (General Office of CCCPC and General Office of State Council, 2010).

government-appointed selection and dismissal institutions, the presence of political burdens has shifted the objectives of SOEs' managers from profit maximisation to a multiplicity of performance objectives. In addition to business performance, political performance[6] (such as, party building, implementation of government macro strategies and policies, maintaining social stability and safeguarding employment) has also become an important indicator of SOE's development (Rai, 2015; Lu & Zhu, 2020). The State-owned Assets Supervision and Administration Commission (SASAC) measures the political performance of SOEs in China by constructing a performance appraisal system and relies on the results as criteria for awarding and promoting managers of SOEs (Jin et al., 2022).

The results of such assessment containing political performance are important bargaining chips for managers of Chinese SOEs to win the promotion tournament[7] (Zhou, 2007). As Wang (2001) points out, designing the incentive rules for managers of SOEs mainly by administrative organisations inevitably tilts the content and evaluation towards political performance. The performance evaluation and incentive mechanism of SOEs are fundamentally 'political' rather than 'economic', and managers are often rewarded for their abilities by becoming higher-ranking officials rather than being offered financial rewards (Zhao, 2005). This has led managers of SOEs to focus more on political performance than on business performance within

[6] According to Rai (2015), in this study, political performance is defined as the record of results of the political burdens of an organisation and the political achievements of its managers during a certain period.
[7] It refers to a competitive process or event where managers or officials compete for job promotions or career advancement opportunities. It involves a series of assessments, evaluations, or competitions to determine who will be promoted to higher positions within an organization based on their performance and qualifications.

the organisations.

Furthermore, Chinese SOEs are characterised by their political culture and power orientation (Wang, 2014; Lin et al., 2020). Historically, China developed a power-oriented bureaucratic political system to coordinate and maintain social stability in response to the realities of a decentralised small-scale agricultural economy. This system was guided by the Confucian cultural values, which continue to influence Chinese society until now (Li et al., 2020). In contrast to private enterprises, SOEs, deeply embedded in the centralised political governance, have a stronger adherence to traditional Chinese culture, particularly Confucianism (Li & Belal, 2018).

The Confucian concept of 'hierarchy' significantly influences SOEs, which exhibit a much greater degree of collectivism and power centralisation compared to private businesses. This characteristic makes SOEs a microcosm of the centralised political context (Rai, 2015; Jin et al., 2022). The prevalence of the cadre organisation, rule of mandates system, and the supervision mechanism of political governance within SOEs are unique responses influenced by Confucian culture in the context of centralised governance (Wu & Yang, 2017).

Influenced by Confucian culture, Chinese SOEs are not just bureaucratic entities but are also akin to a 'big family' with senior managers as 'patriarchs' (Yang & Zhou, 1999). The principles of Chinese SOE managers are deeply rooted in Confucianism, which is evident in their managment strategy choices (Liu, 2003; Jin et al., 2022). Managers often tend to embrace core Confucian values such as loyalty, filial piety, integrity, and humility to guide their management style and decisions. This is manifested in SOEs' emphasis on stability and sustainability rather than extreme risk-taking. They are inclined to adhere to traditional business ethics while also prioritizing social responsibility and national policies (Child & Warner, 2003). However, the Confucian culture, emphasising values of stability, order, and authority, has led to issues of high costs, low efficiency, resistance to change, and corruption within SOEs (Wu & Yang, 2017). Effectively addressing these problems has served as the motivation for the introduction of SSC in Chinese SOEs.

1.3.3 SSC in Chinese SOEs

The high cost, inefficiency and service quality of SOEs in China became a national issue and received attention from the Chinese government (SASAC, 2013). The emergence of SSC has provided a new way for Chinese SOEs to break away from the inefficient and costly traditional management model. The success of ZTE's SSC, however, has led Chinese SOEs to refer to the protocols and methods established by ZTE, to streamline processes, to optimise the supply situation and market demand forecasts, to improve internal information communication, to integrate information quickly and within a controlled range, and to invest more resources in financial operations (Zhang, 2015). For example, the Ping An Group of China, after the establishment of SSC, has improved the cooperation of employees within the company and has been able to effectively expand its insurance business, while achieving a reduction in financial costs and optimising the reimbursement process (Wei, 2020).

As described in Section 1.1, the goal of introducing SSCs is to build a management accounting information platform in SOEs to centralise resources and businesses, optimise business processes, improve organisational management capabilities, reduce costs, promote organisational performance, and fully release organisational vitality to build a management accounting plat (SASAC, 2013). Through the introduction of this advanced Western management model, the business processes and management practices in organisations under public ownership have been reengineered or optimised and tried to improve the business performance of the SOEs (Meng, 2013). Surprisingly, the mobilisation of SSC in Chinese SOEs has not only improved the business performance of SOEs by increasing efficiency and reducing costs; it has also enhanced the political performance of SOEs. For example, the upgrading and development of information technology and system during the mobilisation of SSC in Sinopec has contributed to the party building (an important part of the political performance) management system, which is named the 'three accounts' and 'three lists' system upgrading and promotion in SOEs (Sinopec, 2019).

Therefore, in order to comprehend how SSC was mobilised in a centralised power context and how the SSC functions/roles expanded throughout this process, this study examines a major Chinese SOE, Sinopec. The following provides brief backgrounds of Sinopec and its SSC program.

1.4 Backgrounds of Sinopec and its SSC programme

The predecessor of Sinopec was the China Petrochemical Corporation, which was established in July 1983. In August 2008, the company was restructured into China Petrochemical Corporation Limited. The company is a super-large petroleum and petrochemical enterprise group, headquartered in Beijing, with global business covering more than 70 companies and regions, setting up 322 overseas offices in 51 countries and employing more than 51,000 overseas employees. At present, Sinopec is the largest supplier of refined oil and petrochemical products in China, the second largest oil and gas producer in China, the world's largest refining company and the second largest chemical company. The total number of gas stations ranks second in the world and the second among Fortune's top 500 enterprises in 2020 (Fortune, 2020).

As indicated above, the Chinese government called on SOEs to improve organisational performance and service quality, reduce management costs and support the realisation of the goals of SOE reform by introducing advanced management models and strengthening their business processes and practices. As a SOE that bears the backbone of the country’s economy, Sinopec responded to the government's call by building its own SSC. Sinopec replaces manual operation with system automation to liberate staff from basic accounting work and avoid ‘human concentration’ in traditional sharing mode and eliminate the ‘efficiency disadvantage’. On this basis, the original flat management mode is changed to realise the division of process and management positions, so as to improve service quality and operational efficiency. And the advanced management information system of SSC was also utilised to effectively protect and control the COVID-19 outbreak within Sinopec (e.g., trending statistics, sending relevant information and sharing real-time dynamics), thus achieving the goal of no infection within the organisation. Therefore, in the assessment results of the two key tasks of party building and operation of central enterprises announced by the SASAC of the State Council in 2020, Sinopec received A grades in both the party building assessment and the business performance assessment of central enterprises for the first time since its establishment (SASAC, 2020), and it was in this previous year that Sinopec SSC was officially put into operation. It can be seen that SSC has improved Sinopec’s business performance as well as its political performance and has received government praise.

Sinopec has implemented three of the four phases of its SSC program. Sinopec completed its first phase of mobilisation after launching in 2014, and its fourth phase is still ongoing, with plans to complete all phases by 2030. In phase I, Sinopec introduced various initiatives that involved modifying basic and core business processes, the core of which was the centralisation of financial and accounting work. This stage provides support for the financial activities of enterprises, and its modules mainly focus on the improvement of the efficiency of financial activities, the rapid growth of business capacity level and the arrangement of capital operation. Meanwhile, in phase II, the SSC realised the centralised recording and processing of transactions within the organisation, master the transaction data and information within the organisation from the source, and began to explore the added value. By breaking down the barriers between business and accounting, sharing platforms support shared services for asset management, engineering subcontracting, contract management, and other related business areas. This phase also involved the introduction and analysis of human resources and business data. Therefore, The second stage was considered critical for the mobilisation of the SSC plan in Sinopec and served as the foundation for phase III, the data integration stage. Information integration was particularly crucial for a data platform supporting management decisions and the realisation of organisational value. The mobilisation of SSC at Sinopec seems to have reduced operating costs and contributed to efficiency gains, with the aim of facilitating and encouraging more effective changes to enhance organisational performance and strengthen government oversight and regulation for SOEs.

However, SSC encountered resistance to change during the initial three phases of its mobilisation within Sinopec. Sinopec's managers believed that they required a management model that could enhance both business and political performance, rather than solely a commercial management model like SSC. Furthermore, for the employees, the introduction of SSC demanded an investment in acquiring new knowledge and skills. This involved not only time and effort but also a shift from the working methods cultivated by the old management model. For instance, prior to the introduction of SSC, Sinopec primarily sought financial staff proficient in accounting theory and techniques. These requirements significantly contrasted with SSC's demand for staff to focus on financial analysis, risk management, financial budgeting, and decision support (Richter & Brühl, 2017). To minimize disruptions during this transition, nearly all accounting employees in Sinopec's SSC were transferred from various branches within the Group, with few professionals suitable for SSC brought in through external recruitment. Only 30% possessed knowledge and experience in finance and accounting, leading to deficiencies in business acumen, hindering the effective implementation of financial analysis in SSC and impeding the adoption of SSC (Wu, 2019).

Furthermore, SSC continued to utilise Western management methods for performance management, concentrating primarily on business performance. This approach overlooked political performance evaluation, resulting in the absence of performance management for certain specific positions in Chinese SOEs, such as party secretaries. However, after political performance was incorporated into Sinopec's SSC, this politically influenced appraisal compromised the SSC's functionality, diminishing the transparency and objectivity of performance assessment and incentives. Due to the mandatory introduction by the Chinese government, a silent resistance (a negative attitude toward the introduction and mobilisation of SSC) was prevalent. Consequently, addressing how to overcome resistance to change becomes a critical practical challenge for Sinopec. This challenge might elucidate why it took Sinopec a significant amount of time (16 years) to complete the introduction and mobilisation of SSC.

1.5 Problem Statement

In today's volatile and uncertain business environment, organisations face constant challenges in innovating products and services for their customers, improving business processes, and reducing operational costs. These challenges are amplified by events like the global financial crisis. Managers in large public sector organisations (e.g., Borman, 2008; Richter & Brühl, 2017) and private sector organisations (e.g., Wagenaar, 2006; Zhao et al., 2022) have increasingly turned to SSC to support their core business operations. The growing popularity of SSC has drawn significant attention and interest from researchers worldwide (Hoskisson, 1993; Amiruddin et al., 2013; Herbert & Seal, 2012, 2013; Heggdal & Thorbjørnsen, 2017). However, prior research has predominantly focused on the motives and challenges of implementing SSC (Goh et al., 2007; Aksin & Masini, 2008; Joha & Janssen, 2010; Herbert & Seal, 2012; Richter & Brühl, 2017). It's crucial to comprehend how SSC evolves within enterprises in specific contexts (e.g., a highly centralised political and power system) to overcome resistance to change and evaluate SSC's impact on organisational performance, particularly the political performance. This understanding is vital to support the rapid development and dissemination of SSC and to assess the efficiency and quality of services that contribute to successful SSC mobilisation.

Organisations introduce new management models, such as SSC, into practice by weighing how to mobilise them. In the worst-case scenario, the organisation may replicate the entire management model exactly (Morris & Lancaster, 2006). However, businesses seldom copy new management models entirely in practice (Doorewaard & van Bijsterveld, 2001). Instead, organisations adopt new management models to suit their particular conditions (Lervik & Lunnan,2004; Sturdy, 2004). That means the introduction and mobilisation of SSC in Chinese SOEs need to be adapted to SOEs' highly centralised power context.

At this point, the emphasis on power under centralised management, complex structural systems and a conservative culture become barriers to introducing and mobilising SSC, which can lead to a critical problem - the 'resistance to change'. The resistance to change refers to the reluctance or opposition exhibited by individuals or groups when they are confronted with shifts in existing practices, processes, or organisational managment modes (Thomas et al., 2011; Dai & Zhi, 2015). Resistance to change is commonly perceived as a negative reaction to organisational change (the mobilisation of SSC) (Oreg, 2003).

Resistance in this context refers to the passive or covert opposition by employees and management to the SSC mobilisation. These oppositions can be overt or covert and may manifest in various ways, including: (1) passive resistance: This includes behaviors such as reduced cooperation, delays in meeting deadlines, and minimal compliance with new procedures. Employees may appear to agree with changes on the surface but fail to fully engage or follow through with new processes; (2) active resistance: This involves explicit actions against the change, such as vocal opposition, refusal to adopt new practices, and efforts to undermine the SSC implementation; (3) emotional resistance: Employees may experience fear, anxiety, or resentment towards the change, which can negatively impact their motivation and productivity; (4) cognitive resistance: This includes skepticism or disagreement with the rationale behind the change, leading to a lack of belief in its benefits and potential success.

As Piderit (2000) argues resistance can be multidimensional, involving cognitive (belief-based), emotional (affect-based), and behavioral (action-based) responses that can hinder change initiatives. Therefore, if Chinese SOEs failed to overcome the resistance to change when mobilising SSC may lead to thwart change efforts, causing them to fail or not deliver the expected benefits. This can be costly in terms of both time and resources.

The process of organisational change (the mobilisation of SSC) is often viewed as a linear progression, in which the actors involved unknowingly adhere to the system's rules, leading them to align with the system itself (Quattrone & Hopper, 2001; Berry et al., 2009). However, the mobilisation of SSC is not merely the introduction of a model or the acquisition of a tool. It profoundly influences the organisation’s existing rules and practices, altering the interests of various actors within the organisation. Consequently, it also transforms the attitudes of relevant interest groups toward new management models or tools (Richter & Brühl, 2017; Zhao et al., 2022). Differences in institutional contexts significantly impact the willingness, form, and motivation of stakeholders to engage in these changes (Dai & Zhi, 2015). As a result, the introduction and mobilisation of SSC represent a change process primarily driven by various actors. There is a pressing need to unpack the ‘black box’ of resistance to change during the mobilisation of SSC to explore how Chinese SOEs surmount this resistance. This involves studying the interactions and transformations occurring among the different actors within the organisation. Addressing these aspects will help bridge gaps in the existing literature and provide insights to enhance the mobilisation of SSC in the public sector.

Hence, in the context of different political systems and cultures, the SSC is inevitably shaped by local systems and cultures in the process of introduction and localisation. The mobilisation of the SSC in Chinese SOEs is not just a simple tool introduction, but it affects the original rules and practices of the organisation, changes the interests of various actors within the organisation, and then changes the attitude of relevant interest groups toward the new management accounting method. Institutional background and traditional culture have an important impact on the willingness, form and motivation of actors and actants to participate in reform. As can be seen, how SOEs overcome the resistance to change in this context and how the introduced management model (SSC) evolves within the organisation are issues to be studied in depth. Hence, a study investigating the application and development of the SSC in a cultural and political environment that is markedly different from the western business environment may have some interesting and useful implications for the promotion of the SSC on a global scale.

1.6 Research Objectives and Research Questions

As briefly outlined in the previous section, this study has interpretive objectives that are relevant to the empirical setting of a Chinese SOE case study. These objectives are closely related to the empirical setting and have a substantial theoretical component. To be precise, this study aims to provide an understanding of how a Chinese SOE can overcome the resistance to change to mobilise SSC in a highly