



SHARED SERVICES

ISSUE 16

Socio-Political Considerations – Governments And Data Privacy Differences

| KAREN BEAMAN

Governmental Issues in Shared Services

All businesses operate in a political and legal framework defined by national and local governments. Companies operate more effectively when they understand the political context and have effective government liaison strategies in place. Governments affect economic cycles, control interest rates, regulate investment, write labor, environmental and anti-trust laws, and interpret regulations. Businesses must deal with governments to get licenses, permits, etc., to demonstrate compliance with legal obligations, to pay taxes, to file financial records, and to conduct many other kinds of transactions. Even creating the business itself requires governmental recognition and approval through the act of incorporation. In global operations, all of this interaction with government is multiplied by the number of countries the company operates in. Each country has its own political process and structure, its own electoral cycles, its own legal system. How will a global operation respond to these many different governmental demands?

Each local operation needs local expertise in obtaining permits and approvals, clearing regulatory hurdles, understanding how to deal with local officials and how to work within the political process. Depending on the type of function to be allocated to the Shared Service Center (SSC), different national legal regimes may impact operations and site selection. For example, data warehousing may need to respond to local privacy laws, financial transactions may be subject to fees like stamp duty and arms-length pricing rules, recruitment and hiring operations may be subject to diversity/anti-discrimination regulations, lobbying and negotiating with government officials may be subject to different practices, customs, and legal standards, etc.

Some strategies for dealing with different governmental concerns in a Global SSC environment include:

- Consider governmental issues in the site selection process and how supportive the government is toward foreign investments.
- Consult with local business partners to understand the impact of different national governments and policies on daily business operations.

Data Privacy Differences

With increasing global mobility and ever expanding Internet access, data protection and privacy issues loom paramount. Data privacy regulations vary widely across the world from ad hoc in the U.S. to highly restrictive in countries like Germany. The European Union Data Privacy Directive has been the model for many other countries, such as Canada and Australia. Varying approaches must be dealt with, and the challenge increases geometrically country by country.

At issue is the ever-present cultural divide between two opposing philosophical views on privacy: the view from Europe and other major regions of the world that privacy is an inherent human right, much as the right to freedom of speech, and so should be protected by the government; and, the view from U.S. that privacy is largely a commercial and economic concern and so should be protected by enterprises in a responsible way. Global operations need to understand these issues and take the requirements of the individual countries into consideration.

Global SSC operations need access to employee information no matter where the caller is calling from or where the representative happens to be located. Follow-the-sun call routing, where calls may be answered from any one of the four corners of the world at any time, necessitate the implementation of a comprehensive, global data protection and privacy strategy.

Some strategies for dealing with data protection and data privacy issues in a Global Shared Services environment include:

- Establish an enterprise-wide Global Data Privacy Policy for the organization that governs both individual and global data access and transfer operations.
- Ensure that Global SSC representatives understand and comply with all aspects of the policy.

Jeitosa has considerable experience helping companies deploy and optimize their global shared services operations. Future newsletter articles will share more of our experiences and insights in this critical area of efficiency and effectiveness.

About the Author: *Karen Beaman is Senior Global Advisor, Chief Executive Officer, and the Founder of Jeitosa Group International. She has 25 years of experience in human resources from building strategies, designing systems, and deploying technology for both global and domestic organizations. She can be reached at karen.beaman@jeitosa.com.*