

ROLE OF HUMAN LABOR IN THE DEVELOPMENT OF HUNGARIAN SHARED SERVICE SEGMENT

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Abstract

With its 35.000 employees, the Hungarian shared service segment counts as the most significant in the number of employees if we correlate it with the proportion of national population among the Central-Eastern European (CEE) countries. Without this correlation, it is also the second largest in the CEE region. The shared service segment has one of the fastest progresses in the national economies in this region. In addition the shared service segment as the whole business service sector depends on the human labor the most. Albeit the whole business service sector leans on the advanced IT solutions but until today one of the most important decision-making viewpoints about investment is the quantity, quality and cost of human resources at a certain location. Not only has the development of the sector, but as a matter of fact the existence of it also depends on the human factor. This research study comes round the importance of it in general and focusing on Hungary as well. Nowadays there are major challenges in the shared service segment like process automation, service delivery moving up in the value-chain, bad perception and brand consciousness of shared service centers, shortage of appropriate human labor due to demographic factors or migration/commuting to Western-European countries. The study gives a scientific overview about these processes and conceives suggestions about dealing these challenges in Hungary. Nowadays the human labor counts the biggest bottleneck for the development of the shared service segment.

Key words: employees, human labor, business services, motivation, human resource development, shared services, SSC.

Classification JEL: M12 – Personnel Management.

1. Introduction

In recent decades, the service orientation is a major global trend of the world economy (*Király, 2011*). The service orientation means on the one hand the narrowing of the productive sector at the macroeconomic level, on the other hand, constantly growing proportion of the services, especially business services in the European economy. These two trends are of course closely connected with each other. As the increasing specialization of knowledge-based services, and expanding of the scale of human capital, using cost-effectiveness for women and outsourced services, so as increasing tertiarization of the productive processes (*Drótos, 2000; Marciniak, 2014*).

Globally, there is a continually growing in the weight of services in terms of the number of employees and their share of the gross national product. Nowadays, in the developed market economies, including most of the European Union countries, the service sector has 60–80% ratio in the GDP and about the same proportion of employment (*Palócz, et al., 2004; Molnár, 2009*). With this current trend the sector could reach the developed country level, which is 80–90% of GDP within a short period (*Koncz, 2010*). In recent years, more than 50% of the newly established graduate jobs were created in the service sector (*Tóth, 2012*). In the last decades, the business services were reported the fastest growing areas of activity in the European economy (*Rubalcaba & Kox, 2007*).

Groupings of service organizations are usually created according to the grouping of the best-known typology of Schmenner (1986), who differentiated based on the nature of the service process and used two dimensions (labor intensity and interaction and customization). The labor intensity means how much dominant is the asset or human factor used in the service delivery. The customization means the level of customer interaction.

Table 1. Typology of service (Schmenner, R. W. 1986. How can service businesses survive and prosper. Sloan Management Review, 27(3): 21–32)

Service factory	Service shop	Mass service	Professional service
Low labor intensity, and low level of customization (e.g. fast-food restaurants, hotels, etc.).	More interaction between the provider and the recipient of the service, more consumer customization, higher labor intensity (e.g. hospital).	High labor intensity, low customization and interaction (e.g. education, trade and banking services, etc.).	High labor intensity and client customization, multiple interaction (e.g. Business consulting, auditing, etc.).

It is difficult to analyze the productivity of services because the precise definition and measurement of input and output can often encounter problems (Heidrich, 2006). But sometimes it is difficult to distinguish between standard and customized service recipient, especially if the former is included individual elements as part of the standard service. In this case, the recipient often detects the standard service as customized services (Heidrich, 2010). In essence, this is the endeavor of shared service centers as well. These centers want to provide such services which are standards enough to simplify, automate processes, and focus on the ultimate limit costs, however, contain elements which can customize to the customers. However, it is important to see, that the standardization depends on the type of service as well.

While some service activities are well standardize-able (such as certain back-office functions) and the tasks of this type of services could simplify, adjusts easily. On the other hand the front line (front-office functions), customer service, operations staff to customer relations level needs a greater degree of freedom, adaptation and requires more scope of authority (Marciniak, 2014).

Table 2. Approaches of operating philosophy of services (Heidrich, B. 2010. A szolgáltatás-minőség hallgató-központú megközelítése a felső(?) oktatásban – Szolgáltatás-minőség modellek elemzése – Nemzetközi kitekintés. Magyar Minőség, XIX(12): 6–22)

Standardization	Customization	Modularization
Economics of productivity. In this case, the end result is always the same service, so for the service provider the price and volume, while for the recipient the type and the quality of service is the vital. It aims constantly productivity improvements, which lead to cost and price decreases.	In this case, not the price and volume is the vital in the evaluation of the service, but the quality of service and expectations. The satisfaction of recipient depends not on a previously well-defined service levels to compliance, but the feeling that the recipient will receive the appropriate service or not.	It also known as mass customization that means the service is trying simultaneously to validate the benefits of standardization and customization. That is steadily reducing the unit cost of services, thereby increasing the service generated profit while improving quality of service and thus enhance the recipient's satisfaction.

This research deals with the shared services with the business services. Shared service model operates usually in shared service centers that is an internal organization unit, which share certain resources with other departments or external organizations, but use legal agreement, precise controlling and charging systems, i.e. operates market-based, or internal market-like. The shared services belong to mass services, because these services are created in close interaction between a service center and internal customers (departments of parent organization). They are created as a result of significant standardization, but parallel seek

to customer customization, there is highly labor intensity, and the pursuit for process automation as well. Early use of shared services followed the philosophy of clear standardization, but today it has been rather based on the operating philosophy of modularization. Maintaining of localization and customer-proximity endeavors for the feeling of customization, while taking advantage of the standardization, further reduce the cost of operation (Marciniak, 2014).

Based on mentioned above thoughts, *the aim of paper* consists in studying major challenges in the shared service segment like process automation, service delivery moving up in the value-chain, bad perception and brand consciousness of shared service centers, shortage of appropriate human labor due to demographic factors or migration/commuting to Western-European countries. This one gives a scientific overview about performed processes in the shared service sector and conceives suggestions about dealing these challenges in Hungary.

2. Characteristics of human labor in shared service sector

With the characteristics of workers in Hungarian shared service centers deals several research studies. The majority of workers recruited in service centers are between 25–35 years old and have at least a bachelor's degree. Therefore, working in this sector could mean a real alternative for young people instead of going abroad to work. In this sector the employees could meet a modern work environment, get acquainted with different cultures, learn from world-class business processes and gain international work experience. Therefore the development of this sector could be crucial for the Hungarian economy and employment ratio (Rusz, 2013). A relatively large number of foreigners work in these centers so a multi-cultural environment is typical for these centers, which is why they are recommended only for employees who are open to diversity and like to use foreign languages on a daily basis (Dobák, 2009).

In most of the whole business services sector there is high intellectual activity with labor intensity, so it is particularly important to have trusted colleagues. The wage cost usually ranges between 40–60% proportions of total costs, but sometimes even this is exceeded (Palócz, et al., 2004). The staff turnover rate is higher in the business service than in other sectors. The main reason for that is connected to the work requirements of these centers that can meet often only with university graduates. At the beginning the work in these centers can be very interesting, but after a while it can become monotonous. It causes that ambitious, foreign language-speaker workforce change jobs. It is frequent to migrate workforce from one to another service center, of course, to a higher position (SSC Recruitment, 2010).

It is expected of the employees in the service sector that they need good problem-solving and communication skills, customer-oriented approach and stress tolerance. In addition, flexible change management is essential. Perseverance and result orientation are also basic requirements, including quality working, knowledge and management skills, together with the use of IT systems. But the typical competency requirement for shared service center (SSC) workers is the tolerance against the monotony (Kertész, 2011). Other key reasons for high turnover rate are the flat organizational structure, the lack of career opportunities, burnout and stress. The higher the number of university graduates is in a center, the higher the turnover ratio. In order to handle the problem, service centers use performance-based payment, team-building programs, flexible work shift schedules, and cafeteria benefits as tools of motivation. In addition, the centers continuously use satisfaction surveys and exit interviews (Nagy & Tóth, 2004).

The Hungarian service centers recruit their workforce generally from finance, accounting, human resources and IT areas. There is real competition among the service centers for graduates in these areas with good language skills. Moreover the competition is not limited only to industry, since these employees are valuable for employers of other industries

or sectors as well (*Marciniak, 2013*). Of the Hungarian shared service centers' employees, 80–90% are graduates of higher education and are fluent in foreign languages, and only 10–20% have just a secondary education. This ratio is the reverse in service centers in the Western European countries, but in those countries the workers with secondary education are better at foreign languages. On the one hand, this is because service centers in Hungary recruit among these applicants but, on the other hand, there are a great number of centers that really need highly skilled professionals such as engineers in IT fields. So the competitiveness of Hungary depends also on maintaining the low cost of labor (*Mártonffy, 2010*).

The monotonous work is outweighed by the good work conditions and higher than average salary. In such positions with good language skills and a higher education degree the average gross salary is between 280,000 and 340,000 HUF. Accordingly, the Hungarian SSCs are relatively popular with fresh graduates because they promise good working conditions. For young employees it is also important that these centers have flexible working hours, they can work in the afternoon or night shifts so they can study and finance their studies while holding down a job. According to the SSC Salary Survey of Randstad Hungary in 2012, the average gross salary of an English speaking junior customer service worker was 257,500 HUF per month, but if the employee is fluent in a less common foreign language (e.g. Swedish, Russian or some Asian language), then he/she can get a gross 320,000 HUF per month. And at SSCs there are quite fast promotion options: in five years from junior level the graduate can achieve a team leader position with twice the salary (*HR Portál, 2012a*). One or more years' experience with skills in a rare language may mean a gross 500,000 HUF salary per month (*Takács, 2009; HR Portál, 2012b*).

In addition to the favorable salaries these jobs could attract for young people because the work culture in the service centers is tuned for the Y-generation in many areas. They can work in a young team because in most centers the average age is under 30 and there is young work environment (with relax rooms, dining rooms, fitness rooms, telecommuting options) and development opportunities (foreign language, foreign training), (*Marciniak, 2013*). In establishing a new shared service center it is always vital to find the right staff and recruit them. If a center is already operating, the next great issue is to retain the valuable staff. In these centers the vast majority of workers are young graduates with a university degree. This is also significant because the turnover rate in this sector is quite high: 15–20% annually (on average), which is higher than in other sectors (*SSC Recruitment, 2010*).

In Hungary it is a general problem for investors that they can employ eligible applicants only for a higher salary. However, higher salaries are partly offset by a lower turnover rate (*VG Online, 2012*). The attractiveness of service sector jobs will increase when the parent companies strengthen internal training courses and aim to improve the recruiting processed develop in-house career programs. In several international shared service center it is also available to move to another position of the parent company's foreign subsidiaries.

The popularity of shared service centers provides an opportunity for the managers to broaden the service portfolio. This is important for two reasons. First, managers of the parent company continuously put pressure on the leaders of SSCs to achieve the benefits of shared services in other fields. On the other hand, the service center managers also want to broaden the career opportunities for their teams (*Nagy & Tóth, 2004*). This is important because the employees of shared service centers generally do not like to remain in the same position for a long time. If there is no opportunity for further progress within the company, they will try to find a better job in another company. So the turnover rate weakens the performance of shared service centers.

In a shared service center turnover rate may be lower than an 'unnamed' third-party provider, as the corporate brand name is attractive and has the ability to retain staff. This of course depends on the recognition of the corporate brand for a particular geographic region

(Out, 2008). It needs a conscious branding activity of shared service centers that can improve recognition of the company among the potential employees. Due to internal services provided the shared service centers are rather closed, they do not really compete with anyone, and therefore their activity less explicitly displayed to the outside world. However, the number of potential or existing employees the brand can be particularly important as well.

3. Position of Hungary in the global sourcing market

Central and Eastern Europe and Hungary hold stable and balanced global position in the global service market. Since 2011 in this region, however, Poland, Hungary and Czech Republic are the most important countries in the business services sector point of view (Van Hove, 2011). Hungary is typically a nearshoring location with its economic, legal, cultural, language, temporal proximity to clients that is at least as important in the location-choosing as the cost benefits. In the global services market Hungary's main competitive advantage is still the lowest average wage level that lags behind Western Europe's. This is further reinforced by the fact that low wages coupled with high expertise. Shared service center companies receive similar quality workers compared with Western Europe human labor market, but at a much lower price. Not only the wages are lower, but usually the other related costs (office rental, training, etc.) are also cheaper (Nagy, 2010).

However, the risk of the increasing Hungarian labor costs could be toned that it is not sure that Central and Eastern Europe, including Hungary should compete with the much cheaper Far East. It is not only true for the productive assembly plants that as long as a country compete with its low human cost of attracting foreign direct investment in increasingly globalized markets, these countries will always lose in this competition after a while. Although there is an approaching to Western European wages, but according to some experts predicted equalization (Sebök, 2004) was not occurring and is not expected in the short term.

For the service sector, it is also true that investment incentives should aim higher-value-added jobs since learned, skilled, multi-lingual workforce is more valuable and attractive in the long-term. Therefore, in the attraction and retention of service centers those countries will be successful, which undertake not low value-added, transactional work that could quickly lose its international competitive advantage, but focus on more complex, professional knowledge required tasks. For this course the country needs to invest in training, development and education standards at a high level.

4. Problems and solutions of HR development in shared service sector

Nowadays, the shared service sector is characterized by some problems that should be thoroughly considered and successfully solved. These ones rank among the most important problems: process automation, service delivery moving up on the value-chain, bad perception and brand consciousness of shared service centers, shortage of appropriate human labor due to demographic factors or migration/commuting to Western-European countries, etc.

4.1 Process automation

One of the recent trends in the business services is to automate service processes. The point of this trend to optimize the previously consolidated, standardized and divided service processes. This trend is driven by the development of IT technologies and processes that will be more significant in the future. The automation process requires a significant initial investment, but it has a positive effect on operating costs and the quality and indirectly in satisfaction related service activities. The most relevant features of service activities concerned with automation technology are the followings:

- Human intervention is rare;
- Human interaction is low;
- Activities are low value-added;
- Transaction repeats frequently;
- The process has always the same run;
- Activities are independent from time and geographic location.

Most of the activities with the above mentioned characteristics occur typically in service centers. However, low value-added activities and processes involved in the shared services often do not carry out from one geographic location. The international division of labor is geographically based on a hub-and-spoke model. In some locations, there are the hubs that allocate tasks, coordinate projects and resources, while others operates in a spoke position and these executes services delivery. The size, service portfolio, resource supply of the centers are increased or decreased depending on the service requirements (*Parakala, et al., 2012*).

Shared service centers have set down in Central and Eastern Europe and within Hungary were initially tending to establish with lower value-added activities. While in the past decade the service portfolio of centers has been constantly expanding and changing, but many transaction services businesses remained here. The automation has two key effects. It will clarify the service portfolio. Based on the hub-and-spoke model the parent companies of the centers will wholly or partly move further to a low cost country or the remaining services will position up on the value chain.

Business process automation using IT solutions will replace the human factor, which has two effects on the human resources of centers. On the one hand it reduced the headcount required for the performance of a service activity, but at least it narrows the opportunity for the future growth. On the other hand, it requires higher qualifications and expertise of the retained employees because of monitoring more complex IT processes and shifting towards higher value-added activities. This in turn increases the value and demand for labor with professional experiences and specialized knowledge. For the workforce it has a positive impact, it will continue to grow wages, changing of jobs will be eased, and the nature of the work become more differentiated and less monotonous. However, for the industry, it will mean a further increase in costs and narrowing the required workforce as a result. The only positive effect of this trend in the industry is that perception of a service activity may be improved between potential and existing employees.

4.2. Service delivery moving up on the value-chain

Within the business services sector, we can distinguish knowledge (high-value added) and less advanced (low value added) business services. Added value means: „The positive difference between inputs used and outputs. If there is a high difference it is a high value added activity...” (*Rózsás, 2007: 225*). The first category is organized mostly in networks and there is a strong concentration tendency, while the second is naturally moving towards decentralization, with the market grows (*Raffay, 2004*). Service activities in business practices are *distinguished based on the contribution* to the organization's business performance, how much value it creates. According to it generally identified:

- Low value-added (usually so-called transactional) activities: they support the organization's background, activities that are generally repetitive, has large numbers of transactions, or could be decomposed for such activities. The organization may vary, but in general it typically includes many financial and accounting processes, a certain procurement activities, certain IT activities, some HR activities, etc.
- Higher value added (closer to making profits) activities that are generally part of the main activities of the organization or very close processes to it. Also, it could vary

from one organization to another, but in general typically it includes certain design, analysis, research activities, etc.

- Some studies (*Accenture, 2011*) differentiate even those so-called atypical activities: which linked mostly to the management processes. Usually it typically includes internal communications, internal bank operations, certain legal actions, etc.

However, the model is matured and nowadays includes more and more service activities. It appeared besides of transactional processes in the field of higher value-added activities and atypical. Typically, the service centers start with a smaller group activities and during the operation, according to the needs of organizations expand their portfolios. It could be planned in advance of course, when the company's management measures the costs of the services in some pilot areas, and it is based on the activity of the center will extend to other areas. A common prerequisite for service relocation is the modern IT and telecommunications infrastructure (*Erdős, 2005*). In parallel, the single-function service centers have evolved multi-service centers. For example, a combined customer service and financial center able to quickly and efficiently respond to inquiries related to billing. Which of course contributes to increase in customer satisfaction (*Zinnov, 2010*).

Today, those companies that have a shared service center for supporting their background service activities, realized that shared service centers are appropriate for such corporate functions that are closer to doing key business. Instead of the conventional functions these functions promote growth, improve the efficiency and reduce the global costs, so they relate to corporate main objectives. It is a global tendency that there is a growth not only in the number of services provided, but the knowledge-intensive, expert-type activities are also appearing in shared service centers. This process goes hand in hand with the spread of the global knowledge-intensive process outsourcing (Knowledge Process Outsourcing, KPO). Expanding of the range of SSC service activities will allow for further cost reductions, increase service levels, improve organizational control and corporate consistency. Parent companies may target higher processes in the value chain (*Marciniak, 2014*).

If the shared service organizations could acquire better positions along the value chain, it could help their strategic positions within the parent organization. This upward positioning means usually more complex jobs, customized process tasks, knowledge-intensive processes, etc. Of course, this does not mean that the lower service providing would not have been important. But the focus is no longer on the cheap labor force in this region (*Venkataraman, 2013*). A higher value-added services are less standardizable, and the benefits of model application shifts to reduce duplication, to get best practices, world-class labor force (*Marciniak, 2014*). Deloitte's research also confirms this global trend. The parent companies install more value-added services in the service centers, and it means a move towards a knowledge-based service delivery (so-called Centers of Excellence), (*Hogan et al., 2013*). The upward movement in the value chain has other reasons as well (*Bögel, 2009*):

- It develops the skills on the host side: because knowledge-intensive, expert work can be moved only to those countries where there is advanced education and training system, modern IT and office infrastructure. It is ability in more and more countries.
- There is multi-player competition: it gives opportunity to quit from the low-cost racing and the specialization towards higher value-added services makes available the greater profit margin, but also the best career path to keep talented employees.

This trend favors the spreading of the shared service model as well. Indeed, as the company's interest turned increasingly towards higher value-added activities, they move to the shared service model instead of outsourcing, and this shift could be favorable for Central and Eastern Europe to get a better position in the nearshore market (*Steer, 2007*).

4.3. Bad perception and brand consciousness of shared service centers

In the business practice, many market players try to differentiate their service profile with the name of the organization. This difference tries to show the 'qualitative' character of various service centers, how high is added value of the services provided in the shared service center. It could be real or imagined as well. Accordingly, some centers use the name of shared services only for providing less value added (also known as transactional) services. Those centers, which provide higher value-added services often use the term 'business (support) center' (BSC) instead of shared service. One reason of it that at the beginning of the shared services trend, these centers provided only transactional activities but nowadays it is not true. On the other hand, this sector is competitive, where each player wants higher position itself up on the value chain. And the name of the organization could explain it.

According to a research in Central and Eastern Europe countries the higher education students have very low knowledge about the sector and its players and not very positive picture about shared service centers as well. It is not clear to them what is the difference between an outsourcing provider, a shared service organization or a call center or how is the nature of work, the wages and career opportunities available in these organizations. This is not very conducive in human resource retention and recruiting (Marciniak & Koval, 2016).

Not only the companies but their professional sector organizations could do for better judging of the sector. They should continue a clear and focused marketing activities in the future and stronger communication and partnerships with higher education institutions to ensure that students are aware of the shared service sector and the working conditions there. An increase in wage and complexity of service processes may contribute to the improvement of the situation. The complexity of service processes may do more interesting work for employees. It also helps that the vast majority of companies use the parent company's brand names, and this brand awareness could make more attractive these jobs for young workers. The increase in this brand awareness could bring further benefits for sector players in the future.

4.4. Shortage of appropriate human labor

The Hungarian-based business services market are steadily developed over the past decade and a half, and expanded by 8–10% per year on average. This increase was similar to several countries in the region, but the source of growth began to run out in Hungary as in other countries. Since it is competency-sensitive, human resource-intensive sector, so finding the qualified and foreign language-speaking young workforce is key for development in this sector. It is not a simple because of the characteristics of human resources in this sector and social processes in Hungary does not help but rather make the conditions more difficult. This would be a serious retraction effect on the growth of the sector.

It is worth highlighting two of ongoing social processes in Hungary which affect the sector's human resources. The first is the country's *demographic decline*. Hungary's population is constantly declining and aging. The most important reason for the decline is that fewer people are born than die. It causes a steadily increasing tension in the social welfare system as well. Along with the birth rate changes periodically, sometimes it pops up and occasionally fall back. In Hungary, there were pop ups around 1960, 1980, 2010, and the next is expected to be around 2040. This results fluctuation at all levels of the educational system. The output of higher education is crucial for the business services sector. In accordance with the last periodical peak around 2000, the next is expected around 2030. Between these peaks falling back can be observed. Currently, there is such a bad situation with narrowing the number of students in Hungarian higher education, mainly for demographic reasons. This is not beneficial for the growth of the business service sector, which build on graduates of higher education.

The other demographic process is the *migration to work abroad*. There are controversial data about the exact number involved in this process, but it is sure that more hundreds of thousands number moved abroad to work for a shorter or longer period of time there. The popularity of foreign employment status moves together with education in foreign countries as well. In certain social layer the students and their parents are conscious to prepare for foreign higher education studies. Some of these students will never come back into the Hungarian labor market. Even if they had major advantages over the domestic graduates, since usually they will have much better work and life opportunities with foreign employment.

These society groups that are open for study or work abroad are more resistant to risk-taking, tend to work, and includes generally young people with foreign language speaking. One part of them will surely overlap the targeted business services sector employee base. Since this trend also seems to be increase, because young people have a growing willingness to work abroad, so the shared service sector should communicate them to stay at home. The business service sector could give a modern, international work environment with many young employees and good salary that could be attractive for young and ambitious potential workforce. The sector players should adverse these characteristics of the sector and highlight the extra benefits with staying here in Hungary.

5. Methods

The research includes an empirical analysis as well. An Online questionnaire was developed that aimed to reach more and more students in the higher education system. Only this target group was predestinated for the analysis because usually they are the primary candidates for business services center jobs in the CEE region. The research started in Hungary but in the meantime, it was expanded to more Central-European Countries. At the end of the survey period, seven CEE countries (Hungary, Poland, Slovakia, Czech Republic, Romania, Serbia, Albania) with their 35 *universities* joined the research program. The research targeted university students with economics and IT study backgrounds because they are the most typical in these centers. Altogether 4.310 students succeeded to participate in the survey. The survey was open for the students for 4–10 weeks between December of 2015 and March of 2016 depending on the countries and the universities.

The questionnaire includes 70 questions that covered more research areas from the human labor status through the jobs expectations till the knowledges about the business service market and its employers. The questionnaire was bilingual in each country, so the participator could choose between the local language and the English versions. Except from two questions, the content of the questionnaire was equal in every language version. These exception questions were about the local employer companies in the business service markets. This area could not be standardized.

Research results

Although the research questionnaire covered more topics and business service organization types, this paper focuses only on the perception and brand consciousness of SSCs.

According to the results, the participators of the survey research were rather women (66%), studied primarily on business/economics/management fields (76%) in a BA/BSc degree program (61%), spoke one (51%) or two (35%) foreign languages and were between their 20 and 25 years. Most of the respondents studied in the universities of Hungary and Poland. Their proportion reached 65% in the whole sample. It fits well to the size and importance of these two countries in the CEE business service market.

Based on the research, these students knew the local labor market players, had clear ambitions about sector-choosing (79% of them want to work in the private sector) but most of them (65%) had no idea about one or more target companies. They thought that an international company could offer them a good job opportunity.

According to the practical experiences, due to this sector is rather in the background than in the foreground of the labor market, it was not surprising to see that respondents are could not know the main different organizational types of this market. Most of them (89%) heard about the call or contact centers earlier, but the currency of the outsourcing provider with its 56% and shared service center with its 40% proportion were too low. About the concrete job opportunities related to these organizations, the knowledge were lower: 55% about call centers, 35% about shared service centers and 36% about outsourcing providers. It still means that those students who study in economics/business/management programs did not know these basic organizational types and could not differentiate them.

The most important sources for respondents to inform about the shared service centers are job boards (29%), friends (27%), news and publications (26%), social media (21%), and company websites (21%). But it looks like not enough based on this research results. The respondents could not differentiate exactly the shared service model from the outsourcing and call center organizations.

The respondents knew well that in a shared service center employers need to speak more foreign languages and quite few promotion opportunities because of flat organizational structure that are typical for these organizations. It was also well-known to the students that these centers operate in well-equipped, modern office buildings, support the flexible forms of employments, the degree or diploma does not matter and there is usually youthful working atmosphere.

However, there were more information that was not known about these Centers. The students did not know that there is higher salary than the national average, the work is not so diversified or challenging after a time, there is a high turnover rate, work environment fits to new generations as well, there are long working days.

86% of the respondents like to work for a shared service centers of their 'target' company as well. 62% of them thought it was a good career start job, offer good career opportunities (37%), and good salary (33%). Those who do not want to work in an SSC want to become a self-employed worker (24%), thought that SSC could offer only routine (16%) and stressful (12%) jobs, did not see career potential (17%) in SSC, had negative reviews from their friends (16%), there is the low salary (13%) and these jobs are far from their current place (14%).

7. Conclusion

The previously described market trends have major influence on the human resources portfolio of shared service centers in Hungary. The trends in the business service sector are known, but there is no action plan to resolve them, and there are few conscious players on the market. The professional organizations of the sector launched several programs that try to invite higher educational students into competition and establish a cooperation with higher education institutions. These initiatives are able to develop consciousness and knowledge of students about the sector, but are not able to influence the impact of the negative demographic trends. The best chance of the sector players can make a conscious service portfolio change by replacing the current service portfolio with higher value-added services. Since the low value-added activities will move towards cheaper countries or convert into automated IT services.

Far East has a huge cost benefits in service operation, however, Hungary does not need to compete with it. If a company need to perform a task where there is high importance of external communication and the operation has been implicated in a large cultural

differences and languages, then the nearshoring locations will have an advantage. Hungary need to build on these benefits in order to help the further expansion of the market, but it is impossible with appropriate human labor pool. Not only the companies and professional organizations need to develop it, but the government also has responsibility about it. To solve the current human labor problems in the shared service market, it is necessary to build human labor development programs in which all important stakeholders cooperate.

Based on the research results, the most important message to the shared service center in these countries is that it is necessary to develop their employer branding. It is important both in micro and macro levels. At the micro level, the SSCs need to persuade the potential employees to choose their company and then to strengthen their loyalty during the job to retain them as long as possible. At the macro level, the sector needs to intensify the relationships with the decision-makers and the higher education sector to get into focus. It will be important to communicate with the university students more frequently to motivate them in choosing the sector after their graduation. This employer branding could be the key in the next years in this sector in the CEE region.

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