

STUDENT'S PERCEPTIONS ABOUT SHARED SERVICE ORGANIZATIONS AT UNIVERSITY OF MISKOLC

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Abstract

The research aims to identify the perceptions, knowledge and expectations of higher education students about the business service sector, focusing mainly on the shared service organizations. These students are seemed as potential employees of the sector.

The questionnaire research assessed how these students' competences fit to the demand of the business service employers. How are the knowledge and preparedness of the students about the business service sector and mainly about the main players? How could the students differentiate the main organizational forms of the sector, do they know the most important differences? Do they like to work for these companies?

The research introduces one institutional result of an international research led by the author.

Keywords: Business service sector, Shared service centers, Career consciousness, HR Competence

JEL codes: M19, J49

Összefoglalás

A kutatás célja, hogy azonosítsa a felsőoktatási hallgatók, mint az üzleti szolgáltató szektor potenciális munkaerejének a tudását és várakozásait a szektorral, különösen az elmúlt évek legnagyobb növekedését produkáló shared service vállalatokkal kapcsolatban.

A kérdőíves kutatás felmérte, hogy mennyire illeszkednek a hallgatói kompetenciák a szektor elvárásaihoz, milyen a hallgatók érdeklődése, felkészültsége a szektorral, a szektor szereplőivel szemben. Mennyire tudják megkülönböztetni a szektor főbb szervezeti formáit, tisztában vannak-e a fontosabb különbségekkel. Ismerik-e a fontosabb magyarországi szereplőket. Elhelyezkednének-e ilyen vállalatoknál.

A kutatás egy több országban futó nemzetközi kutatás intézményi eredményeit mutatja be.

Kulcsszavak: Üzleti szolgáltató szektor, Shared service center, Karrier tudatosság, HR Kompetencia

Introduction

Make or buy decisions are in the same age with the decision-makers, the companies. The companies or any other independent organization or organizational units have the right to decide which of their operation, activities required for the survival need to keep within its own borders, fit to its own organizational structure or allow to trust it for other, external organizations. (Bögel, 2006) These decisions are based on careful analysis of rational considerations, weighing of advantages and disadvantages, taking care of risky options. But these factors are not stable or constant, and companies continuously need to review their earlier decisions and change those parts that are required. (Ziyarazavi, Magnusson, & Tergesten, 2012) These decisional frameworks are called as sourcing strategy of the organization. If the scope of the decisions is expanded globally, it is called as a global sourcing strategy. (Marciniak, 2014)

Nowadays, many different global sourcing strategies (e.g. outsourcing, shared services, joint venture, etc.) exist in parallel. There are some of them that focus on the buying act, others on making act and another that means some kind of mix of them. These latter are called as hybrid solutions (e.g. virtual captive, BOT). (Nemeslaki, 2012) These business solutions mean business service delivery many times. (Heidrich, 2006) Business service delivery is usually realized in different specific service centers (e.g. outsourcing provider, shared service center, etc.), which can be located anywhere on the globe. Since the companies use different shoring models (e.g. offshoring, nearshoring, onshoring, etc.) as well, in the practice a concrete solution or strategy always means a specific combination of sourcing and shoring options. In this combination matrix Central-Eastern European countries and within Hungary is focusing mostly on the nearshore shared service model nowadays. (Manyika, és mtsai., 2012)

Nearshore shared service model mean using an internal organizational unit (called shared service center), that is owned at least partly by the parent organization and this service center delivers services mostly for the other organizational units but sometimes for external organizations as well. (Willcocks & Lacity, 2009) This service delivery model use market-like mechanism in the cooperation between the service unit and the receiver unit. It includes a legal agreement (e.g. service level agreement or operational level agreement), exact pay-per-use cost calculation, chargeback systems, etc. (Martin-Pérez, 2008) Although it is an internal cooperation but looks like an external, market-based one. The nearshore attributive indicates here that there is no big geographic distance between the clientele and the service delivery unit and most of the benefits come from this small social, cultural, legal, time-zones, etc. differences.

In the last decades Hungary was one of the main players in the Central-Eastern European region in the attraction of foreign direct investments (FDI) on the area of business services. Nowadays about 90 shared service centers (SSC) are operating in Hungary as affiliates of big international companies. And there are many others in the non-profit and public sector as well. These centers are delivering mostly finance and accounting (F&A) and IT services for other internal organizational units and sometime externally as well, but there are a lot of service units with other services in their portfolio (HR, FM, CC, etc.) too. These shared service centers employ ten-thousands of people in Hungary and in the recent times count as the most significant workplaces for fresh graduates with different specialization. (London, 2008) Since shared service centers look for human labor with good communication and presentation skills, monotony-tolerance, and strong knowledge of foreign languages. But these jobs do not require deep specific work experiences or specific knowledge from a recruit. That is the reason why the shared services sector offers quite good work opportunity as a career start for higher education graduates. Even so the labor market significance of this sector is high, our earlier experiences strengthened that there is quite low knowledge about the sector and the market players among the students.

Material and methods

The research aims to get a real overview about the students' perceptions of the business service sector, especially of shared service centers. The research has a multi-side approach in this topic and is expanded in many Central-Eastern European countries, not only for Hungary. The multi-side approach means the research uses more methodologies and targets more groups to get information about the quality and quantity characteristics of potential human labour for these companies. The whole research includes about 40 partner universities in 7 countries (Hungary, Slovak Republic, Czech Republic, Poland, Romania, Serbia and Albania) which collect data from their students. The research is still under processing in many

countries, but have finished in others like Hungary. Till now there are about 4.000 students' responses internationally. The research includes two research methods. The first step was a questionnaire survey for students, then an interview research for HR experts of service companies, HR agencies and service employees of service centers. In some countries (like Hungary) the questionnaire research was ended, but in more countries many universities are before it. Our research network is before the interview survey part of this research. In this research study we introduce only students' perceptions about the business service sector in the data of students of University of Miskolc.

Material

The questionnaire part of this research aims to involve as much as it possible students in the survey, so there was only a minimum sample size with at least 100 responses but no maximum sample or the aim of representative sampling. The purpose of data collection was to target all of those higher educational students who are typically potential labor force for shared service organizations. These students are usually coming from areas of business and economics, IT, general engineering, technical management, liberal arts, and linguistics.

Methods

The research methods in this first part of the research were an online questionnaire survey. In the data collection run separately in each university with different online link and different system access where the partners see only their institutional data. At University of Miskolc, the data collection was based on the permission of university management. Thanks to it, there was possible to send request for each current students of the university to participate in the scientific survey. Differently from other partner organizations, in the University of Miskolc, there were two different online link as different surveys. The first aimed to reach each student in the areas introduced above, but in the second option there was an online link for those who were currently students in my courses and a personal relationship existed. The requests were sent both by email with a motivational text, some technical information and the survey link. The participation was voluntary in both situations. The questionnaire survey run for 4 weeks to give time enough to answer the questionnaire. In the first option there were more automated reminder emails for the students, in the second option there was only one request about participation. These research results based on both surveys.

Results

With these two requests and online links the whole target number was about 6.500 students in the University of Miskolc. From this quite wide target group, 398 responses arrived during the research survey period. This about 6% respondent rate looks not so high, but in the whole international research introduced earlier, in which this result is only a small part, that is more than we expected. Some basic characteristics of the respondents are the below.



Figure 1. Age and gender of the participants

Source: Own construction and data collection

In University of Miskolc, the research run between November of 2015 and January of 2016 and aimed all students with each study levels (undergraduate, graduate, postgraduate), study forms (full-time, part-time) and funding forms (state-funded, own financing). The gender and the age of respondents made representatively the research, although it was not a preliminary condition about it. 56% of the respondents comes from the undergraduate study level. 51% of the respondents are expecting to graduate in the next one year. 58% of them have foreign language knowledge at least B2 medium level with one language, but 24% of them with two languages.

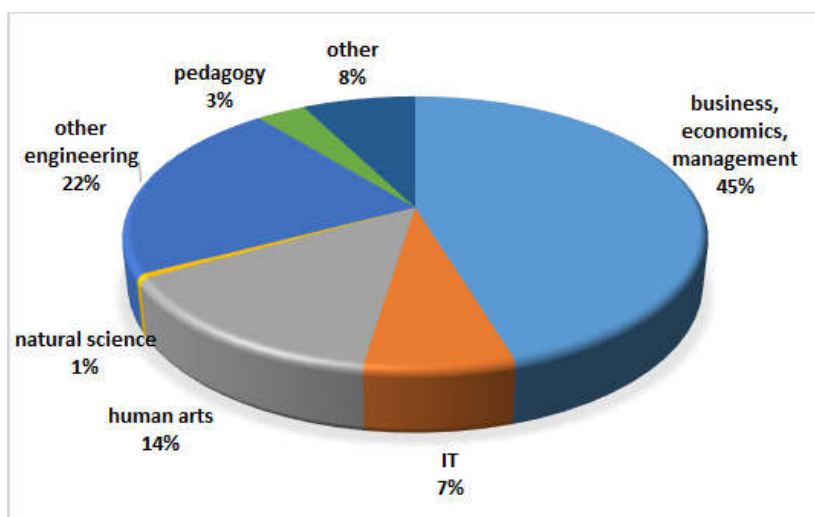


Figure 2. Primary study fields of the participants

Source: Own construction and data collection

Most of the respondents were economists and engineering students, but the field of human arts and pedagogy were also significant among the participants. It is important because in Hungary these specializations are the most dominant human labor pool for shared service centers. These students' opinions and knowledge are the most important for the employer companies in the sake of ensuring the sector development.

The research questionnaire also deals with analyzing the generous knowledge and career consciousness of the students. It tried to analyze how frequent are these students dealing with job-seeking or informing about labor market or how wide is their knowledge about the most important employers in Hungary and what are the sector and employer preferences in choosing a new job. The research results show that most of the students (55%) are not concerning actively with job-seeking but 75% of them stated themselves that know the most

important employers in the Hungarian labor market and more than 30% of them have a wish list about the target companies. It proves that they have some kind of work consciousness during their study. 75% of the respondents would like to work in the private sector, 20% of them in the public sector and only 5% in the non-profit sector. It was interesting that as an answer to the question what type of private company could be the best-choice for them as an employer, the respondents chosen firstly the international companies and secondly the own business. It means that in the respondent students' mind a job position at an international company is an aspiring opportunity and they have positive expectations with these employers. The research analyzed the judgement of job-choosing criteria, how they priorities these job characteristics.

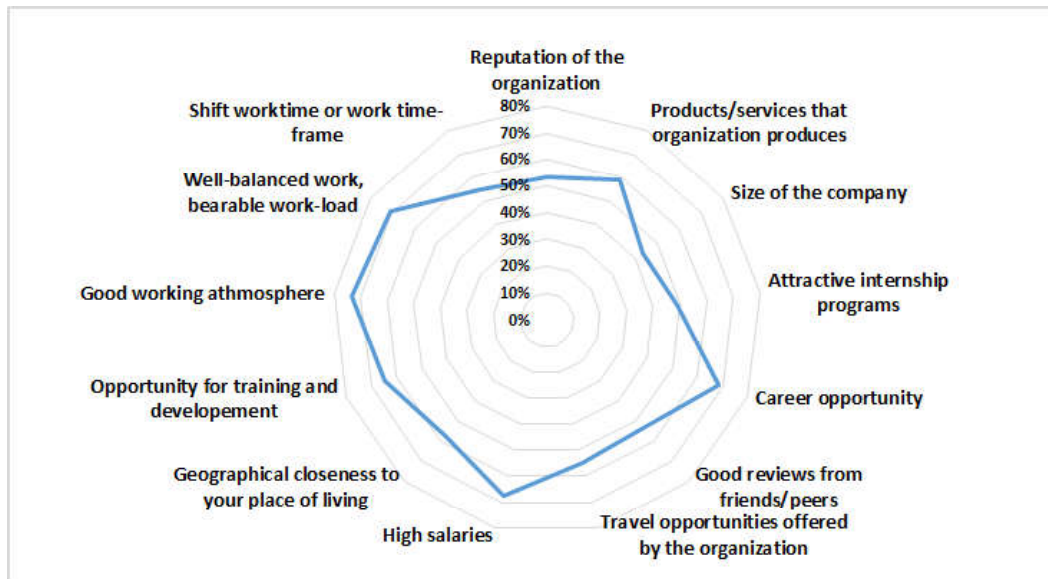


Figure 3. Job-choosing criteria

Source: Own construction and own data collection

Among the respondents the most important criteria (with its 74%) was the good work atmosphere, then the good work-life balance with its 71% ratio, then the career opportunity (69%), high salary (68%) and finally the opportunity for training and development (65%). Below 60% there were many criteria, but below 50% only one the sized of the company with its 44%. That means most of the respondent students want to work at an international company, but not because it is size rather than atmosphere, career opportunity, salary and training and development options. It is interesting that the second important option was the good work-life balance which is not comprehensively typical for the big international companies.

The research also dealt with the position-choosing priorities of the respondents in the University of Miskolc. These results are more well-balanced. The financial benefits package was the most important with its 67% and the being well-known the least with its 51%.

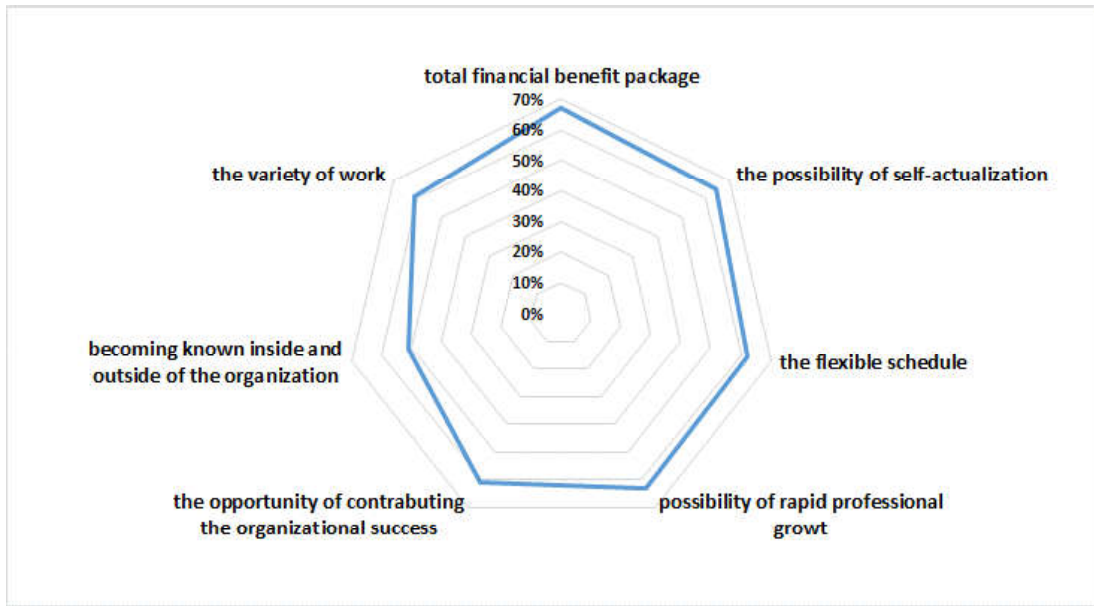


Figure 3. Job-choosing criteria

Source: Own construction and own data collection

56% of the respondents in this research are expected on job promotion after 2-3 years. Their career preference about a position in a company looks like that most of the respondents would like work in the human resource area with its 44%, after it the marketing and the production/service delivery was the top aspiring position.

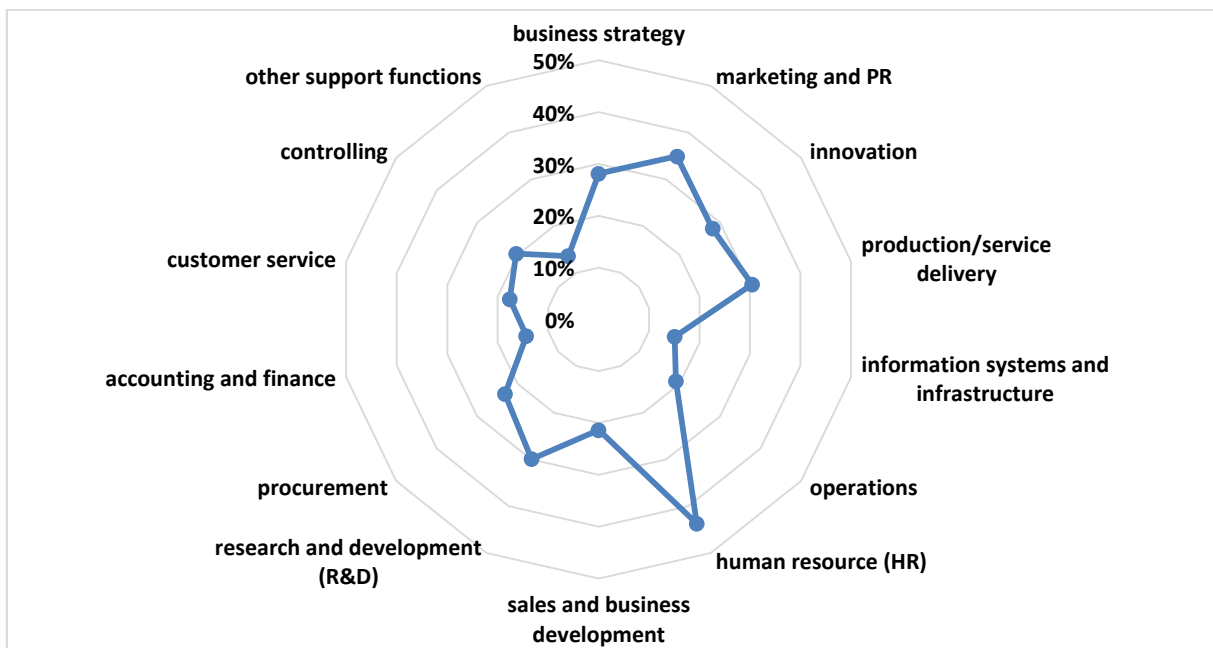


Figure 4. Aspiring areas in position-choosing

Source: Own construction and own data collection

The third part of the questionnaire focused on the business service market to get information about it from the students. Among the three basic types of business service centers, as call-center, shared service center and outsourcing provider, the first was the most well-known to the students. At the University of Miskolc, almost 85% of the respondents knew what a call-center is. The

second well-known was the outsourcing provider form with its 57%, and about the shared service center form only 37% of the participating students had knowledge. The students usually collect their information about this organizational forms in job boards, at social media platforms, from friends and business news but surprisingly few of them at job fairs. Based on the results it is obvious that these respondent higher educational students do not read the company websites, so this source of information could not reach effectively the potential human labor.

The research results proved that students could differentiate the three typical organizational forms in the business service sector, but they could not understand the jobs and workflows within them. Most of these students could not decide about the differences between jobs in a call-center or a shared service center but it is also true for the differences between an outsourcing provider and shared service center.

In the questionnaire the students had to evaluate some hypothesis about the jobs in a shared service center. The respondents could not decide how monotonous could the work be, but see quite clearly that foreign language proficiency is very necessary to work for a shared service center. They also did not know how frequent is the job promotion opportunity, or how high is the salary in these organizations. The respondents thought that there is youthful working environment and low average age among the employees and these centers are operating in well-equipped, modern office buildings. The students did not have knowledge about the necessary degree and other academic results and nor about the quite high staff turnover rate in this sector. But these participants thought that in these centers ensure a good work environment to Y- and Z-generation. But they did not know nothing about long of the working day or how these centers support the flexible forms of employment (e.g. part-time, telecommuting, etc.).

During the research the respondents knew those shared service companies, whose parent organizations are well-known for everybody in Hungary like Budapest Bank, Citibank, Vodafone, Telenor, Raiffeisen, MOL, MVM, Lufthansa, Lego, K&H, IBM, GE, Ericson, DHL. But these students did not know nothing about typically service delivery companies like EDS, Avis, KCI, KLM, Merlin, Tata, but companies from other sector were also unknown to the students like Exxon Mobile, National Instruments, Diageo, Celanese, BUW, Morgan Stanley or Northgate Arinso.

The research tried to analyze the students' interests about typically service delivery job positions, but the results stated that the respondents do not want to work in those positions. The most loved job positions were the human resources, planning, procurement and the process development areas. More than 88% of the respondents do not change these preferences if the offered position was in a shared service center. This decision does not depend from the salary level connected with this position as well. Those 12% of the respondents who do not want to work for a shared service center thought that these organizations could not offer good career opportunities and work flexibility, but very stressful and monotonous and the salary also lower than it is expecting for such kind of work.

Conclusions

This small part of the research results concern only to the students of University of Miskolc. The results validate that most of the higher education students are generally consciousness about the Hungarian human labor market and the players on it, but have very little information about the business service sector and mostly about the shared service centers. The biggest shortage in their knowledge was about job positions. They could not imagine what an employee need to work there, how different these jobs between e.g. a call-center and a shared service center or a shared service center and an outsourcing provider.

The students have very incomplete information about the players in the business service sector, and do not know the main characteristics of the work here like salary, work-life balance, flexibility, etc. The research validate that there is no information enough about the business service sector among the university students. Based on this research, it will be useful for the shared service sector and the companies operating here to bring bigger attention on informing the higher educational students who will be the potential employee of them.

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