

Human Resources in the Hungarian Shared Service Centers

RÓBERT MARCINIÁK
ASSISTANT LECTURER

e-mail: szvmarci@uni-miskolc.hu

SUMMARY

In my research I am analyzing the Hungarian shared service market to disclose the directions of progress and the sources of impedimental factors. This paper introduces the role of human resources in Hungarian Shared Service Organizations to gain answers to questions such as why this sector resists recruitment from universities and secondary schools to such a high degree, why there is such a high turnover rate in this sector, and whether there are any career options in these Shared Service Organizations.

Keywords: shared services; service management; human resource management; strategic management

Journal of Economic Literature (JEL) code: M12, M51, M19

PURPOSE OF THIS RESEARCH

The aim of this research project is to explore the human resources of the Hungarian service sector. I hope to discover how it influences the progress or the decline of the Hungarian service sector. I analyzed what are the main factors that shared service centers want.

METHODOLOGY

This study is based on two sources. On the one hand it is a literature review of the most relevant articles connecting with this topic in Hungarian service market and on the other; it discusses ten interviews that I made with key experts from the Hungarian service market who have a realistic picture of the human resource market. These interviewees were business consultants, HR agency leaders, representatives of governmental agencies, professional non-profit organizations, and an academic researcher. I have chosen them because I wanted to get objective opinions about the Hungarian market so I looked for experts in this topic who are not leader of the Hungarian shared service organizations.

INTRODUCTION

There are a great many arguments about whether the corporate rationale based on organizational changes, such as business process outsourcing (BPO) or establishing the company's own shared service center (SSC), helps the countries' economies where the company is located or not. The opinion concerning them may become negative

when they are coupled with an offshore or near-shore location. The reason for that is that outsourced activities, or those migrating abroad, employ the home workforce to a very small degree, at most some expatriates, while no benefit to the home country is gained from infrastructure investments, operational-training costs, nor tax incomes. One justification for this kind of organizational solution is that the largest part of savings-generated profits migrates back to the homeland. There is another positive outcome. The homeland jobs that are terminated due to offshore or near-shore outsourcing/migration may be replaced by higher skilled, higher value-added or site-specific jobs. So it can actually mean a quality change in the labor market.

Although there are arguments about the effects of activities migrating, companies always make decisions on the basis of economic rationale. Since these decisions go hand in hand with the near-shore investments of large international companies, several countries are competing on the global service market to win them. In this competition the Central-Eastern European (CEE) countries, and among them, Hungary has a good position.

In this research I deal only with the shared service model and the effects of shared service centers (SSCs) on the labor market.

CHOOSING SHARED SERVICE LOCATIONS

When investor companies are looking for a location for their shared service center, it is an important question why companies invest in Hungary. They analyze the tax system, labor costs, labor skills, infrastructure, level of

bureaucracy, state of the business culture and standard of living. In establishing a shared service center the most important decisional factors are cost optimization options, the available modern 'A' category office space, foreign language proficiency, skilled work force and the infrastructural, cultural and economic environment.

The availability of suitable workforce covers the state of development of the service sector, the geographical distribution of workforce, labor skills and language proficiency and risk of attrition. The characteristics of the business environment include the Foreign Direct Investment (FDI) ranking of the country, the development of infrastructure, culture and the level of protection of intellectual capital.

The main competitive advantage of Hungary is that the average salary level is below that in Western European countries. In addition, the low salary level is coupled with a high expertise level in this region and so the companies operating the shared service centers can employ a similarly skilled workforce at a much better price. Not only the salary level is lower but also the other associated costs (office space, training, etc.) are cheaper than in the West-European countries (Nagy, 2010).

Among the many aspects of analysis, all of my interviewees confirmed that the most important decision criterion for investors is the available suitable labor.

HUNGARIAN SHARED SERVICE CENTERS

In Hungary the development of the shared service sector plays an increasingly important role in the growth of the national economy. Between 2005 and 2010 this sector showed the largest growth, an annual 20% on the national level. In the CEE region and in Hungary the salary level, geographical proximity, cultural homogeneity and the development of infrastructure attract investor companies. Mostly 'mass-production', highly standardized business services requiring mainly secondary-school-educated labor have migrated to Hungary (NFM, 2010).

As a result of the last ten attractive years, today there are more than 90 shared service centers in Hungary and the vast majority of them are operating as subsidiaries of large international companies. Naturally the largest Hungarian companies (mainly regional multinational companies and state-owned companies) also have similar service centers, but their number is much lower than that of the subsidiaries of foreign investors.

The shared service centers provide a range of business services – most notably in the areas of finance, accounting, procurement, logistics, information technology and human resources – mostly regionally and

sometimes globally. Additionally, this sector is a major employer: it accounted for around 1.2% of the state budget from taxes in 2010 (PwC, 2010).

According to a research report by Randstad Hungary in 2011 (Randstad, 2011), this sector employed an estimated number of 40,000 persons directly in shared service centers. However, this number does not include the employees of different business services (recruitment, financial services, accounting, etc.), SMEs or the small call centers. In the CEE region the largest competitor of Hungary is Poland, whose market is twice the size of ours; the Polish SSC sector employs more than 70,000 persons (Gyimóthy, 2011).

The shared service centers employ primarily an educated workforce that speaks foreign languages, with about 40,000 employees. The office space leased by shared service centers is 200,000 square meters, which is approximately one-tenth of the total 'A' category office space in Hungary. According to the experience of real estate developers, the technology of these centers becomes outdated in 3-5 years and after that centers move to Asia, where the operational costs are lower. But today there is a tendency not only for these centers to remain, but for some companies to move their service centers from cheap countries like India to Central and Eastern Europe (Sütő 2012).

Every third Hungarian SSC has more than 500 employees and recruited more than 150 new employees in 2012. According to Sándor Baja, CEO of Randstad Hungary, this is very important because the average unemployment rate is higher among 25-29 years olds (13.7%) and among 20-24 years olds (27.3%) than the national average (10.4%), based on the data of the National Statistic Office in November 2012 (HR Portál, 2012a).

Service centers do not carry out the recruitment because sometimes they have to deal with such a large number (e.g. 50-100 persons at the same time) or such quality parameters (e.g. assessment of up to 20 different languages) that the HR departments of shared service centers cannot handle it. Therefore almost without exception all of the shared service centers deal with HR consultancies and head-hunting firms for this tasks. Usually they do not enter into exclusive contracts but use the maximum number of consultancy and executive search companies and expect candidates from them.

In the recruitment process the applicants who have work experience or have studied abroad, have worked in a multinational work environment or at other SSCs or in similar positions to that which they are applying for have an advantage. Naturally, the experience required depends on the position applied for, since fresh graduates are invited for some jobs where the work experience is not required but a good knowledge of foreign languages, an open-minded and communicative personality and self-confidence are of key importance.

LABOR FORCE IN THE HUNGARIAN SSCs

In service centers the most important requirements for young graduates is the ability to learn rapidly and to make decisions quickly. In making a decision the employee's main task is to determine whether they are faced with a standard process or not. If they are, then it must be handled based on the standard knowledge base but if not, then the employee has to pass the process on to another colleague who has the authority to handle it.

The majority of workers recruited in service centers are between 25-35 years old and have at least bachelor's degree. 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).

Of the Hungarian shared service centers' employees, 80% are graduates of higher education and are fluent in foreign languages, and only 20% have just a secondary education. This ratio is the reverse in services 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).

But usually the jobs in service centers do not require higher education degrees but the self confident behavior and diverse foreign language proficiency is typical only of college and university graduates. 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.

Within shared service organizations (SSOs) we can differentiate call centers, where the work is dominantly customer contact by phone and other related administration work, from contact centers. A contact center is similar to a call center but is an improved version of it. In a contact center, in addition to the phone, there are other communication channels for customer relationship: e.g. online platform, email, SMS, etc. (Szabó, 2012).

According to Ádám Hoffmann, SSC leader at Exact Solutions, with the maturing of the Hungarian market, the former trend that the leadership of shared service centers consists of foreigners has changed and today there are more and more Hungarian leaders at the top of the centers

or acting as deputies. (Ádám Hoffmann, interview, June 2012)

The past few years have seen a trend towards the applicants being much more knowledgeable about job-seeking; they know the sector and the companies, and they have an idea of what work is like in such a center. This result has been achieved largely by the marketing activity of the SSCs, for they are present at every major job fair and in job advertisement publications, but naturally the growth of the Hungarian service sector has also had a positive effect.

Although most of the shared service centers advertise themselves as the starting point of international careers, according to Ádám Hoffmann there are relatively few employees who can go from a Hungarian subsidiary to a foreign one within the company. More prevalent in the sector is the 'job-hopping' phenomenon when an employee changes jobs not vertically but horizontally, i.e. he/she changes companies and not positions for a higher salary (sometimes the difference is 20,000-30,000 HUF per month). (Ádám Hoffmann, interview, June 2012)

Table 1
Annual gross salaries in financial SSCs
across CEE in Euro

	Czech Republic	Slovakia	Poland	Hungary	Roman
Financial SSC					
Accounts Payable Manager	24,000	24,000	37,500	23,000	23,400
Accounts Payable Clerk	13,095	11,000	15,000	12,000	8,500
General Ledger-Book-Keeper	13,095	13,200	15,000	12,000	12,000
Financial Accountant	16,000	18,000	21,000	25,556	9,600
Credit Controller / Manager	26,000	24,000	37,500	25,000	25,200

Source: Grafton Group, 2011

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 the young employees it is also important that these centers have flexible working hours, they can work in 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).

Table 2
Annual gross salaries in customer service SSCs
across CEE in Euro

Customer Service SSC					
Customer Service manager with additional foreign language	35,000	38,400	36,000	45,000	22,000
Customer Service agent with additional foreign language (3+ yrs exp.)	15,500	13,200	18,000	18,000	11,000
Customer Service agent with additional foreign language (0-3 yrs exp.)	14,000	11,000	13,500	16,000	9,400

source: Grafton Group, 2011

However, according to Grafton Recruitment's research report published in November 2012, Hungary and particularly Budapest is one of the most costly locations among the eleven cities analyzed in the region. For the same positions in 2012 a service center could recruit an appropriate applicant for half the money in Cluj-Napoca (Romania) than was needed in Budapest (HR Portál, 2012c).

CAPITAL VERSUS PROVINCIAL CITIES AS SSC LOCATION

The Hungarian SSC sector has established a capacity of several tens of thousands of employees over the past ten years. While in the past the dominance of Budapest was evident, now there are a great number of centers outside the capital as well: e.g. there is British Telecom in Debrecen, Vodafone in Miskolc, Budapest Bank in Békéscsaba, and Magyar Telekom in Szeged (Szabó, 2012).

However, in the service market the vast majority of service centers are in Budapest, and if this situation does not change in the future, according to some experts it will make the growth of the sector unsustainable. On the other hand, the current number of employees in case of a positive scenario of the Hungarian service sector may expand by 5-10% annually. Market data indicates that 80% of Hungarian shared service centers are still in the expansion phase (Mártonffy, 2010). This clearly visible growth potential is a good rationale for the function expansion of service centers.

While in Hungary there is no labor oversupply in the skilled workforce for higher value-added service jobs, in Slovakia or in the Czech Republic there are some signs of

labor shortage. In Hungary, the service sector concentrates on Budapest while the provincial cities, especially the university cities, are underused. The solution may be the installation of newly established service centers outside of Budapest, but this requires substantial infrastructure investment from the cities, since the larger service centers need advanced and large office space. This may be the source of further expansion because, contrary to Budapest, establishing jobs in the provinces can be supported from EU funds as well (Mártonffy, 2010).

According to Ágnes Henter, General Director of Investment Departure, Ministry of National Economy, and this trend is an obvious target of the government. In order to achieve it, the government is altering the unique subsidy system¹ so that investors will choose the provincial cities rather than the capital. It has happened previously that the government has offered a subsidy only for those investments that are carried out in the country. According to Ádám Hoffman, it should be seen clearly that this sector will always be capital city-centered because it has the adequate office and IT infrastructure and there are the potential graduates in higher volume that are vital for the SSCs. According to Ágnes Henter, the companies that need knowledge of less frequently spoken languages, more specific language in addition to English and German language proficiency do not choose provincial cities. There are some SSCs in Hungary where the employees serve customers in as many as 15-20 languages. This labor force is more difficult to find outside of the capital. And unfortunately it is also true that in such areas there is not as good an office infrastructure as in Budapest, where investors can choose from a great number of world-class office buildings. Only a few provincial cities can show adequate office infrastructure at present. And investors never take on the extra cost of greenfield investments, so they choose only between Budapest and some provincial cities. According to Ágnes Henter, the third most important reason against rural investments is the lack of proximity of an international airport. Therefore Mónika Pintér, partner of Shared Services and Finance Transformation at DLM Consulting Group, does not believe that Hungarian provincial cities may become a location for larger SSC investments because such cities may maintain a smaller call center but not a center employing several hundred accountants. (Ágnes Henter, interview, July 2012)

TURNOVER IN HUNGARIAN SSCs

According to IFUA's research, in Hungary almost all shared service centers operating here have achieved their stated goals for cost reduction, but they see that further results in this area are difficult to achieve because there is a high turnover rate and therefore the recruitment and training are quite expensive (VG Online, 2012).

¹ Unique Governmental Subsidy: from its own and EU funds the government can support new investors that create a large number of new jobs.

The key element in establishing a new service center is always finding the right staff and recruiting 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).

The increasing popularity of service centers provides an opportunity for the leaders of the centers to attempt to broaden the service portfolio. This is important for two reasons. First, leaders 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 and 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 many places it is also a problem that SSCs could not always create a truly unique and distinctive image and so it is much more difficult for them to compete with well-known companies. Fostering a distinctive image might improve the turnover rates at some centers as well (Szabó, 2012).

The main reason for the high turnover rate is the expectations of new recruits, which only university graduates are often able to meet. In these centers the work may be very interesting at first but after a while it may become monotonous and the workers with foreign language proficiency change jobs. Actually, the more successful the centers are in standardization, the more monotonous the work is for the employees. This is contrary to the expectations of newly graduated, well-trained young people, and they will therefore change jobs (Thorniley, 2003).

Other reasons for resignation 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 and Tóth, 2004).

The 'job-hopping' phenomenon in which the young workforce migrates from one center to another has long existed in India. It has become a well-known problem in Hungary as well. There is even a company that does not allow any visitors into the center because of its fear of

competitors. Other companies apply incentives to retain their workforce (Sebök, 2006).

The larger centers defend themselves against the high turnover rate by offering every employee the opportunity to change areas within the center and work with different tasks after one and half or two years. Naturally, in such cases the cost of retraining is paid by the company if the employee has the necessary competencies to do the job, and thus quite extensive career changes are possible. This rotation system can be very motivating but it works well only if the center does it consciously and it is properly communicated.

According to Katalin Németh, head of the investment incentive department in HITA², it needs to be seen clearly that working in these centers does not mean a life-long career and this is known by the employers as well. However, for young graduates who are at an early stage of their careers it is a great opportunity to work in such a center and obtain international experience. The fairly high salary and superb work environment may also be attractive. All interviewees confirmed that the majority of these centers do not really look for university graduates but for the competencies that are exclusively held by higher education graduates in Hungary. And though these employees do not have to do jobs requiring a degree, which at the same time do not carry a good prospective in the medium term for many workers, there are complex, varied tasks and good work conditions. Gábor Vida, senior consultant of IFUA³, added that these centers are likely to be more attractive to employees because it is in the centers' vital interest that the staff work under well-balanced conditions and that the turnover rate should be low. In a service process quality assurance and quality control are much more difficult than in the production sector because in a service process it is very hard to discover the errors. (Katalin Németh, interview, July 2012) (Gábor Vida, interview, August 2012)

It is not good for the turnover rate that many employees have other degrees than that necessary for the jobs. According to György Bögel, senior researcher of CEU⁴ on outsourcing field, these centers are likely to have a great number of employees who do not like working there because it is not sure that the objective of an employee with a liberal arts degree is to inspect invoices. Naturally, in most cases these employees work in such centers because they could not find other jobs and their language skills, general knowledge, and cultural openness make them suitable for this kind of job. (György Bögel, interview, September 2012)

According to Gábor Vida, senior consultant of IFUA, although in Hungary it is a huge problem to manage turnover for shared service centers, the turnover rate is much lower than in the other neighboring CEE countries. In Hungary it is a general problem for investors that they can employ eligible applicants only for a higher salary.

² HITA (Hungarian Investment and Trade Agency) is a governmental organization for foreign investments.

³ IFUA Horvath&Partners is the Hungarian affiliate of the Horvath&Partners international consulting firm.

⁴ CEU is the acronym of Central European University, that is an international university located in Budapest.

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. (Gábor Vida, interview, August 2012)

THE LANGUAGE PROFICIENCY ISSUE

A contradictory picture exists about language proficiency in Hungary. While all of my interviewees highlighted the wide variety of foreign language proficiency in Hungary as one of the most important advantages, almost everybody acknowledged that on the social level Hungarians could not speak foreign languages so well. According to Mónika Pintér's consulting experiences, even university graduates may not have adequate foreign language and communication skills. She sees the problem as being that the language training courses are left for higher education, while it would be much better to learn foreign languages in primary and secondary school. In Hungary the issue of foreign language proficiency was solved for the service centers by the fact that almost everyone on the staff has a higher education degree: in many cases this degree is not required for the job but the competencies required could only be obtained with this degree. In Hungary every higher education graduate is required to speak at least one foreign language at an intermediate level. In addition, economics graduates, who are in great demand in Hungarian SSCs, need to speak two foreign languages. But this phenomenon is strengthened by the multi-cultural attraction of Budapest since many young foreigners are living there who speak, for instance, relatively uncommon Scandinavian languages, which may provide easy access to SSC jobs. To remedy this problem, HOA⁵ started a sector-specific program for employment in secondary education. According to Katalin Németh, head of the investment incentive department in HITA, language teaching should be strengthened in secondary schools by the government. (Mónika Pintér, interview, August 2012) (Katalin Németh, interview, July 2012)

According to Éva Mária Tóth, president of the Human Resource Foundation (HEA), in general language skills are not very good in Hungary, but those who speak a foreign language are really proficient and the number of languages spoken is high in Hungary. While in India e.g. mostly English is spoken as a foreign language, in Hungary service centers can provide services in 12-15 different European languages and it is almost impossible to name a European or world language in which there is no appropriate worker with language skills.

Moreover research has also shown that the language

skills of young people are continuously improving. Based on data collected in the last ten years by the Euro Examination Center⁶, the number of examinees is steadily increasing and the language skills of young people are continuously improving. According to Zoltán Rozgonyi, head of the center, the language skills of young people leaving secondary school are increasingly improving but there has been no sudden rise in the level. At present we are still far from where the surrounding countries are, but among the twenty-year-olds there has been a two- or three-fold increase in the number of people who speak English effectively (HR Portál, 2011).

EDUCATIONAL SYSTEM

Attila Suhajda, president of HOA, pointed out that the experience of Hungarian shared service centers is that the education system does not follow the market requirements, so young graduates leaving universities and colleges are ineligible for immediate working without several months' training (Kovács, 2010).

Attila Suhajda and Ádám Hoffman hold that the new higher education regulations in Hungary are also likely to be detrimental to the competitiveness of the Hungarian shared service sector. Currently the Hungarian government supports more students in technical and scientific fields, which is very good, but in shared service centers more graduates of economics and liberal arts with good communication skills would be preferable. According to György Bógel, higher education also represents a buffer of 3-5 years and it is very difficult see clearly at present what kind of students will be needed for the economy at the end. According to Attila Suhajda it may also be a mistake for the government to plan for the demand of the current economic situation of recession, for hopefully in 3-5 years the economy will start to grow slowly. This is confirmed by the fresh forecast report of Randstad, which state that in 2020 in Hungary there will be 150,000 fewer university graduates and 500,000 more secondary school leavers than the market will be able to absorb. The shortage of professionals such as engineers and IT professionals will affect the construction and business sectors. (Reviczky, 2012) The reorientation of higher education into a way with fewer state support and fewer graduates would contradict the action plan of Hungary in the European Union 2020 Agenda, which assumed the rate of higher education graduates to be 40% in the age group of 30 to 39-year-olds. György Bógel would consider positive a higher education model where companies are actively involved in higher education, not as lecturers but rather working together with the university for several semesters. (Ádám Hoffmann, interview, June 2012) (Attila Suhajda, interview, July 2012) (György Bógel, interview, September 2012)

⁵ HOA (Hungarian Outsourcing Association) is a non-profit organization of the sector's companies.

⁶ Euro Examination Center is a Hungarian company providing language examination services.

LEGAL ENVIRONMENT

The recently revised Labor Code based on a draft by ITDH-HOA⁷ had a very positive response from the international service centers of the Hungarian service sector. All my interviewees confirmed that the new Labor Code of 2012 might further improve the legal situation. According to Ágnes Henter, this Labor Code is the most flexible employment regulation in the CEE region, which clearly improves the international competitiveness of the sector. György Bögel added that it is very important for the investors that in the selected location the scalability of the workforce will be ensured. So when there is a case of overcapacity it will be relatively easy to lay off the redundant staff and when there is a shortage it will also be easy to find eligible workers. (Ágnes Henter, interview, July 2012) (György Bögel, interview, September 2012)

VISION OF A MODEL BASED ON THE LABOR FORCE

The classical shared service model achieves savings created by economies of scale, delivering a service for more and more clients but on the basis of the same resources and low prices. The key to success is a powerful development technology for process automation and standardized processes. For the workforce employed it is very accurately prescribed what process is to be followed in which situation. This kind of work is very similar to the classic assembly line based on an industrial model, which is why it is called process-driven organization (Daleske, 2012).

However, this model cannot be maintained in a country for a long time. The development of the model needs radical innovation, which means a change in value production. It means a change from scale-based savings to the more radical process innovation-based savings. This is not about the development of administrative processes but rather about a renewal of commercial processes.

It is an obvious risk for shared service centers operating in Hungary if, due to the increasing labor costs, the country loses its competitiveness with neighboring countries or other European countries. The fact that it is not certain whether Hungary has to compete with cheap labor cost on the global service market may vary this problem. Hungary would not be able to compete on this level with some Far Eastern countries. It is true not only for the productive sector that if a country competes only with the cheap labor cost globally, then it will lose in the long term. In the service sector it is also important to attract companies into Hungary that favor higher value-added jobs because they need a trained, skilled,

multilingual workforce that is valuable and attracts long-term investments. So in this sector those countries will be successful that are specialized not in the low value added, transactional work but in the more complex tasks requiring knowledge.

'Body shopping' is the nickname of migration of services into shared service centers in cheap countries. This may be true in the Far East but not in the CEE countries, where instead 'head shopping' is typical. While it is common for services with less responsibility to migrate e.g. into India, in Hungary the headquarters and research centers are more important (Figyelő Online, 2009).

According to IFUA's research in 2012 based on a survey among CEE shared service centers, one third of these centers are sure to and another third are likely to increase the number of their employees and do not plan to withdraw from this region (HR Portál, 2012b).

If we succeed in retaining staff doing higher value-added work in regional service centers, then they will contribute to having a good working relationship with their main business activity. This can be an advantage for the service centers that work on other career options. Service centers do not frequently ensure a career opportunity for young, ambitious workforce and that causes job changing. But if a service center moves closer to the main business activity by delivering its service, this can be an advantage in terms of career building (Hayward, 2010).

CONCLUSION

The role of business service centers is becoming more important around the globe but their full potential is still unexploited. In the near future a considerable number of service centers may be established globally. The establishment of service centers of global companies has the aim to achieve cost savings and increase the efficiency of the processes, but this will change over time and quality and flexibility will come into the foreground.

In a multi-polar world well-planned and well-operated shared service centers can play a key role in achieving high performance in a company. This competitive business environment requires highly professional human resource management in the service centers, for, according to several research projects, this factor is the most important for companies to find the best location for their centers.

It is important that Hungary should obtain as big a slice of the newly established service centers' pie as possible and help to improve the existing service centers. In order to achieve this aim, the key is foreign language proficiency and a skilled young workforce. Today the appropriate conditions for good operation are in place in Hungary, but it is time to prepare for the progress of the global service market.

⁷ ITDH (Hungarian Investment and Trade Development Agency) had a key role in attracting investment to Hungary until 2010. From that time on its tasks have been performed by HITA (Hungarian Investment and Trade Agency)

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