

SHARED SERVICE CENTERS AS A TOOL FOR ORGANIZING FLEXIBLE PERSONAL FUNCTION IN AN ENTERPRISE

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Abstract: Polish Association of Human Resources Management (PSZK) there have been identified four main job market challenges in Poland [*Czy polscy pracodawcy ...* 2011]. There are as follow: motivation adjusted to age and sex; lack of talents; retention of talents; and transformation of HR function. The analyses of situation in the scope of the last challenge mentioned shows that a lot of managing personal function workers have got ambition to act a leading strategic role in an enterprise. However, they admit themselves that personal departments are still reduced to a role of a business support or an administrator. The weak side of Polish organizations remains effective measurement of personal function especially rate of return from human capital investment. If personal function is to fulfill role of strategic partner it needs to change an attitude for more professional one in an organization. Desiring to be a business partner personal departments ought to make earnest assessment of their current activities and plan possible development areas for them. Measurements of effectiveness of personnel function should be an active base as though personal departments were able to have strategic function in an organization. Such transformation demands form personnel departments transferring their engagement on new fields and as a consequence reorganizing administration processes through their automation and outsourcing. The aim of the article is to show a meaning of flexible organization of personal processes within contemporary entities and introduction of common center services as a optimization tool and flexible organization of personal function in an enterprise. There are pilot research assessments presented in the article concerning SSC/BPO serving HR processes. The article has got a cause character and is a base for further deepened direct researches.

Key words: Human resources management, Personnel function, flexible organization

JEL: M 12, M 50

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ЦЕНТРОВЕТЕ ЗА СЪВМЕСТНО ОБСЛУЖВАНЕ КАТО ИНСТРУМЕНТ ЗА ОРГАНИЗИРАНЕ НА ГЪВКАВО ФУНКЦИОНИРАНЕ НА ПЕРСОНАЛА В ПРЕДПРИЯТИЕТО

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Резюме: Полската Асоциация за управление на човешките ресурси (PSZK) е идентифицирала четири основни предизвикателства на работния пазар в Полша [Czy polscy pracodawcy ... 2011]. Те са назовани както следва: мотивация според пола и възрастта, липса на таланти, задържане на таланти и трансформация на функцията на човешките ресурси. Анализът на ситуацията в обхвата на последно споменатото предизвикателство показва, че много от управляващите функционирането на персонала работници имат амбицията да играят водеща стратегическа роля в предприятието. Обаче, те самите признават, че отделите човешки ресурси все още са с редуцираната роля на поддържащи бизнеса или администратори. Слаба страна на полските организации си остава ефективното измерване на функцията на персонала, и особено процентът на възвръщаемост на инвестициите в човешкия капитал. Ако функцията на персонала е да изпълни ролята на стратегически партньор в рамките на една организация, необходимо е отношението към персонала да се промени към по-професионално. Ако отделите по човешки ресурси желаят да се превърнат в бизнес партньори, трябва да направят обективна преценка на текущата си дейност и да планират възможни области на усъвършенстване. Измерването на ефективността на функцията на персонала трябва да бъде активна основа на това, отделите по човешки ресурси да са способни да поемат стратегически функции в дадено предприятие. Такава трансформация изисква от отделите по кадри да прехвърлят ангажиментите си към нови области и вследствие на това, да реорганизируют административните процеси чрез автоматизация и аутсорсинг. Целта на статията е да покаже значимостта на гъвкавата организация на кадровите процеси в рамките на съвременните стопански единици и въвеждането на общи обслужващи центрове като оптимален инструмент и гъвкавост при организиране функцията на персонала в предприятието. Проведените пилотни оценъчни проучвания представени в статията засягат съвместните обслужващи центрове (SSC/BPO) обслужващи процесите свързани с човешките ресурси. Статията има причинен характер и е основа за по-нататъшни задълбочени изследвания.

Ключови думи: управление на човешки ресурси, функциониране на персонала, гъвкава организация

JEL: M12, M50

Introduction

Volatility of enterprise surrounding has become a permanent feature of its activities regardless of entity core business. Since volatility of surrounding and activity conditions appear there is a suggestion about meaning and scope of inner changes which take place in the enterprises. Conception frames of organizational

abilities for changes and flexible conception frames indicate apparent convergence between the ideas that is why flexibility becomes extremely important organizational ability in a change management [Osbert-Pociecha 2011].

With regard to personal function the ability rises bigger value in the view of challenges which job market is giving. On the base of research concerning HRM trends in Poland conducted by Deloitte in cooperation with Polish Association of Human Resources Management (PSZK) there have been identified four main job market challenges in Poland [*Czy polscy pracodawcy ...* 2011]. There are as follow:

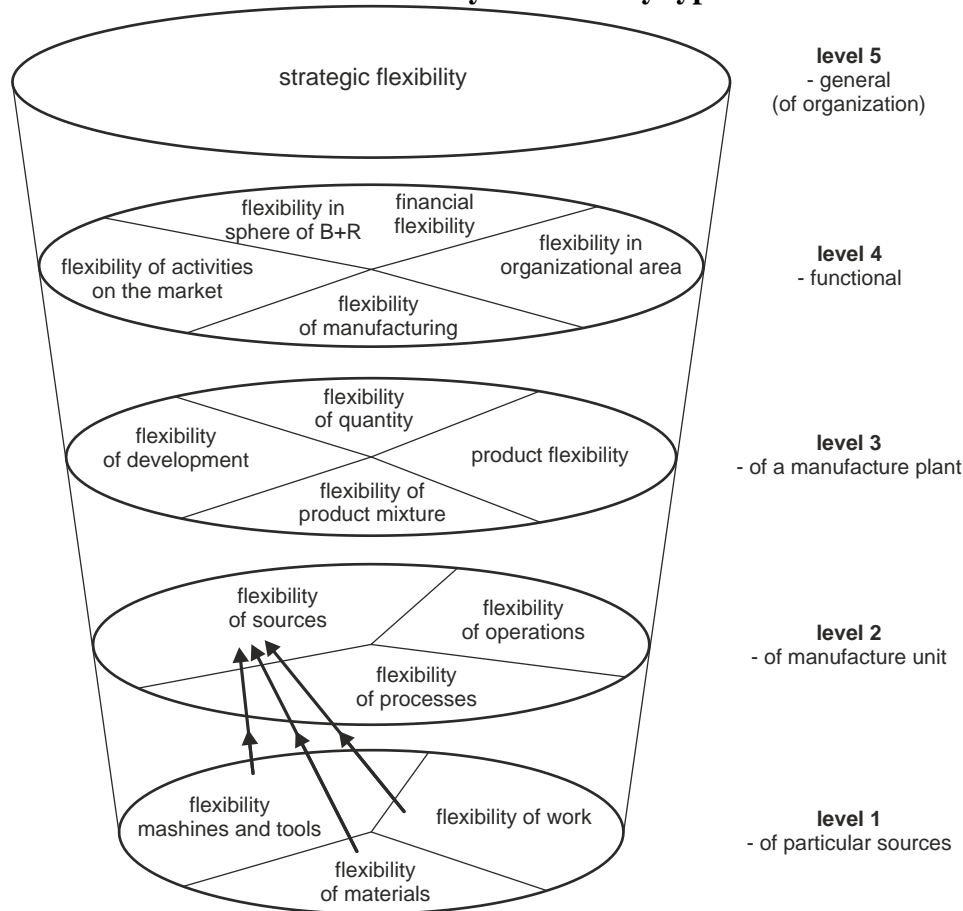
- motivation adjusted to age and sex,
- lack of talents,
- retention of talents,
- transformation of HR function.

The analyses of situation in the scope of the last challenge mentioned shows that a lot of managing personal function workers have got ambition to act a leading strategic role in an enterprise. However, they admit themselves that personal departments are still reduced to a role of a business support or an administrator. The weak side of Polish organizations remains effective measurement of personal function especially rate of return from human capital investment. If personal function is to fulfill role of strategic partner it needs to change an attitude for more professional one in an organization. Desiring to be a business partner personal departments ought to make earnest assessment of their current activities and plan possible development areas for them. Measurements of effectiveness of personnel function should be an active base as though personal departments were able to have strategic function in an organization. Such transformation demands form personnel departments transferring their engagement on new fields and as a consequence reorganizing administration processes through their automation and outsourcing.

The aim of the article is to show a meaning of flexible organization of personal processes within contemporary entities and introduction of common center services as a optimization tool and flexible organization of personal function in an enterprise. There are pilot research assessments presented in the article concerning SSC/BPO serving HR processes. The article has got a cause character and is a base for further deepened direct researches.

Flexible organizational concept and its meaning in optimization of functions and processes

Innovation flexibility and entrepreneurship are features of an entity necessary to avoid ageing processes and over stabilization of an enterprise, these are processes rooting from abilities to recover [Nesterowicz 2001, s. 63]. Flexibility sets an organizational aim which brings to settling having to ensure matching enterprise and surrounding in the situation of relentless change. That is the way to keep dynamic balance in an organization that is why it is called ultra-steadiness [Skowron-Mielnik 2012, s 52]. Its creating is one of basic dimension structuring a new paradigm of organization management collaterally achieving effectiveness and affirming quality [Volberda 1998, s. 13]. Flexibility is a differential and ambiguous conception what evinces in a great number and differentiates definitions, what is more it hampers connecting activities for its matter. An interesting way to present the multi-faceted idea is an multivariate approach classifying an essence and a meaning of flexibility in an organization (Picture 1).

Picture 1. Hierarchy of flexibility types

Source: [Osbert-Pociecha, Grzesik 2009, s. 12]

On the above mentioned picture there are three main grounds of organizational flexibility: operational one for example amount of production change. The easiest and the most often used is contracting in the range of operational and structural flexibility due to the fact that they concern activities on a lower scale and more detailed ones that is why more unambiguous to the effects. Straight strategic activities are more difficult to measure and assess but they give potentially bigger effects in building competitive advantage of a company.

The second point of view over flexibility of organization is a question of resource and process point of view [Kasiewicz i inni 2009]. Through resource point of view an organization is spotted as a resource set (material, capital, informative, personal) which are gradually changing. From the point of view creating their flexibility it is essential that be substitution between procedure effectiveness and resource flexibility - the more detailed the procedures coming from experience and usage of hidden knowledge the bigger effectiveness of corporate activities but its bigger (mount hardening) as well. Straight process approach takes a company as a collection of process enabling to alter the resources in the way to achieve different goals. According to S. Kasiewicz this approach enables more precise measurement of flexibility than the level of work post through functional to organization one. Thereby activity of effectiveness making organization more flexible can be assessed more precisely. W. Golden and P. Powell [2000, za: Osbert-Pociecha 2011, s. 141-142] suggested parameters of flexibility measurements and assessment:

- efficiency,
- ability to reaction to changes at the right time,
- versatility - scope of activities possible to be taken by an organization,
- ability to keep economic condition enabling reaction on unpredictable changes in surrounding.

In the context of above mentioned proposal of measurement it seems that more unambiguous and the same way more business convincing is an assessment of process flexibility than resource one. Beside possessing the right resources it is necessary to know how to dispose them, which points at the meaning of managerial competences or management systems [Stabryła 2009, s. 179].

With regard to this the recommendations to creation of flexibility organization are heading for a direction of flexibility process. According to Osbert-Pociechy [2011, s. 218] future activity in order for the proactive management of flexibility organization shall be directed on:

- underlining the role of flexibility as a particular competence essential for improvement of effective measures,
- broadening the spectrum of flexible activities referring to particular functions and processes including introduction of their configuration rules and searching ways to measure flexibility and assessment of influence on scores of business activity,
- counteraction of barriers and adverse affecting conditions to increase the scope of implementing activities making an organization more flexible.

In the pot of those activities first of all in the second group there are undertakings in favor of making personal function of organization more flexible. R. Krupski [2005, s. 75–77] understands flexibility of organizational structures as a possibility of their fast change or applying to the needs or as a natural changeability and he underlines the following sorts:

- resulting from module building organization – flexibility of the type organization form results from this as follows: particular elements have borders and it is possible to define what are their subject and effect of action,
- resulting from personal features of board management – organization governed by persons feeling like applying new knowledge, making changes, following innovations of organization are characterized by bigger alternation and flexibility. However, there is some danger that the changes are done too quickly and on the strategic level. Thus workers are not able to keep up with them or they do not know them precisely. Then strategic flexibility does not change into operational one and lower organizational level is stiff in their activities.
- resulting from indeterminateness of inner organization and shaping it on the spur of the moment – it is connected with organizational structure with huge frequency, almost currently, delegating workers for the most important tasks at the right moment. These solutions are very venturesome characterized with weak defined division of duties, changeability of rules multi directive communication but limited in applying to smaller organization because large subjects are not able to act effectively without stable division of work.
- resulting from conscious creation of organic relations inside of an organization – features of the organizational form are similar to the former although creation of so weak described organization is deliberate and is to enable bigger easiness of activities. It is characteristic for planned, innovative, searching activity based on knowledge.

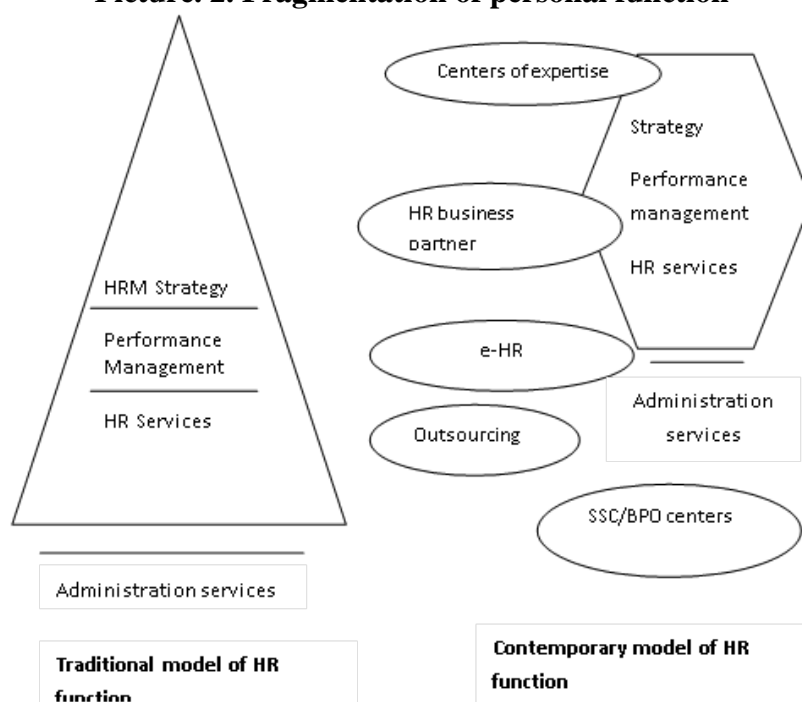
- resulting from frequent changes in an organization – the easiest but also the most common form of flexible organizational structures connected with power change which lead to changes in management of system, creation or elimination of organizational units.
- resulting from character of activity – it may concern segments which pro tempore projects are done or technologically advanced segments with a significant decentralization.

Thus divisional, network, virtual team, planned structures can be added to flexible organizational structures. Rise of organizational flexibility can be done through decreasing scope of post specializations, stronger decentralization, flattening hierarchy, decreasing role of central units, simplifying coordination [Łobos 2003 s. 242]. It means changes in the scope of tasks, permissions and responsibilities on the level on particular posts and an increase of professional demand from workers which is not always possible through use of inner people sources. That is why there is development of occasionally, temporary, outside employment. It is mainly temporary work or functional outsourcing as a way to select some activities or departments off the structure of enterprise and handing over under outsourced management of service provider.

The role of shared service centers (SSC) in fulfilling personal function both in theory and practice of enterprise

Referring to foregoing considerations it must be stated that personal function in an enterprise has been changing radically. The changes have the meaning to quest for make realization of personnel processes flexible so that it could meet a challenge of the remaining participants' demands faced by executors of personnel function. The effect of that there are changes in scope of personal function structure aiming flexible applying HR processes to real business needs. Contemporary structural solution in the frame of personnel function in Polish literature are described as "fragmentation of personal function" [Pocztowski 2010, s.186] whose graph is presented in picture 2.

Picture. 2. Fragmentation of personal function



Source: [Pocztowski 2010, s.192]

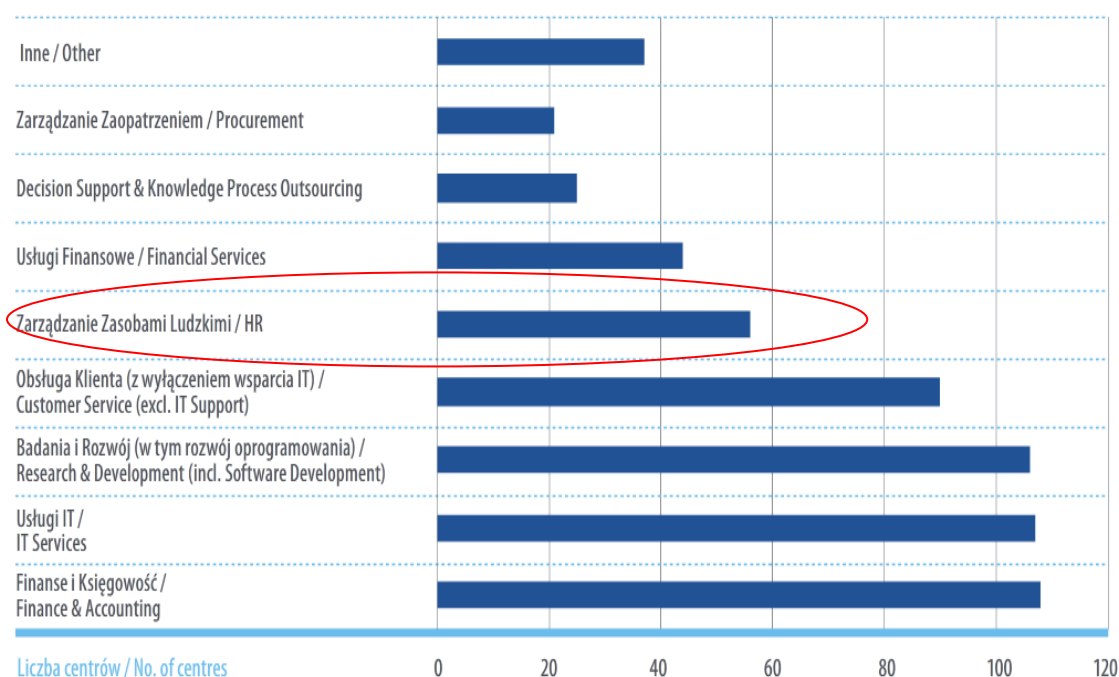
Analyzing information presented on the above mentioned graph hit may be concluded that contemporary model of personal function assumes decentralization and flexibility on the field of structure and organization of personal processes in comparison to traditional model. The effect of the above there is wider applying new solutions in the scope realization of personal function which can be included:

- Shared Service Centers,
- HR business partner,
- e-HR,
- expert centers of HR.

Bearing in mind the title and aim of hereby study and limited restrictions, subject of SSC/BPO has been focused on and further part of the article there are partite experimental results concerning SSC as a contemporary solution in the scope of flexible creation of personal function structure.

The idea of common service relies on reforming tasks done in single organizational units modifying them, and next connect them which in consequence causes that different units use only one deliver's service. The scope of competence of SSC differs generally nevertheless it is come down to widely defined personal administration [Reilly, Williams 2009, s. 50]. SSC as a structural solution is suitable for big companies often widely geographically spread and the main aim is cost reduction and increase in efficiency in action. Realization personal function partly within use of SSC seems to be optimum solution connecting features of centralized and decentralized model of organization. It proceeds from the study that SSC are one of most popular solutions applied to reorganization of personal function. Confirmation of that there is big share of centers fulfilling processes connected with personal function 56 units per 337 acting in Poland in a general number CUW located in Poland (graph 1).

Graph 1. Sorts of services provided in western centers in Poland in 2011



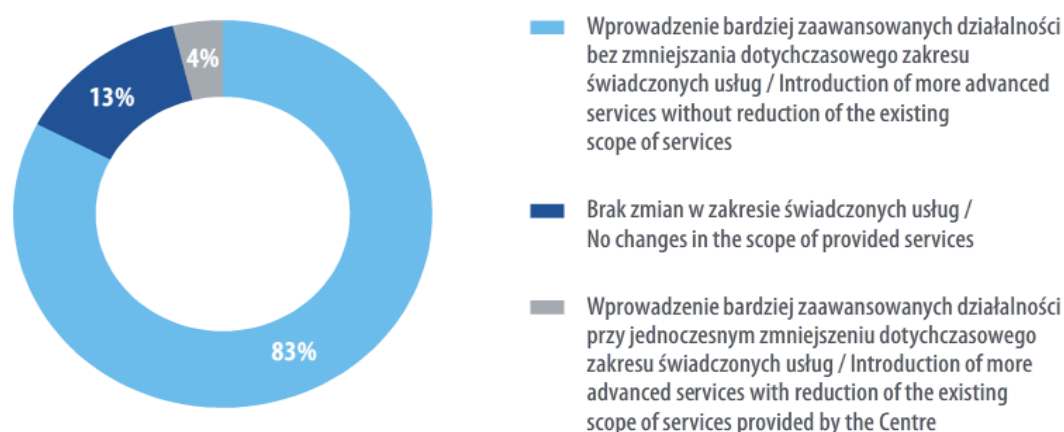
Source: [ABSL, 2011]

Due to the fact of centers character they can be divided into:

- characteristic feature of unit type SSC is its outsourcing off mother company which causes that the centers fulfill HR processes mainly in favor of dominant subject. Thus according to the above mentioned only big companies, which are characterizing high complexity of realized processes and possessing stable financial position, can allow themselves to introduce the type of improvements in realization of personal function
- the centers type BPO opposite to SSC become independent subjects specializing in operation of HR processes in favor of plenty of external clients. It makes a huge difference between described types of service centers in so far as middle and small business can use the BPO service centers as well. In practice limitations are abolished in the scope of access to the latest, flexible solutions in the field of fulfilling personal function for the above mentioned group of enterprisers.

In reference to kinds of personal processes realized in the frame of service centers primarily CUW were dedicated to fulfilling administrative part of personal function mainly connected with remuneration system which is dominant in general serviced personal processes. However, it is revealed from the conducted studies by ABSL [Sektor... 2011], that the scope of CUW activities in Poland broadens dynamically which data enlisted in graph 2 prove.

Graph 2. Changes in the scope of service done by CUW which took place in 2011



Source: [Sektor ... 2011]

Bearing in mind the specific of service centers activities in the field of personal function it ought to be supposed that later on dominant group of realized processes by the units there will be administration of personal function. However, taking under consideration the above fact that primarily service centers focused on payroll mainly the development service provided must be acknowledged as dynamic one. the main tasks currently realized in the frame of CUW must be qualified as follows:

- recruitment and reporting,
- benefits and rewards,
- personnel data management,
- administration of remuneration systems,
- workers' workshops,
- motivation systems,
- taxation,

- work time accountment.

Increasing possibilities in the scope of broadening gamut of processes included into personal function which in professional way can be done by CUW set good occasion for their clients both inside if we take under consideration centers type SSC and outside when considered BPO for making work in an enterprises flexible both in the frame of organization and individual.

It must be remembered that organization of personal function basing on SSC is connected with challenges facing people responsible for personal processes in a company. It proceeds from the study that realization of the above mentioned elements of personal function in the frame of specialized service centers in so far as the solution brings intended results requires huge outlay of time resources and finance from the enterprises. Analyzing experiences of enterprises in the scope of CUW creation there can be a conclusion that achieving charted aims depends on readiness to deep changes in organization, acceptance to different approach to work and implementation of new IT solutions. Hence beside above described benefits connected with possibility of flexible creating personal processes having been the effect of using the CUW service it must be pointed danger from applying described solutions. Foregoing experiences of enterprises in usage of structural solution in process of personal function realization as the SSC become allowed to identify both advantages and significant disadvantages of mentioned solution. Synthetic spin of advantages and disadvantages of SSC is presented in below shown table 1.

Table 1. Advantages and disadvantages of SSC

Advantages of SSC	Disadvantages of SSC
<ul style="list-style-type: none"> ▪ benefits resulting from scale of activity – service of a few countries/regions ▪ higher concentration on key competences and basic activities ▪ lowering operational costs connected with realization of personal function ▪ use of the latest IT solutions ▪ an increase of provided services ▪ better control and speed of taking actions 	<ul style="list-style-type: none"> ▪ risk of too big outlay in relations to economic result expectations ▪ superiority of standard work over creative ones ▪ loss of direct contact ▪ narrowed contact to phone calls and teleconferencing ▪ Cultural incoherence between SSC and serviced premises.

Source: [Dudzik 2009, s.30]

Conclusion

Analyzing contemporary market conditions it can be easily observed a trend in enterprise management which shows two characteristic features. The first one relies on getting to optimization of process run through their possible full parametrization. The second feature of the above mentioned trend is aspiration of companies for gathering owned sources on key competences and so called core business which aim is a constant increase in effectiveness of functioning which leads to achieve competition advantage. The raised issue in hereby article enlists itself in the above mentioned trends. Widely understood flexible work organization implemented on level of sources and organizational sphere of a company enables to create processes in accordance with the above mentioned trends in management. The need of

optimization and make processes flexibly shows off in reference to personal function in a company which stands more and more used structural solution according to a presented research outcome. One of such solutions are described SSC whose existence is an answer for needs connected both with parametrization and also making processes flexibly and fulfilled in the personal function. As a consequence it must be suggested that current trends in scope of organization of personal function contribute to permanent quality recovery which ought to influence positively on a process of creating values in companies thanks to proper strategic approach to human resources in an organization.

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