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Demographic preferences towards careers in shared service centers: A factor analysis☆

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ABSTRACT

Talent attraction and employee retention are some of the main challenges that currently affect the growth of the shared service industry worldwide. Due to the market dynamics and the structure of the labor force, shared service centers (SSCs) in the region compete to attract well-trained candidates with appropriate knowledge and skills. To assess gender preferences towards careers in the SSCs, the article collects 1283 responses using an on-line questionnaire from university students in the Czech Republic. Respondents vary by study year, gender, age, course of study, and work preferences. The article analyzes gender and age preferences towards careers in the shared services. The article further ascertains the main factors that influence career decisions using the same demographic features. Using the factor analysis technique, the article further analyzes the variables with strong inter-correlations to evaluate the formation of preferences in SSCs. The research results provide insights into the target age and gender of students with job aspirations in SSCs. The findings could help recruitment agencies renew and redirect their search for talents in SSCs.

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1. Introduction

Performance improvement and cost reduction through the implementation of Shared Service Centers (SSCs) are recent strategic priorities for 75% of the Fortune 500 companies (Accenture, 2015). The consolidation of processes in business service centers (BSCs) allows companies to benefit from economies of scale, standardization of processes, sharing of resources, and processes transfer to less expensive locations (Boglund, Hallsten, & Thilander, 2011). A reasonable level of staff turnover also serves as a cost reduction tool and helps manage employee-associated expenses (SSON, 2015; Stewart, 2015). The need to maintain a certain level of employee turnover, while retaining the best employees, puts pressure on human resource professionals in the SSC industry. In a global study on 275 SSCs, talent attraction and retention are target areas for development and investment for over 70% of respondents (Dunkan, 2009).

Central and Eastern Europe (CEE), and the Czech Republic in particular, represents one of the most attractive destinations for SSCs globally (Tholons, 2014; Drygala, 2013). Based on a recent report, business services in CEE will continue to grow at an average of 30% annually,

creating approximately 100,000 new jobs in the region (Labaye et al., 2013). In the Czech Republic in 2015, the business services segment employed over 55,000 people (Business services, 2015). The SSCs industry growth rate in the country is even faster than in India, and the industry mainly achieves the expansion through increase of existing centers, with only 10% from new center arrivals (Stewart, 2015).

The growth of the centers increases competition for skilled candidates. Assessment and understanding of the underlying motives for job search and job choice behaviors of prospective candidates is important for attraction and retention strategy deployment by human resource professionals.

This article evaluates students' eagerness to start a career in the SSCs and the influence of gender and age as demographic features in the context of the Czech Republic. The article further interrogates the key tangents/characteristics that attract prospective candidates as well as the main drivers of students to SSC jobs. The article adds a factor analysis component to determine the inter-correlation of variables used.

2. Theoretical framework

2.1. Review of the relevant literature on gender preferences in employment

Researchers study preferences in the workplace in a wide range of dimensions including differences between sexes in occupation selection, leadership styles, and job satisfaction (Eddleston & Powell, 2008; Kismiantini, Jesús, & Emeterio, 2014; Konrad, Corrigan, Lieb, & Ritchie, 2000; Sutherland, 2011). Many publications suggest that for males, good pay and career advancement opportunities are crucial factors during the job selection process. Women generally choose jobs that offer

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good working conditions like flexible schedule, sick-leave policies and a less demanding job nature.

In a meta-analysis of 31 studies on managers and business students, men consider earnings and responsibility as more important than females do, who emphasize growth opportunities, challenging tasks, and job security (Konrad et al., 2000). Flexible working hours and good training provisions are identified as priorities for females in a study of 6829 opinions collected through a 2006 survey in the United States and United Kingdom. Males, on the other hand, are likely to have a higher preference for jobs that offer good salaries and promotion opportunities (Sutherland, 2011). A study on the job preferences of Generation Y candidates (a demographic group that represents today's graduates born between the 1980s and 2000s) establishes that recently-graduated women prioritize an interesting job and regular working hours as compared to men. The study also identifies the general tendency of both genders to emphasize importance of job security and a relaxed atmosphere over other job attributes (Guillot-Soulez & Soulez, 2014). Other studies suggest that representatives of this generation are attracted by jobs that offer long-term career opportunities and professional advancement (Broadbridge, Maxwell, & Ogden, 2007; Eisner, 2011; Terjesen, Vinnicombe, & Freeman, 2007).

Based on the extensive body of studies and the undertaken literature review, our study uses similar criteria for job preferences (high pay, flexible working hours, etc.) to assess gender differences in attitude towards careers in the shared service centers. To confirm research hypotheses and findings, the article employs a factor analysis.

2.2. Overview of gender structure of services employment

Changes in global employment trends go hand in hand with technological innovations and business process outsourcing, which enable companies to transfer their operations to countries with cheaper labor (Beneria, 2001; Jhabvala & Sinha, 2007; Solli-Saether & Gottschalk, 2015). Outsourcing and SSC establishment in Eastern European countries is a source of white-collar jobs for men and particularly women, and helps to broadly improve the quality of female employment (Mehra & Gammage, 1999). Globally, service industries predominantly employ women (World Bank, 2015; OECD, 2002), and this trend holds in the Visegrad countries as well. In 2012, the share of employment of women in services was 74% in the Czech Republic, 78% in Hungary, 71% in Poland and 77% in the Slovak Republic (European Commission, 2012). Females join the service industry mainly in the clerical, sales and support occupations (Horgan, 2001; Howcroft & Richardson, 2008; UNCTAD, 2005).

SSCs offer a wide range of positions in the area of accounting, finance, payroll, human resources, procurement, logistics, etc. As the complexity of the shared services keeps increasing in CEE, it provides a valuable career path for employees (Howcroft & Richardson, 2008; Meijerink & Bondarouk, 2013). The gender structure of the business services sector is balanced (Forbes Insights, 2012), which differs significantly from the global gender structure of the services industry, where females comprise the majority of employees. This provides implications for further research on the effect that gender has on the decision for joining SSCs as well as the underlying reasons for representatives of each gender to start a career in the centers.

2.3. Rationale behind selection of the research scope

This study focuses on the Czech Republic, a country with a high density of service centers (Tholons, 2014). The shared services sector is an important source of economic growth and a big employer in CEE, which means that a lack of skilled candidates creates limitations for industry development (Rothwell, Herbert, & Seal, 2011).

The article selects university students as the target group for the study because: 1) in the Czech Republic, 70% of the openings in the centers require a university degree (CzechInvest, 2015); 2) according to the Association of Business Service Leaders in the Czech Republic (ABSL), a

high number of employees combine their services careers with university studies (Drygala et al., 2014); and 3) many centers, including IBM, SAP, and Accenture establish partnerships with universities in order to attract talent early on (Drygala et al., 2014). The job search literature recommends that companies develop a sound understanding of graduates' career expectations and know what job and organizational characteristics influence their decisions during the job search process (Montgomery & Ramus, 2011).

Previous studies discover the influence of demographic traits such as age and gender on employee commitment (Islam et al., 2012; Meyer, Stanley, & Parfyonova, 2012; Meyer et al., 2011). According to Brimeyer, Perrucci, and Wadsworth (2010), age and gender positively correlate with commitment and interest in jobs. Giffords (2003) and Moynihan and Pandey (2007) corroborate the findings of Brimeyer that demographic traits are positively associated with interest and commitment to jobs. Contrarily, Naqvi and Bashir (2015) posit a negative correlation of age and gender to jobs in terms of IT professionals in Pakistan. Meyer, Stanley, Herscovitch, and Topolnytsky (2002) also find a negative correlation of gender and age with employee commitment.

This article is important because it addresses the issue relevant for business services industry and fills a gap in the research on the motives that attract employees to shared service centers, given that few studies of this kind have been undertaken globally let alone in the Czech Republic. Research findings can serve as a tool for decision-making in design of attraction strategies by the BSCs. The article further attempts to justify whether demographic traits such as age and gender have a positive or negative correlation with interest in shared service jobs. The study also advances knowledge of the gender influence on employment behavior in the growing Czech market.

3. Research methodology

The analysis uses data collected from students in the Czech Republic. The questionnaire contains closed and multiple-choice responses. Survey collected the data using Google forms and was forwarded to respondents by email, using addresses from various student affairs offices. The respondents represent students of all university grades as well as different study programs. To achieve a larger response rate and make it easier for non-Czech speakers to comfortably respond, the survey presents both English and Czech language versions. The surveying phase of the research took place between May and October, 2015.

The survey contains 1283 responses (668 females and 615 males) from five Czech state universities responded to the questionnaire out of a total of 1500 students. Respondents provide their gender, age, year and place of study. Additionally, students indicate their awareness of shared service centers, readiness to select shared service jobs and attitudes towards shared service jobs. A simple count of responses to options such as salary/money benefits, opportunities for self-fulfillment, flexible schedule, opportunities for career-advancement, etc., helps to identify attitudes and criteria for selecting shared service jobs. These options come from a pilot survey conducted at one of the universities to validate the questionnaire and test the reliability.

Responses in the Czech language were translated into English and merged with the responses in English. The data was cleaned for consistency as well as removing repetitions and missing responses. Using the Stata statistical analytical tool, the data was analyzed to produce results based on the listed hypotheses.

Reports from the industry and academic literature coupled with the initial analysis of the pilot study provide background for choosing relevant variables, objectives and hypotheses for this article:

1. Identify the gender and age interest in shared service jobs by students in the Czech Republic
2. Identify the key characteristics that attract students in the Czech Republic to shared service jobs

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