

BPO Survey Executive Summary

Introduction and Review

The Shared Service and BPO Centre sector has grown over the last 5 years becoming an increasingly important sector in Central Eastern European economies and indeed an industry in itself. Over the last 5 years Grafton has been monitoring key HR issues in this sector in order to provide you with bigger picture trends and insights into the development of the BPO and SSC sector. This year we surveyed 209 professionals across 6 countries in CEE including: Czech Republic-Poland-Slovakia-Hungary-Romania-Lithuania. Our professionals came from Finance, IT, Customer Service, Procurement and HR SSCs.

INDUSTRY DEVELOPMENT & KEY TRENDS

Growth, size and specialisation

The number of SSC's and BPO's with over 500 staff has grown from 17% in 2011 to 30.6% in 2012. As BPO's and shared service centres mature they centres are taking on more and more complex functions (such as R&D) and are rising to prominence within global organisations. As such small and medium sized centres are growing at a rapid rate with their functions becoming more and more specialized. This provides it's own challenges as HR functions must maintain and build employee engagement amongst a fast growing workforce and locate and recruit more specialised and senior talent in a competitive environment leading to key skills shortages.

A region adapts

The predominance of Shared SSC and BPOs has created a recognized career path for Millennials and highly skilled specialists. As such education systems across CEE have evolved to accommodate this career path, producing tailored courses and a well educated and suitable workforce. This is clear from the surveys results that show how quality of hire and cultural fit are much less significant HR challenges than last year. Last year 55% of respondents saw quality of hire as a key HR challenge compared with 38.5% this year.

SSC's what's next?

Given the growth and specialization of this sector and the consequent creation of the SSC career path we predict that as companies plan more complex Shared Service Centres and BPO's the next big investment in the sector will be the increase of R&D centres and the growth of HR SSCs due to the wide availability of HR talent within the region.

Good news for HR as SSC focus on learning and development pays off

Over the past 5 years we have witnessed a continued focus on learning and development across the board in the SSC and BPO sector. This year's survey proves the success of these programmes through an increase in retention across all respondents' businesses. In addition, the increasing size and specialization of centres support provide further opportunities for advancement within the sector and increase chances for progression, reducing staff turnover. This years survey shows that 23.5 % of respondents now have staff turnover rates of less than 5% compared with 10% last year- showing a marked reduction in staff turnover.

Employee Engagement - the big opportunity

Whilst staff turnover has shown a marked improvement potentially due to a focus on learning, development and progression our respondents showed that their key issues no longer quality of hire but more significantly; retention and employee motivation. The last 5 years of SSC and BPO development have seen the implementation of rigorous performance management data and automated systems which have the positive effect of measuring and improving performance but the converse effect of reducing human interaction.

Whilst our survey results suggest that most respondents believe that the majority of their employees are fully engaged this combined with increasing centre size and strains on management

capacity have reduced the amount of time that employees spend with their supervisors. We believe that the next key opportunity for SSCs is to focus not just on employee development also the implementation of fully integrated employee engagement programmes.

Reducing time to hire and cost per hire

Advances in recruitment process improvement and the use of recruitment process outsourcing have led to considerable improvements in quality of hire and time to hire as well as reductions in cost per hire.

We're still hiring

84% of our respondents are still hiring which can only lead to more competition for the best talent. The question for SSC and BPO leaders is how can they distinguish themselves from the competition to attract the best talent and improve employee engagement so as to retain the best performers.

Skills shortages are a topic for everyone, now and in the future always

There is a dramatic 12% increase in the number of respondents experiencing candidates shortages due to the increased competitiveness of the market and increased specialization of BPO's and SSC's.

The employee proposition is now becoming more and more important in differentiating centres as employers of choice in the market.