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The Comparison of the Trends in Services Provided Worldwide with the Trends in Slovakia

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Abstract

The author highlights the services from the perspective of the service providers and clients. Furthermore, the author discusses the issues raised to the centers of support services and the criteria according to which a multinational corporation makes a decision about destinations where their centers should be located. The author deals with the current trends of the international service providers, who established shared services centers in Slovakia. The benefits that Slovakia offers, such as convenient location, low labor costs or low tax burden in recent years are the main criteria that attract foreign companies to establish their services support centers in Slovakia. Multinational corporations, mainly focus on the outsourcing of accounting and financial services, customer service covering the entire region as well as IT services.

Key words

Shared Services Centres, multinational corporations, international service providers, suppliers, outsourcing, information and communication technology

JEL Classification: A10

Introduction

The main objective of this article is investigation of the comparation of trends for services provided worldwide with the comparation of the trends in Slovakia. It supports researches provided by the international institutions such as Pricewaterhouse-Coopers and Deloitte. The main output of this paper is based on the comparation of the results of international and Slovak institutions.

Using our own research methodology, we came across to the analyses of the key factors/values that led the multinational corporations to choose Slovakia as their base for their Shared Service Centres.

The methodology that was used in the paper includes the methods of analysis and synthesis, abstraction, induction, deduction, comparation and statistics. The evaluation of the results of own research, comparative method was also used throughout the paper. The data were collected by individual interviews and by using questionnaires. The respondents were managers, members of the leadership teams and executives of public relations. The combination of the two methods of interviewing and questionnaires and the diversity of respondents brought good quality results to the research. The literature is related to the research and analysis of foreign companies. The paper with its results is aiming to contribute to benefit on the economic policy and operating trade unions – National Agency for Small and Medium Enterprises, The Slovak

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Agency for Investment and Trade Development, thereafter to business environment and educational processes.

1 Company outsourcing reasons

Economic and social drivers such as labor arbitrage and tax incentives, as well as access to global talent and global markets, have filled offshoring during the past 20 years. Today, as cost containment becomes a primary objective given the harsh economic conditions, the offshoring trends seems ready to accelerate rather than reverse itself. In spite of claims to the contrary, it is unlikely that a policy will be able to reverse the offshoring wave, given the benefits than can be achieved and the need to remain globally competitiveness.

The cost savings have been the main focus of early adopters of outsourcing and offshoring for a long time. However, as companies began to adopt corporate-wide strategies for outsourcing and offshoring decisions at the function level, managers' attention has shifted from focusing exclusively on labor arbitrage to viewing outsourcing as a part of their firm's strategy to access qualified personnel, improve speed to market, manage risk and optimize processes. More than 70 percent of service providers indicate that labor and other cost savings, as well as enhancing efficiency through business process redesign, are important reasons for their client to outsource (PricewaterhouseCoopers, 2008, p. 2).

1.1 Outsourcing and shared service centres

Outsourcing

- involves contracting business activities previously performed in-house by an organisation´s own employees to a third party,
- require creation and management of contracts and service level agreements as a part of a routine,
- can be set up to be provided onshore and /or offshore,
- might also include the creation of Shared Service Centre which is set-up and then run by the third party

Outsourcing involves the sourcing of goods and services previously produced internally within the sourcing organisation from external suppliers. The term outsourcing can cover many areas, including the outsourcing of manufacturing as well as services. The term outsourcing is most commonly used in relation to switching of the supply of product or service activities to external suppliers. Outsourcing can involve the transfer of an entire business function to a supplier. Alternatively, outsourcing may lead to the transfer of some activities associated with the function whilst some are kept in-house. Outsourcing can also involve the transfer of both people and physical assets to the supplier. Outsourcing is not just a straightforward financial or purchasing decision. In many cases, outsourcing is a major strategic decision that means implications for the entire organization. (McIvor, 2005, p. 11)

Shared service centre

- exists as a business and it is customer focused,
- has clear definition of services provision to more than one Business Unit,
- is fully responsible for costs, quality and performance management of the provided services,
- encloses own resources (from human to technological),
- has a flat organization reflecting minimal management layers,
- commits to Service Level Agreement (SLA) for all services provided (internally or externally).

1.2 The most lucrative destinations for shared service centers

The decision for a shared service center location is a complex one, as it has a huge impact on the outcome of an organization`s shared services effort. Labor cost, labor quality, local regulations, international taxes, political and economic risks and the organization`s own operational scope belong to crucial factors that play into the choice of a shared service center location.

Respondents participating on the company Deloitte analyses decided labor quality, proximity to current operations and labor availability to be the top factors influencing the selection of a shared service center location. The labor quality and availability pointed out labor cost as the major concern. As a result, labor was given a critical role in a shared service centers` productivity and efficiency. On the contrary, tax impact was viewed as one of the least important of the location drivers, even though a shared service centers' site selection can carry significant tax implications depending on the geographies served, the scope of the shared services centers' activities and the degree to which the shared service center uses or helps to develop standardized processes, customer data and other intellectual properties.

As might be expected, the respondents of Deloitte analyses selected India for the top Asia-Pacific country for locating a shared services center. India was followed by Australia, China, Malaysia, the Philippines and Singapure. The location dynamics of the Asia-Pacific region has changed considerably since it first became a prime shared services destination. Although India has been a common choice of organisations looking for a low-cost labor, English speaking locations and competition for talent in the large metropolitan areas (especially before the recession) are driving a growing number of organisations to place their shared service centers in smaller cities in India or in another countries entirely. Similarly, some organisations that previously established centers in China are now moving south as the strong yuan and new labor laws make Chinese locations less attractive. Manila, a large, diverse, metropolitan area with its strong English language skills, and Kuala Lumpur, with a culturally diverse labor pool skilled in multiple Asian languages, are emerging as attractive options for regional and global centers.

There is an increase in share services activity in Central and Eastern Europe (CEE) as a growing number of global organisations, especially US based organisations, turn to CEE as a low cost location for shared services centers serving EMEA. While most early forays into CEE focused on the larger metropolitan areas in Poland, the Czech Republic and Hungary, organisations seeking lower costs are now starting to turn to less well-established cities in these countries or in alternative countries such as Romania and Slovakia. One challenge in establishing shared service centers in these more pioneering locations is to find a sustainable depth of talent that provides an appropriate mix of education, experience and language skills (Deloitte, 2009, p. 12-14).

1.3 Organizations` top priorities

Cost reduction is crucial to shared services´ business under any economic circumstances. However, the recession has greatly increased the sense of urgency about delivering financial savings to the bottom line. Reflecting this concern, cost reduction headed the list of priorities among the Deloitte survey respondents, 72 % of whom identified cost reduction as one of their top three priorities over the next two years. Another 62 % also confirmed that process improvement, a key driver of cost reduction, would be one of their top three priorities over the next two years.

Although cost reduction may be the top priority in recession, shared service centers can deliver many other benefits that can be important to an organization in both surviving the downturn and taking advantage of the recovery. Many organizations are consciously using shared services as a toll to facilitate enterprise growth, improve business focus and enhance talent management among other strategic pursuit (Deloitte, 2009, p. 5).

1.4 Typical shared service centers focus in various regions

The success of India being "the world's back office" has motivated other developing countries with a significantly university educated population to replicate this country. It has reached national policy-making agendas as governments provide impulses to attract outsourcing business. China, for example, reached a huge challenge to India's software development outsourcing industry. Increasingly more of the US and European companies are outsourcing software and IT services directly to Chinese service providers.

Emerging countries with advantage on low labor costs are entering the highly commoditized market, but those with a pool of educated and skilled population seek to penetrate the high-end markets such as innovation and knowledge process outsourcing (KPO).

Back-office service and KPO markets, including finance and accounting, marketing, sales and human resources have been penetrated by Western European and Asian providers (PricewaterhouseCoopers, 2009, p. 6).

The database of PricewaterhouseCoopers indicates that Asian providers, dominated by the Philippines and Sri Lanka, provide 20 % of legal process outsourcing (LPO), following US and India-based providers. Although India has a well-established position in the LPO market, the Philippines' closer alignment to the US legal system attracts a number of LPO businesses from US companies. Other advantages such as cheaper labor, low cost of living and a well-educated, English-speaking community are a plus for LPO in the Philippines.

As expected, Eastern Europe, Latin America and China made their move into an outsourcing space by penetrating areas in which they have developed skills and capability, such as software development and IT service outsourcing. Owning a notable technology oriented educational system and solid research and development foundation, Eastern European countries are positioned as an attractive IT and software development offshore and nearshore outsourcing destination for many Western European companies. Many of these companies are choosing to nearshore IT and software development to less-developed Eastern European countries rather than offshoring to Asian countries (PricewaterhouseCoopers, 2009, p. 7).

1.5 Service globalization trends

While an economic downturn will boost the adoption of global services, clients will focus their decisions heavily on first year financial results and maintaining flexible contract terms. Within the global services economy, service providers will struggle to maintain profitability.

The demand for global services will increase as cost savings become a short-term key driver for client decisions. Leading India and other low-cost country providers of scale will continue the rapid advance toward industry leaders while most domestic firms continue to struggle with hybrid globalization models (NeoIT, 2008, p.1).

A. Service providers changes

Service providers face increasing competition and decreasing differentiation in the traditional global market for aplication labor. It is assumed, that India would be able to provide staff augmentation, project teams or even research and development capabilities. Service providers can no longer differentiate based on having packaged application language skills or business process knowledge, even when integrated with new technologies. While the full-service providers will always offer a broad range of capabilities, a smaller market of specialty firms that provide engineering to systems integrators is reaching critical mass. Staff augmentation would change dramatically after 2008. Through internet-based recruiting tolls, clients can find and contract with individual-level talent around the globe.

Remote management of data centers and desktops has been technically possible for several years. Command and control centers are increasingly removed from physical data centers. Within the context of the globalization market, slow growth is relative and IT infrastructure management services are growing nearly 20 % annually. Management facilities can be transitioned within a shorter period than most other corporate operations, especially since the services are already remote within the client organization. Most data centers and network operating centers are managed with a common set of tools from providers such as Computer Associates, Tivoli, and BMC. Service providers already possess operational expertise in each of these toolsets and can quickly adapt to any niche products or proprietary tolls implemented by the client. An often overlooked area of globalization is desktop management. While many companies use global services for the help desk, the outgoing management of desktops can also be managed remotely. Functions such as configuration management, image creation, security technology and remote management/diagnostics can be conducted globally.

After several years of strong growth, the market for Finance and Accounting outsourcing is reaching critical mass - meaning that executives assume that the company should outsource, unless there is any evidence proving the opposite. The opportunity to change operations begins with the following three elements: people, tools and processes. The human element is the most obvious in the current market because globalization provides access to skilled talent in lower-cost locations. Moving rote jobs offshore also improves the retention of staff because they are engaged in more strategic work. "Tools" include automation and enterprise software to streamline finance or accounting. "Process" changes should simplify how things are done and reduce variability making each transaction easier to automate and streamline.

Globalization for Human Resources (HR) still meets resistance within many companies. HR is traditionally a self-contained organization that provides a variety of functions ranging from payroll and benefits to hiring and termination. HR personnel often work as advisors to managers to resolve personnel difficulties or other administrative challenges. Behind the scenes, the HR organization handles numerous requirements for government compliance, ranging from diversity information to ensuring proper training programs for managers. Similar to any other corporate operation, HR cannot be entirely relocated offshore or completely outsourced. HR processes must be deconstructed and evaluated. Functions such as payroll, benefits, workforce administration, employee records and training are commonly outsourced. The largest providers still deploy proprietary technology and the most comprehensive one depends on proprietary methodologies.

While software and information technology remains the strongest segment of globalization, the position for second place is a hotly contested position. Markets such as human resources outsourcing and finance and accounting outsourcing have received more attention in recent years, but it is the development and support of products that has quietly crept into a leading positions. Broadly called "engineering services", this segment includes product design, integration, testing, modelling, conversion and others. Examples range from the development of car radios in Mexico to manufacturing equipment engineering in China. Dozens of industry providers crowd the broadly defined engineering market as specialists within their respective industries.

While the topic of green outsourcing services remains more marketing than substance, we expect this trend to take a root and become both measurable and attainable. The concept of green operations and carbon-footprint friendly are gaining momentum in the global economy. While service providers usually have less impact than traditional manufacturing firms, opportunities exist for companies to create green data centers, build green buildings and campuses, or develop methodologies that encourage environmentally friendly policies (NeoIT, 2008, p. 5 – 7).

B.Client concerns

Companies often have dozens of disparate agreements, services levels and pricing arrangement, sometimes with the same service providers.

While some clients re-enter complex negotiations to consolidate providers, successful clients are deploying collaborative sourcing to expedite consolidation. A rapid procurement process begins with the existing service providers already under a contract with the client. A quick assessment can usually determine which of the providers are capable of providing a broader range of services. The client can initiate immediate conversations with those providers, helping them understand the full scope of services after consolidation and giving them an opportunity to bid for that work. Leveraging existing providers can reduce the sourcing cycle to 8 or 10 weeks. This improves and makes the governance requirements easier. Increased volume only to a few partners also enables the client to become a "client of choice" by leveraging true partnering and volume.

While many organizations focus on pricing levels or on service level agreements, the briefest purpose of contract negotiations is to manage the risk between the client and the provider.

Outsourcing relationships are pockmarked with elements of risk that must be managed between two organizations in a contractual relationship. In the traditional staff augmentation contracts, the client assumes the risk for determining the scope of work, for supporting the staff to work effectively and for resolving unanticipated challenges. When migrating to a managed services agreement, the risk is a manifest in pricing, service levels, escalation procedures, benchmarking clauses and inflation clauses. Clients rely on service levels. The service provider focus on how to deliver the services at the required levels, therefore they have to assume the risks (NeoIT, 2008, p. 8 – 10).

1.6 Global services expansion

A large number of providers indicate their aggressive plans to initiate new software development and IT services in the next 18-36 months. A number of service providers is planning to offer new finance and accounting, human resources and innovation services. Plans for new software development and innovation services are dominated by small niche service providers, given the high potential margins.

The growth in finance and accounting services (such as accounts payable, collections, fixed assets and reconciliations) is accelerating at a rapid rate with 76 percent of service providers planning to expand the scale of their existing finance and accounting offering.

According to the research of PricewaterhouseCoopers more than 65 % of service providers are planning to expand their scale in knowledge/analytical services (PricewaterhouseCoopers, 2009, p. 22 – 23).

2 Central European Region – CEE

In the recent years there has been a strong interest of international companies in relocating and centralizing their business services to the Central European region (further only "CEE"). The CEE is a popular location for companies that want to establish new Shared Services Centres or Call Centers (further only "SSC and CC"). The attractiveness of the region is based on a number of factors, like an available and skilled labor force, a broad knowledge of languages, geographic and cultural proximity to Western Europe, well-developed infrastructure and considerably lower wage costs in comparison with Western European or North American levels. Based on the latest Colliers International & A.T. Kearney survey, Bratislava, Brno, Budapest, Prague, Krakow and Wroclaw are considered to be the actual Shared Service Centers "hot spots", while Kosice, Bucharest, Hradec Kralove, Trenčín, Ostrava, Sofia and other towns/cities of the region are considered to be the future top locations.

2.1 Slovakia

There is a well-performing market economy in Slovakia. The country offers many advantages, such as relatively low wage costs for a talented and well-educated labor force, many foreign languages spoken (English and German in particular), a business friendly environment and a good quality of life. Many international companies such as Dell, IBM, Hewlett-Packard, AT&T, Lenovo, Accenture and NESS have already discovered these and taken advantage by opening their operation centers in Slovakia.

There are several criteria which the companies consider when deciding in which country to locate an SSC or CC. The most important are the following ones:

1. **Workforce** (availability, capability - education, language skills, wage costs and labor productivity)
2. **Infrastructure and premises** (availability of office space, rental costs, reliable telecommunication networks, optical fibers)
3. **Stability** (political and economical, investment support)

1. Workforce

The key criteria for setting up an SSC or CC still remains the availability of a sound labor force. The population of Slovakia is about 5.4 million. About 2.7 million is economically active and about 1.8 million is represented by the 20 to 39 years old people. Last year about 1.13 million people accomplished an upper secondary education and 0.39 million accomplished university education. In Slovakia, a very high number of people study at secondary schools and continue their studies at universities. The share of people with a university education is also increasing. This positive development trend is underlined by the fact that Slovakia has achieved the highest share of people with a secondary or higher education among all EU countries and one of the highest shares of university educated people. Total literacy rate in Slovakia reaches 99.6 %.

Most SSCs and CCs employ university graduates who are specialized in finance, accounting or in IT, or graduates from the so called commercial academies (secondary schools specialized in accounting). Slovakia also offers a geographically balanced proportion of education. The biggest and the best known universities are located in Bratislava (Comenius University, Slovak Technical University, University of Economics etc.), while the other major university cities are Košice (Pavol Jozef Šafárik University, Technical University in Košice), Banská Bystrica (Matej Bel University), Trnava (University of Trnava), Prešov (University of Prešov), Nitra (Konštantín Filozof University), Žilina (University of Žilina) and Trenčín (Alexander Dubček University, Vysoká škola manažmentu / City University of Seattle) (SARIO, 2011, p. 4 – 5).

Slovakia with its open economy is able to offer a workforce with a high-level of language skills. That is one of the reasons why Slovakia is an ideal destination for offshoring service locations focused on the markets of CEE and other European countries. English is the most commonly spoken foreign language in Slovakia. The country's proximity to Austria and Germany is reflected in German being the second most spoken foreign language. People in Slovakia are also able to communicate in Czech language fluently and understand Polish and other Slavic languages. Thanks to the coexistence with the Hungarian minority of people living in the southern parts of Slovakia, more than 11 % of Slovak citizens speak Hungarian. Slovakia continues to benefit from offering reasonably low wages to the potential employers.

2. Infrastructure

Slovakia’s strategic geographical location makes the country an ideal platform for approaching the dynamically growing markets of CEE as well as countries of Western Europe. Major European transit corridors pass through Slovakia connecting the Western and Eastern parts of European continent. For the purposes of SSCs & CCs, IT and telecom infrastructure are of crucial importance. Dynamic development of aviation, railway and road transportation also play an important role.

Bratislava is located at the western edge of Slovakia, on the border with Austria and Hungary. It is the capital city of Slovakia, having more than 442 000 inhabitants. This number does not include people who commute to Bratislava on a daily basis. Bratislava is the only capital city in the world which borders two countries. It is situated only 50 kilometres from Vienna and it is an hour drive from both the border with Czech Republic and Budapest. The city benefits from this nearness to Vienna and Budapest. It is also the seat of universities that focus on languages and business as well the seat of the technical university. Despite great competition, Bratislava is and will remain the number one city for the investors in the field of SSCs and CCs to go to.

Regional cities

As the Slovak market matures, office development is spilling beyond Bratislava into regional cities (the so called tier-two or tier-three cities). According to Ernst and Young's Shared services roundtable, Košice and Trenčín are considered to be tier-two cities in Slovakia. When looking at the education factor, Žilina, Banská Bystrica, Nitra, Prešov and Trnava are cities that should definitely be taken into consideration, too.

The city **Košice** is located in the east part of Slovakia. It is the second biggest Slovak city and it is becoming a very promising location for SSCs and CCs. Some of the centres (e.g. Technical Support & Centre for Technology Solutions by T-Systems, call centres by AT&T and T –Com) have already been located here.

Investors can also take advantage of the near location of Prešov to Košice. **Prešov** is Slovakia's third largest city and it is connected to Košice by a highway. It is possible to travel from one city to another in 30 minutes, which is very comfortable time for commuting. These cities have more than 300 000 inhabitants alltogether and offer great network of universities. While Prešov focuses more on foreign languages and social science, Košice is well-known for its Technical University, as well as business, law and medicine university faculties. The city Košice is also lucrative becasue of its international airport and the fact that the market is not broadly saturated yet. Košice has grown into an attractive city over the years, as it is reasonably large. There is a very strong community of American nationals represented by the US Steel located here as well as AmCham that also prepares many events for local expats.

Trnava is the closest tier-two city to Bratislava, with a high level technical and foreign language focused university. It is close enough to Bratislava to allow people to easily commute to and from the capital city. The main employer in the city is PSA Peugeot, a car producer that primarily needs blue collar workers. One of the biggest advantages of Trnava is the fact that there are not any SSCs and CCs there for people willing to work in this kind of environment.

Trenčín is a city in the northwest Slovakia with an excellent connection to Bratislava and universities focused on economics and technical sciences.

Nitra is the fourth largest city in Slovakia and the seat of a university focusing on foreign languages. Nitra is also approximately one hour's drive from Bratislava.

Banská Bystrica has a central location and lies approximately 2.5 hours away from Bratislava by car. The city is the seat of the university focusing on foreign languages and economics. O2 has already established a call centre here.

Žilina is a city located in the northern part of Slovakia. It is the seat of the technical university that is mainly interesting for IT companies. Siemens has already located a technical support center in Žilina, that employes over 500 people (SARIO, 2011, p. 11 – 16).

3. Stability

The recent political situation in Slovakia is characterized as stable. Stability of the country is also assured thanks to the membership of Slovakia in international organizations, such as in the EU, Schengen Area, the OECD, the NATO, the UN and as of the 1st of January 2009 Slovakia became the 16th Member of Euro zone.

When evaluating the economic environment, in 2007 Slovakia's GDP growth of 10.4 % was the highest one in the European Union (EU) and the GDP growth of 6.4 % in 2008 was the second highest one. Because of the global economic crisis which accelerated in 2009, the IMF´s prediction stated Slovakia´s GDP growth at the level of -4.7 %. Positive economic growth was remarked after the Parliamentary election in 2010, after announcing both fiscal and structural reforms to support creating favourable business environment. During this period, economy recorded a 4 % GDP growth, second highest in the EU (Sweden recorded a 5.5 % growth). Forecasts for 2011 would be very positive, declaring economic growth of 3.8 % by IMF, 3.6 % by OEDC and 3 % by EC with a strong potential of reaching over 4.4 % in 2012.

It is also remarkable, that based on The Heritage Foundation's 2011 Index of Economic Freedom, Slovakia rates the second best among CEE at the 37th position in the world in regards to economic freedom, followed by Hungary at the 51th, Bulgaria at the 60th, Romania at the 63rd, Slovenia at the 66th and Poland at the 68th position. The 2011 Index of Economic Freedom reports on the economic policy developments among 183 countries benchmarking measures of economy openness, the rule of law and competitiveness (SARIO, 2011, p. 19).

Slovakia has handled several hundred of successful investment projects from various countries and in a wide range of industrial sectors. These investment projects, mainly originating from Germany, South Korea, Austria, France and Italy have had a substantial impact on the economic growth of the country. The total volume of FDI inflow to Slovakia reached 26 645.06 million EUR by 31 December 2009.

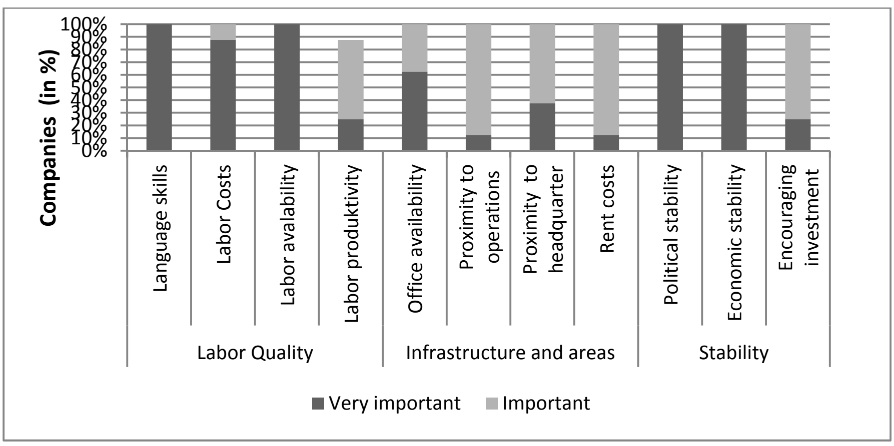
Governments of countries promote investment by providing state support to investors and also foreign and domestic investors with the ultimate aim to promote and increase employment, reduce regional disparities and to promote economic growth in the country (SARIO, 2011, p. 20).

3 Our research

Our research includes the responses of 8 multinational corporations: IBM, Accenture Outsourcing, Accenture Technology Solutions, Dell, AT&T, Johnson Controls International Bratislava, Danisco, Alianz a SwissRE-Business Services. The data was collected by individual interviews and by using questionnaires. The respondents were represented by managers, members of the leadership teams and executives of public relations.

The respondents of our research indicated labor quality as language skills, labor availability, political and economic stability at the top of the list of the key factors. The comparison of the results of our research with the results provided by the researches from the international institutions shows a great similarity. The respondents considered the same factors (labor quality, labor availibility) to be their priorities and key factors.

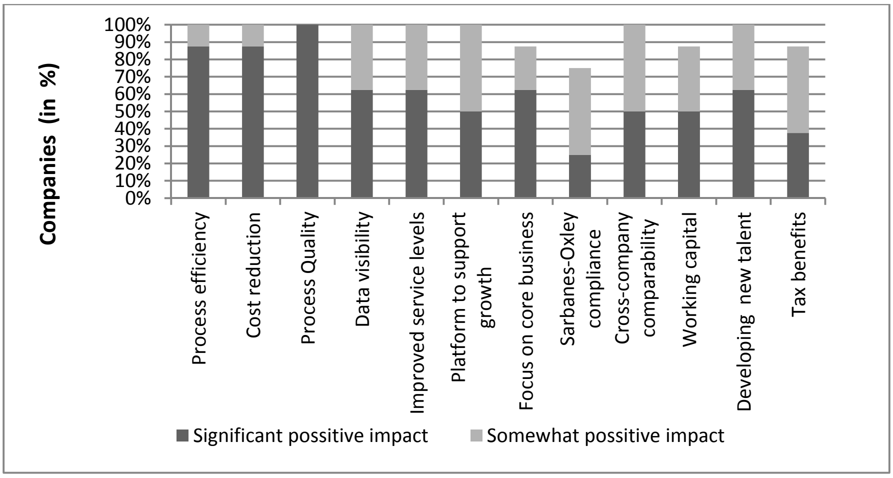
Graph 1 What were the key factors in selecting your organization`s shared services center location in Slovakia?



Source: processed by the author based on the survey using the form of a questionnaire.

The responses on the respondents´future SSC location plans suggest that most organizations´ overall shared services location strategy, as distinct from the choice of any particular SSC site, is driven mainly by the costs. The respondents identified cost reduction as one of the most important reasons for the anticipated move.

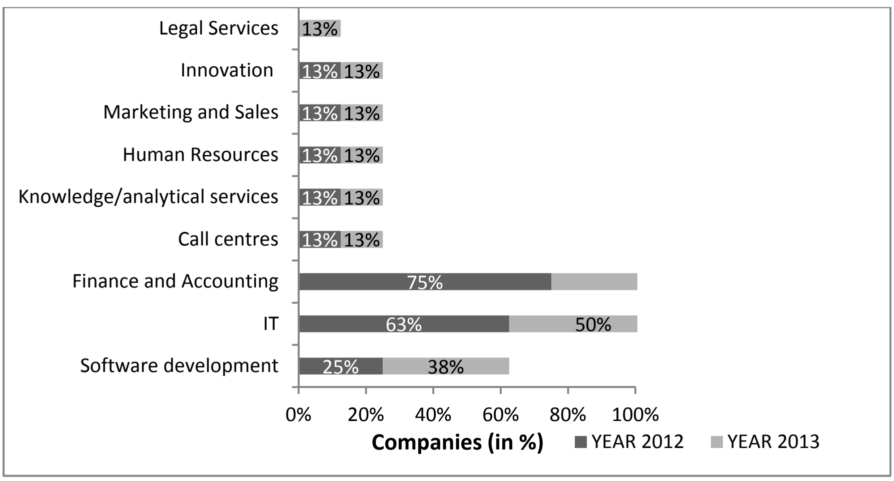
Graph 2 What areas have shared services made a possitive impact on the business?



Source: processed by the author based on the survey using the form of a questionnaire.

The cost reduction is one of the top priorities of our respondents. This area made the most possitive impact on the bussiness.

Graph 3 Do you have plans to expand the scale of existing services in the next 18 – 36 months?



Source: processed by the author based on the survey using the form of a questionnaire

As we can see from Graph 3, more than 60 % of providers are planning to expand in IT services in the next year and another 50 % in the year 2013. The growth in finance and accounting services is accelerating, as 75 % service providers are planning to expand their finance and accounting services in 2012 and they expect to continue their growth in 2013. Around 50 % of service providers indicated their interest to continue with offering this type of services. On the other hand, based on the chart we can see only a small interest to offer the knowledge/analytical services (13 % in 2012). It is probably caused by insufficient support from the government. There is a very low interest to study technical, engineering subjects and science in Slovakia. The education level of science and technical focus at the Slovak universities is not as high as compared to the universities from the neighbour countries. The education and science are crucial points for the future development of Slovak economy.

Conclusion

Based on our own research and the research done by the international organizations, we were able to draw a worldwide perspective picture of the reason why the big corporations decide to relocate their offices into different countries. We can also tell which countries are the most attractive for them, what are the biggest motivators, what are the consequences of the SSC decisions and their clients and which areas do the big corporations intend to expand in.

Thanks to this paper we were successful in identifying the reason and the most important indicators of the fact that Slovakia is one of the locations where the international corporations intend to relocate their offices. We were also able to describe the consequences of the existence of Shared Service Centres in our country, the meaning of the centres to their clients worldwide as well as the further plans in terms of expenditure of provided services.

Due to the fact that the international corporations plan to expand their range of provided services within ICT and innovations and that the interest in studying technical fields is getting lower, Slovakia may run short on technically qualified workforce in the future.

The reason why Slovakia has not yet attracted the providers of Knowledge Process Outsourcing is that research and development are minimally supported which is not enough to introduce high-tech patents.

Science and research that encourage and support the economic development is the basis of a competitive environment which is the absolute stimuli for high quality education. This field of services is especially vital for the future intellectual growth of employees and this is the only way they can become an "added value" to the international companies' expectations.

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