

Application Research and Exploration of establishing HRSSC Service Model for large State-owned Enterprise groups

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Abstract: In the new economic environment, the original service model of human resource management within large state-owned enterprise groups has been unable to meet the needs of group reform and development in the new stage. When foreign large enterprise groups begin to regard human resources as a new economic growth point, most of China's large state-owned enterprise groups ignore the great potential contained in human resources management and still focus on the traditional cost reduction and efficiency, but ignore to explore their own huge human resource advantages. Through the research on the service mode of HRSSC (Human Resources Sharing Service Center), combined with the current situation of human resource management in large state-owned enterprise groups, this paper further studies and explores the application of establishing HRSSC service mode in large state-owned enterprise groups, and puts forward the necessity and shortcomings of HRSSC construction in state-owned enterprises at the present stage.

1. Introduction

At the 19th National Congress of the Communist Party of China (CPC), General Secretary Xi Jinping pointed out that SOEs should "become stronger, better and bigger, and cultivate world-class enterprises with global competitiveness". Among the latest Fortune 500 companies in 2020, Chinese mainland enterprises reached 124, surpassing the United States for the first time, and Sinopec Group, State Grid Corporation of China and PetroChina Co Ltd. ranked 2nd-4th. In terms of the nature of enterprises, most of the enterprises on the list in China are large state-owned enterprise groups, and all of the top 100 enterprises are state-owned enterprises except Huawei, which is a private enterprise. Judging from the data, China's state-owned enterprises seem to have fulfilled the requirements of General Secretary Xi, but according to a specific analysis of the data of state-owned enterprises and other enterprises in the same industry, the reason why China's state-owned enterprises can be on the list is that they have surpassed their competitors in terms of quantity and scale. In terms of the real core competitiveness of enterprises and the level of management of enterprises, state-owned enterprises must carry out in-depth reforms in order to truly meet the hopes of the general secretary and the country..

2. The Necessity of establishing HRSSC in Large State-owned enterprise groups

In 1997, David Juric put forward the three-pillar model of HR management, that is, HR management is divided into three different modules: COE (expert center, HRBP (human resources business partner) and SSC (shared service center). The core of its idea is to enable HR to better create value for enterprises through the reconstruction of the organizational capacity of human resources.[1] With the deepening of the research on the theory of enterprise human resource management, more and more enterprises change their HR department from cost center to potential profit center. The fundamental reason is that the development of modern enterprises pays more and more attention to their own technology. The higher the technological level of the enterprise, the stronger its ability to resist risks and create value, the enterprises also pay more and more attention on

how to explore the existing staff ability, the ability to manage and utilize them.

At present, the management organization of the large state-owned enterprise group in our country is basically vertical management, the group has HR management department, the subordinate branch has HR management department, and the lower grass-roots unit also has HR management department, which has a complicated structure and a large number of people dealing with the same business. The HR management department of the enterprise is under the dual leadership of the enterprise and the superior HR management department. The group cannot effectively manage and supervise its subordinate HR departments, and the subordinate HR departments cannot make corresponding and effective responses according to the changes of the enterprise's development strategy.

From the perspective of the necessary conditions for establishing HRSSC, large state-owned enterprise groups have perfect conditions for establishing HRSSC:

- Due to the large number of provinces in China, large state-owned enterprise groups often contain a large number of subsidiaries or institutions, with 100,000 or millions of employees.
- State-owned enterprises have a large number of HR management employees, and their subsidiaries at all levels and even grass-roots organizations have HR management departments.
- The HR management of each subsidiary or subordinate organization has a high degree of consistency, and the management standards are basically handled in accordance with the unified requirements of the group company, so it is possible to deal with some HR management work in a unified way.
- Group leaders have the determination and motivation to reform HR management, and the group has the internal and external conditions for reform

3. The advantages of establishing HRSSC in large state-owned enterprise groups

3.1 Through the establishment of HRSSC, the standardization and compliance of the internal management of the group can be enhanced.

Through the establishment of HRSSC, all the repetitive and highly similar businesses in the HR management within the group will be handled by HRSSC, and the HRSSC will establish a unified standard process and work content in accordance with the requirements of the internal management of the group, all businesses will be handled uniformly in accordance with the relevant standards. It can effectively prevent each branch from dealing with its own business according to its own understanding and requirements. It not only enhances the ability of the HR management department to supervise and manage the business of subordinate units, but also reduces the emergence of non-standard actions within the enterprise, greatly enhances the ability of enterprise standardization and compliance.

3.2 The establishment of HRSSC can effectively reduce the cost of enterprise operation and management.

Large state-owned enterprise groups have a large number of branches and personnel, each branch will establish its own operation system for management requirements. Because the applicable object of each branch system is only itself and cannot be compatible with other objects, the group company needs a lot of operating expenses to manage all the systems every year. Through the establishment of HRSSC in the group, a large number of repetitive tasks in the enterprise can be operated and managed uniformly through the group's unified information system. That is, it is convenient for enterprises to integrate their own internal human resources data and unify their standards, it can also reduce the repeated expenditure of each branch on the information system. It can effectively reduce the cost of enterprise operation and enhance the management of data security, so as to avoid the security risk generated by the information system of the branch company.

3.3 The establishment of HRSSC, can enhance the management level of the enterprise itself and the analysis and utilization of employee data within the enterprise.

After the establishment of HRSSC, the group company can manage the actual operation of human resources of each branch of the group through standardized processes and operations, so as to ensure that the operation of human resources management is more transparent and compliant, which is convenient for the group to audit and monitor the human resources of each branch. At the same time, after the group's own human resources data are unified and standardized, it also greatly facilitates the group's ability to master its own human resources and big data's analysis. Through the analysis of its own big data, it can effectively predict whether the existing human resources of the group company can meet the needs of the group's development and make targeted reinforcement.

3.4 The establishment of HRSSC, can improve the quality of its own human resources business, then effectively enhance employees' satisfaction with the HR management department.

Through the establishment of HRSSC, the Group can establish an efficient and professional human resource service team, avoid the mistakes caused by unprofessional personnel in each unit; The establishment of the Group's own expert center can effectively improve the professional and comprehensive quality of human resource experts in the Group so that they can better serve the Group and create greater value. Through the construction of the information system of the group company, the information of employees can be summarized, and the common information of employees can be processed online by using the system, so that employees can deal with their own business processing more conveniently.

3.5 The establishment of HRSSC, can effectively reduce the transactional work of enterprise HR managers and the number of enterprise HR managers.

Through the establishment of HRSSC, the business of each branch can be handled uniformly, and reduce the number of HR personnel in each branch. At the same time, the development of information technology can also deal with the original business that requires a lot of manual processing in batches, which can effectively reduce the number of human resource managers in the group. The separation of a large number of transactional work from the HR management department of each branch can effectively reduce the workload of HR managers in each branch. Let them no longer needs to spend a lot of energy to deal with repetitive work, so as to focus on improving the efficiency of enterprise management and the use of human resources, so that each branch can better achieve its development goals.

4. The application status of establishing HRSSC in large enterprise groups at home and abroad.

As early as the early 1980s, the economic circle began to put forward and publicize the concept and model of SSC, but the original purpose of this concept is to facilitate the financial services of enterprises. Ford established the world's first financial shared service center in Europe, followed by General Electric (GE), DEC and DuPont. The world's first company to explore SSC in human resources was GE in the United States. In the 1990s, foreign enterprise groups such as IBM, Microsoft, HP and so on began to establish HRSSC, which set off the tide of HRSSC construction in the world. The construction of HRSSC in China lagged behind that in foreign countries. It was not until the beginning of the 21st century that the concept and operation mode of HRSSC were introduced into China with the entry of large foreign enterprise groups. However, due to the relatively backward management and development of domestic enterprises, the construction of HRSSC in China starts very slowly. According to the survey results of HREC, in 2012, only 23% of the surveyed enterprises established HRSSC, and the penetration rate rose to 35% in 2014, 30% in 2016, and 36% in 2018.[3] In 2007, the British Association of registered Accountants released a data: the proportion of HRSSC established by the world's top 500 and top 100 companies is > 50%

and > 80%, respectively.[4]

In recent years, large domestic enterprise groups such as Huawei, ZTE, Baosteel, China Netcom, China Ping an Insurance and Haier have made useful practical explorations in human resource sharing services.[5] The shared service companies of Sinopec and China National Petroleum Corporation have also been established and provide corresponding business services. With the development of China's economy, the development of HRSSC in China will also go out of a new service and management model with Chinese characteristics with the continuous promotion and trial implementation of major state-owned enterprises.

5. Problems and deficiencies to be solved after the establishment of HRSSC by large state-owned enterprise groups

With the promotion of the establishment of HRSSC in large state-owned enterprise groups, the main outstanding problems are as follows:

5.1 Unlimited staffing reduction is not ideal.

One of the advantages of HRSSC is to unify the repetitive work to reduce the actual business staff of the HR management department of each branch, so as to achieve the goal of reducing staff and increasing efficiency. But in the state-owned large enterprise group's actual advance view, its actual effect is not ideal. According to the human resource service survey report of Deloitte in 2016, after the implementation of HRSSC, more than 40% of domestic enterprises have reduced their staff by 1%-10%, only less than 30% have reduced their staff by 10%-20%, and nearly 30% have not reduced their staff, which is much lower than the global figure of 30%.[6] It can be seen that due to some special management models of China's state-owned enterprises, it is necessary to take effective management measures and measures to achieve corresponding results in reducing staffing.

5.2 The effect is not significant in reducing operating costs.

According to the survey, after HRSSC was established, only 1/5 of the enterprises realized the reduction of operating costs, 3/5 of the enterprises partially realized the reduction of operating costs, and 1/5 of the enterprises did not reduce the operating costs. According to the results of this data, most of the investment in enterprise operating costs lies in the investment of system platform and the purchase of office equipment. In the early stage of establishing HRSSC, it is indeed difficult to achieve a significant reduction in operating costs, if there is the lack of relevant conditions, it will even significantly increase the relevant operating costs. However, with the continuous improvement of HRSSC, the downward trend of operating costs is still relatively clear in the long run.

5.3 The location of HRSSC is unclear.

At present, the positioning of most state-owned enterprises HRSSC is the service department. Its main business is to carry on the specific business processing and operation for the enterprises under the group. Since it has no management function over the service enterprises, basically can only take the notice or the suggestion method to carry on the feedback to the problem found in the treatment which cannot achieve the effect of handling and correcting the problems of enterprises. So it does not play a role in the compliance and restriction of subordinate units.

5.4 The stability and mobility of HRSSC personnel.

Most operators of HRSSC come from the personnel management departments of the subordinate enterprises of the Group. After coming to HRSSC, they are engaged in the tedious daily affairs of the former personnel management. The daily batch of mechanical work will bring about a lower sense of job expectation and achievement. The operation of similar tools will increase the dissatisfaction of the work, greatly affect the stability of the operation staff. At the same time, because HRSSC is engaged in professional work, the development direction of operators is limited. Employee mobility can only be based on internal promotion and rotation. Due to the strong professionalism in each direction, rotation needs to strengthen and learn a lot of knowledge requirements. Many employees

cannot find the direction and path of career development, which has greatly affected Stability and mobility of operating personnel.

6. Conclusion

In summary, the establishment of HRSSC by large and medium-sized state-owned enterprise groups is the only way to improve their management level and make better use of their own human resources. Although there are still a variety of deficiencies in the current practice process, it has not reached the goals that the company wanted to accomplish when the company was founded, but any new things will not be perfect, there is a process from emergence to development and then to maturity. As long as we continue to reform, develop and build in accordance with the goal of building world-class enterprises pointed out by General Secretary Xi, we will surely be able to establish a new human resource management model in line with our own characteristics in state-owned enterprises, so as to give full play to the advantages of state-owned enterprises in terms of the number and quality of their personnel, then boost their own development and growth.

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