‘An end to the job as we know it’: how an IT professional has experienced the uncertainty of IT outsourcing.

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‘An end to the job as we know it’: how an IT professional has experienced the uncertainty of IT outsourcing.

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Abstract

This article foregrounds the voice of an IT professional who is directly employed by a large British company and who, along with colleagues, is experiencing career uncertainty resulting from a management initiative to replace the established workforce with an alternative labour supply provided by a global IT services company. As an account that reflects the uncertainty of the age, the narrative offers insights into current discussions concerning the contemporary nature and experience of work generally. More specifically it tells of a loss of confidence and status of technical professionals as they are methodically undermined by the confident assertion of a ‘shareholder value’ rhetoric. The suggestion is made that the application of commercial-professional rationality to the outsourcing of IT operations may underestimate the commercial risks associated with the loss of embodied technical knowledge gained across time as IT systems evolve to become complex constructions.

Keywords
career uncertainty, globalization, information technology work, IT outsourcing, IT services, IT work, outsourcing, professional safeguarding, professional work, risk, uncertainty.
Introduction

‘Flexibility’ is the slogan of the day, and when applied to the labour market it augurs an end to the ‘job as we know it’… Working life is saturated with uncertainty. (Bauman, 2000: 139)

Facing employment uncertainty while in work has become common-place under the prevailing winds of globalization and financialization. The rhetoric of ‘shareholder value’ has reoriented organizational management towards competing on capital-market over product/service-market terms, with labour, as a controllable cost, being ‘first in line’ for scrutiny (Froud et al., 2010). And yet rarely do we read first-hand accounts of working through such scrutiny and uncertainty. In the narrative that follows a long-serving IT professional, Frankie Woods (a pseudonym), who is (still) employed by a large British company (part of a multinational corporation) reports on the impact of an outsourcing initiative upon the incumbent IT workforce. [See Espino-Rodríguez and Padrón-Rabaina (2006) for a review of outsourcing as a phenomenon].
employing company has shifted towards becoming ‘a nexus of contracts that [exist] to create shareholder value… [with] clear implications for employees: they were all temps, whether they realized it or not’ (Davis, 2009: 91-2).

In the narrative, Woods self-identifies as an IT professional working alongside other professionals, ‘committed to our profession’. Technical IT work has long been associated with professional work [and is recognized as such by the International Labour Office (2012)]: it is performed by an identifiable occupational group who require autonomy to apply superior technological expertise gained through practice to particular cases (Larson, 1977; Freidson, 1994). Through this they are afforded diagnostic authority within a socially significant realm and associated status (Johnson, 1972; Brock et al., 2014). Woods’ narrative reports on a diminution of that status within a particular organizational setting as a commercial-professional logic has been rigorously asserted over a technical-professional logic (Spence and Carter, 2014). As such the narrative speaks to the resurgent interest in the relationship between professionals and management (e.g. Spence and Carter, 2014; Hodgson et al., 2015).

The IT system referred to in the narrative is typical of large established organizations in that it will have evolved to complexity over time, comprising various technologies from different eras and reflecting changing business requirements. The narrative reports on how employees with IT system knowledge that has been gradually acquired over the system’s lifecycle are being methodically replaced by alternative ‘human resources’ of a publicly-listed (in India) global IT service providing company. The suggestion is that these replacement ‘professionals’ have been selected because: (i) they hold reputable IT credentials, specifically those gained from the globalized higher education ‘industry’; and, (ii) offer better value on account of ‘national
differences of wages’ (Marx, [1867], 2009: 227), thus providing the 'benefit of labor cost arbitrage' (Read, 2006: 304), 'arbitrage' being a financial term for taking advantage of differing prices for the same asset. In the narrative, Woods points to the business risk of this assumption of the universality/interchangeability of IT professionals that is predicated on a traditional conception of a profession being based upon a consistent ‘body of knowledge’ upon which training and credentials are prescribed (e.g. Wilensky, 1964). However, a significant legacy of the twentieth-century processes of technological and scientific professionalization (Hobsbawm, 1968) is a more inclusive conception of professional work incorporating the ‘knowledge work’ of IT technicians (Evett, 2003; Fincham, 2006) for which the theoretical knowledge required in order to skilfully practice is drawn from a diverse, fluid and dynamic ‘body of knowledge’. The replacement workers (as a rationalized group of ‘resources’), however well credentialed, will lack the time-served expertise (from working with the IT system) of those they are replacing. As such, the replacement workers are not the same ‘assets’ as the incumbent workers they are replacing, and thus the assumed ‘benefit of labor cost arbitrage’ is contestable. The testimony reports on management effectively acknowledging this by making ‘knowledge transfer’ a condition of receiving redundancy compensation. And yet this strategy makes another contestable assumption that the embodied, contextualized and ‘sticky’ (Szulanski, 1996) knowledge of the incumbent workers can be readily commoditized into ‘packages’ of objective knowledge for unproblematic rational transfer from one ‘human resource’ to another. Practice-based perspectives on knowledge sharing have consistently flagged up the problematic nature of such objectivist epistemological assumptions, specifically the difficulty of ‘transferring’ tacit knowledge and practiced skill (e.g. Trusson et al, 2014).

While the literature on IT technical work has largely focused on software developers (e.g. Marks and Scholarios, 2007; Bergvall-Kåreborn and Howcroft, 2013), the IT profession covers...
multifarious, and often overlapping skill specializations (see SFIA, 2015). As IT has become intrinsic to business practices so there has been an increase in the numbers and importance of IT professionals who, like Woods, support ‘live’ operational systems comprising variable combinations of historically-developed proprietary (e.g. IBM, Novell) and bespoke technologies by: ensuring their availability and security; resolving service failures; monitoring system performance; identifying underlying problems etc. (Steinberg, 2011). Consequently, an important factor for worker performance under time-pressure is situated experience, enabling the gradual acquisition of what Abbott (1988: 48-9) refers to as professional inference: ‘the middle game [of professional thinking]… undertaken when the connection between diagnosis and treatment is obscure’. It is this obscure aspect of IT technical practice that enables timely resolution of major system failures and challenges the validity of a managerial assumption that contextually-experienced IT technicians might be replaced en masse by credentialed workers lacking pertinent contextual ‘professional inference’ capabilities.

It is clear that the replacement IT ‘contractors’ are unlike the highly-paid ‘gurus’ and ‘hired guns’ of Barley and Kunda’s (2004) ethnography of expert IT contractors. Rather, they are the anonymized ‘resources’ of a service-providing company operating to meet the commitments of a business-to-business contract that was won on financial terms that assumed that responsibilities for vital IT services would pass to lower-paid/lower-expense workers. The risks associated with outsourcing complex IT work to businesses lacking ‘either the best expertise or solid experience’ have long been understood (Earl, 1996: 27). It is therefore appropriate that Woods expresses professional ‘safeguarding’ concerns (Freidson, 1994) over management’s apparent blindness to the risk to IT operations (specifically IT availability and security), and by extension - because IT capabilities are key for organizational competitiveness (McAfee and Brynjolfsson, 2008) - to the company’s long-term sustainability.
The narrative that follows is a heart-felt, first-hand account of a professional worker who is facing the negative consequences of globalization writ large as it ‘descends as an uninvited and cruel fate’ (Bauman, 1998: 2) to threaten their status as a professional in full-time ‘permanent’ employment. It was written at a time of personal insecurity during which friends were being made redundant, and colleagues and union representatives silenced by legal contract. Peppered with emotionally-charged words (e.g. fear, anxiety, provocation, division, devastation), the narrative is suggestive of the state that Bauman (2007: 24) calls ‘the new individualism’, which he embellishes thus: ‘the fading of human bonds and the wilting of solidarity are engraved on one side of a coin whose other side shows the misty contours of ‘negative globalization’’. The situation, as reported, suggests this is a time of shifting tensions between Woods’ disparate identity-forming orientations to: (i) the employing organization; (ii) the IT profession; and (iii) the recipients of their work output (i.e. organizational customers) (Kinnie and Swart, 2012).

But it might also stand representative of similar experiences of liminal transition faced by other professionals obligated to reconstruct their identities (Paton and Hodgson, 2016) as a consequence of the disparaging behaviour of managers incentivized to prioritize the shareholder over other stakeholders (Spence and Carter, 2014; van der Zwan, 2014). Thus, when Woods writes of ‘legitimate concerns’ of technical and business experts being ignored, we are reminded of Bauman’s assertion that it is investors (and their agents) who ‘have the right to dismiss out of hand, and to declare irrelevant and invalid, any postulates which [employees] may make concerning the way they run the company’ (Bauman, 1998: 6).

One can only ponder upon the future working lives of these deposed professionals. The labour market might serve some of them well given that specific IT skills remain scarce, but those with less marketable skills might find themselves at risk of exclusion from the labour force.
(Castells, 1989). Perhaps all might be considered in process terms as inputs into ‘a process of precariatization [that]… may involve adaptation to a life of unstable labour’ (Standing, 2012: 691).

Note on the Genesis of this Article.

Woods contacted the first-named author in response to a letter published in The Guardian newspaper (Trusson, 2015) concerning a high profile IT failure at the UK telecommunications provider, TalkTalk. Woods first expressed a desire to publicize ‘a pretty awful episode…even if we can’t protect our jobs’, and then, with appropriate encouragement, wrote up an account of this ‘episode’ specifically for the ‘On the Front Line’ series of this journal. With Woods’ agreement, several additional fragments of narrative written by Woods during the email exchange were then inserted into the account. Further changes were subsequently made in response to feedback from three anonymous reviewers to this initial draft, and a short postscript added.

N.B. For ethical reasons, the author of the narrative section of this article is given the gender-non-specific pseudonym of Frankie Woods: as Woods wrote: ‘Such is the culture in my organization, I don’t feel comfortable using my own name’. For similar reasons, other specific details that might identify Woods have been avoided. The authors also agreed that the organization would not be named.

An Anatomy of Outsourcing Practice

This is my personal account in which I describe, from the perspective of an employee, the
The process really began in 2011 when, after a major corporate restructure, cost-saving targets were set. I believe that external management consultants played a key role in defining the cost targets that are currently being enforced. Whether they are reasonable or achievable is irrelevant now as they were communicated to shareholders and the expectation set. This is a top-down approach with little or no involvement, I believe, from internal IT experts.

In 2013 when the cost benefits promised were not delivered the mood changed and the company started to talk about ‘legacy costs’. An outsourcing specialist was recruited and the process began in earnest. The first stage in this process was to divide the department into five organizational units which were effectively packages of work. This created unrest and speculation regarding which area(s) would be at greatest risk. A great show was made of the fact that all the expensive management consultants would be dismissed and the programme would be led by internal staff. In other words, it created the perception that the internal staff had an influence on the outcome. Staff selected for this exercise had to sign non-disclosure agreements and therefore couldn't discuss any event with their immediate colleagues or those from other organizational units. This resulted in further division between those ‘in the know’ and the remainder. As the in-house option was still on the table it implied that our fate was still in our own hands. Whether engineered or not this exercise had the impact of creating a level of anxiety throughout the department and was extremely distracting.

The next stage in the process was to conduct a market review. We were assured that this was a benchmarking exercise in order to define our competitiveness against the market. This was to
be delivered to aggressive time scales. I know it was a stressful experience for those directly involved, and a cause of great speculation among those excluded from the process. At the time I held a conversation with a senior person involved and they couldn't understand why it needed to be kept a secret as there wasn't anything particularly confidential within the scope: it was merely creating a list of activities that we performed and the roles involved. It seemed unlikely at the time that insisting on this secrecy was designed to create division and anxiety, but after experiencing later events I wouldn't exclude that possibility. I don't know the results of the studies but reading the mood of those that participated I held the view that we had performed pretty well. There was certainly an air of hope at this stage.

It was hugely disappointing therefore when it was announced that we couldn't match the market and that a full RFP (Request For Proposal) process would ensue. This had the impact of ramping up the anxiety levels further. It was no great surprise to me when subsequently it was announced that all five areas would be out-sourced - with a large proportion of the work off-shored to India. This was when the mood really began to change as we still couldn't believe that a third party organization would so dramatically undercut the cost of the service we provided.

I’ve spent most of my career working for the company - such a large organization – and there was always a common pride in our work and the company. It was a special place to work, and the vast majority of my colleagues and I were fiercely loyal. We are a highly experienced and capable group of IT professionals that took great pride in the company and in the reliable and secure service that we provided. We were, and still are, adaptable, professional and committed to our profession. Most of us had at some point in the past volunteered during business disruption, accepted pay freezes during difficult financial times, and some of us even took
unpaid leave during a particular difficult time in the late 2000's. We are not naïve or complacent when it comes to business realities; however, we have previously worked with senior management to resolve issues. It was obvious at this point in the process that we were dealing with a completely new set of circumstances and that we were entering a new era in employee relations. It takes a while to adjust to the shift in management approach and some have found it harder than others. Some ignore it, some try to distance themselves from it, and some try to position themselves in the new organization. The next stage in the process exploited that mixed and natural range of emotions.

Now, the corporate communications style changed, becoming more authoritarian, distant, and matter-of-fact. A voluntary redundancy programme was to be launched and it was open to anyone who wanted to leave. It was communicated that this would be the best offer available and that subsequent offers would not be so generous. This turned out to be false. Some accepted the offer as they were fearful of what was to come. It destabilized our department and placed a greater strain on those remaining. It also created a knowledge gap as people who had an intimate knowledge of the technical and business processes were becoming more and more difficult to replace.

Meanwhile, the RFP processes seemed to go on forever; however, in reality it was a very short period of time considering the scale of the task. When the news finally arrived it was revealed that two of the areas would be mostly off-shored to India and that the headcount reduction would be around the 85% level. The remaining three areas would be outsourced and possibly off-shored at a later date.

The business process architects then came to the fore and things were about to get much worse.
The opening gambit was that jobs would be off-shored and that the only available option was to TUPE [Transfer of Undertakings (Protection of Employment)] to the new company. This is a ridiculous statement because who could or would move to India? It was made clear that anyone who decided to take the TUPE option would be made redundant on statutory minimum redundancy within a short period of time. So, as ridiculous as this may seem, it changed the proposition from compulsory to ‘voluntary’ redundancy.

The impact on the morale of the ‘legacy’ staff (as we have been branded) was severe and those directly involved were devastated. I distinctly remember a conversation held with a colleague at the time. He has a young family and a mortgage, and looked like he hadn't slept for days because of the stress. Generally, there was a wide range of emotions from, ‘Let's take a pay cut’ to ‘Let's all go on strike’, but every single person that I encountered reined in their anger and continued to behave in a professional manner. This was admirable under the extremely provocative circumstances.

As we progressed through the process I observed how each step created divisions among the workforce. The next engineered split in the ranks related to those ‘in the process’ and those excluded. Some people believed that because they were not directly involved they wouldn't be impacted, i.e. still held the view that they were in a job function that couldn't be outsourced. Most, however, recognized the fact that no area was out-of-scope. The deniers were, I think, looking at the issue from a rational business risk viewpoint. After all that's part of what we are paid to do – we are not just programmers or installers- in the modern world we also have to understand how the business operates. In the end I came to the conclusion that the architects of the process just had a high risk tolerance in order to meet their targets (and bonuses).
Those caught up in the process were told that 10% of their roles would be conducted onshore and 90% off-shore. The onshore roles would be filled by rotating Indian workers under the Tier 2 visa system which is designed for short term intra-company transfers. Instead it was being used to displace skilled workers already in the role. This was a further kick in the teeth for those involved as now two pieces of legislation, TUPE and Tier 2 working visas, were being misused. There may be cause for a legal challenge in both cases but it would take a brave individual to take on the might of the legal department. Perhaps unsurprisingly, it was at this point that company lawyers started to appear on the scene. Was that because they knew they had taken an aggressive stand on the interpretation of the law? Although the official reason provided was that they were there to answer questions, I believe that the real role of the lawyers was to reinforce the message that what was being imposed was legal.

So, how was this transition going to take place? Employees could apply for a permanent or six-month transitional role. Anyone unsuccessful would then take ‘voluntary’ redundancy. The (non-)option of TUPE was still on the table and therefore this was still classed as a voluntary severance. The unions were able to negotiate on this package and unsurprisingly it was better than the previous offer.

It took a while for the unions to realize that they were in new territory, dealing with a new breed of management. There wasn’t a strong union culture, although membership increased significantly once it became clear what was going on. The company were keen (for legal reasons I imagine) to state that they were holding ‘meaningful discussions’ with the unions, but the reality was that they were imposing the changes. The unions received legal advice not to challenge the proposals so had no real option but to engage in the process. The union reps were bound by the company not to disclose any details of the discussions until agreement was
reached, and this resulted in long spells where they were unable to communicate
with members. I vividly remember a conversation I held with one of the union reps at the time,
who told me that he had suffered many sleepless nights due to the inability to influence the
company position regarding wholesale outsourcing. Dealing with the frustrations of union
members had also taken a significant toll. He informed me that his efforts were concentrated on
fighting each individual redundancy on a case-by-case basis, and I surmised that this was a
long and exhausting process.

We have now reached the final stage in this process and good friends and colleagues will
shortly leave. Their acceptance of the redundancy package has two conditions. Firstly, that they
transfer their knowledge across to the contractors, and secondly that they sign a gagging order
presented to them by the lawyers. They are now handing over years of technical and business
experience in order to get a decent redundancy payment - or rather avoid dismissal or statutory
minimum. Indian-based contractors are on-site and the knowledge transfer is ongoing. So now
my colleagues can't even talk to friends or colleagues about what they are experiencing for fear
of losing a redundancy payment. I know this is extremely stressful but of course there is little
anyone can do to help them through this – we certainly can't talk to them about any specific
issues.

My observation is that the ‘survivors’ aren't doing too well either. In the application process
those who were skilled at managing upwards (i.e. their relationships with management
decision-makers) tended to do better than the technical specialists and they now have to
integrate the new service without the technical expertise they always relied on. In my view
people with the most knowledge tend to say ‘No’ more often than those that don't, primarily
because they have more information on which to base a decision. Saying ‘No’ doesn't go down
well in the current culture. A top down approach is being taken, and legitimate concerns by technical and business experts within the organization are ignored. I also have a professional interest in managing risk, and all I can say is that the company’s appetite for risk is high. Time will tell whether it is well-judged or purely to meet short-term goals, but I am increasingly certain that it will hit the headlines before too long.

I don't believe that the contractors themselves fare too well in this process. Some of the onshore contractors are new graduates and they are replacing experienced and business-orientated professionals. We have had to send them on basic IT security courses because not only have they been writing code that was insecure but they haven’t known what to do when the automated test platforms have told them what the problem was. Most of them can only afford to rent a room and I heard anecdotally that some will need to find a secondary income to make ends meet. The 90% off-shored roles present a different set of circumstances and these are yet to be understood.

Recently a cheery internal briefing note was published stating that those who remained can expect to be part of a high performing department with training and development opportunities. I found this offensive for three reasons. Firstly, it implied that we weren't a high performing department previously. Secondly, I and many of my colleagues were not offered any meaningful training for years and subsidized this lack of investment by financing and attaining our qualifications independently. Thirdly, people that will leave the company in the next few weeks were included in the distribution list which is insensitive and insulting. For most of my working life there has existed a triad of stakeholders in a successful company such as this one: customers, shareholders and employees. My experience over the last year suggests that the latter has been dropped, and although costs have been cited as the reason, I believe that this is
structural change that goes beyond pounds, shillings and pence. It has been made clear to us all that we aren’t valued and that everything that can be outsourced will be: it’s just a matter of time.

Having covered how the process was conducted I would like to add an observation on the reasons for the outsourcing, and this is based on the information we were provided through corporate communications. Four areas were cited as contributing to the cost savings target: removal of ‘gold-plated’ services, reduction in the number of applications supported, supplier contractor re-negotiations, and outsourcing/off-shoring. The first three could have been provided with existing staff. The outsourcing contribution is relatively small in comparison, indeed the annual projected savings from the first area to be outsourced is comparable to the bonus that the CEO was awarded last year.

The company annual financial results published recently – that were achieved by those being outsourced and before any savings from outsourcing IT work – were extremely good. In most organizations this would be a time for celebration. For a programme that is all about cost savings, at no point has a statement been made on the return-on-investment period, or how business change will be delivered. The management position is that we [i.e. Woods’ employing company] are paying them [i.e. the IT service providing company] for a service and they will deliver it as required. That seems unlikely to me. We are already experiencing arguments about what is, and what isn't, included in the contract and whether this will result in additional charges. I strongly hold the belief that any cost savings in the short term will be outweighed by system outages and security breaches in the future, as we ‘on the shop floor’ are beginning to see cracks appear, even before the first service has gone live. Some of the "off-the-shelf" packages we have been forced to use are poorly developed and functionally basic and most of
them would not have passed a Beta test in our organization. If you buy cheap services you don't get the experience or testing capability so it is not a ‘like-for-like’ service. At a time when security breaches and system outages are in the news daily it seems madness to dismantle a stable platform, staffed by loyal employees, for dubious cost savings. We are facing a huge cull of skilled engineers and technicians. Apart from losing many respected friends and colleagues, I believe that there is a risk that the company will suffer a similar or worse incident than the recent one at TalkTalk, due to inexperienced staff taking over our roles and doing the work from India.

I have experienced at first hand the great shift in employer-employee relations, the impact it has on employee welfare, and the sense of distrust that results. That is the world that I find myself in, and I am adjusting to that reality. The actions of the management team caught us off guard and it took a while for it to dawn on us what was going on, even when faced with the evidence. While we don't have the information or resources to defend our position we are very much aware that natural fears and emotions have been exploited throughout the process and lots of psychological games have been played, and I praise my colleagues for the mature and adult way they have conducted themselves.

**Postscript:** I have recently said goodbye to many of my closest friends as it was their last day at work. At this time I felt emotionally drained and my body ached. I hadn’t realized how much this episode had affected me. In retrospect, I realize that I suppressed a lot of the emotions experienced during the process, and now conclude that my relationship with work at [this company] has irrevocably changed. I find that I am less likely to proactively step outside my defined job role. That is the other edge of the contract-based ethic: no more goodwill.
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Notes

1 - TUPE Regulations 2006 (amended 2014) protect the employment rights of employees working in the UK when they continue in post but the identity of the business they work for changes. (See https://www.gov.uk/transfers-takeovers/overview for more details.)

2 - Tier 2 (General) visas enable workers from outside the European Economic Area and Switzerland to work in the UK on a temporary basis if they have been offered a skilled job. (See https://www.gov.uk/tier-2-general/overview for more details.)

References:


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Frankie Woods is the pseudonym of an experienced IT professional.