The case of the ‘sunset and the sunrise’ economies in the global, digitalised, knowledge-based economy: what future for careers?

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Sydney 21-22nd November 2016
The case of the ‘sunset and the sunrise’ economies in the global, digitalised, knowledge-based economy: what future for careers?

Ian Herbert & Stephanie Lambert
Overview

• CGSS overview
• The digital, global, knowledge-based economy
• Challenges for careers
  – Segregation of professional workers
  – The hourglass economy
  – The ‘martini’ workers in the ‘gig economy’.
• Where is this all leading – political implications?
• What future for young people and higher education?
• A potential solution – a partnership for Earning-to-Learn?
• Questions?
The Centre for Global Sourcing and Services

Nothing’s changed but everything’s different!
What we do?

“The Centre is dedicated to carrying out both academic and ‘focus on practice’ high impact internationally renowned research on how organisations source and manage business and IT services in a global context”…….Centre for Global Sourcing and Services Website

How?

Inhouse Shared Services  Captive Shared Services  Outsourcing

Where?

Near-shoring  Offshoring  Crowd & Cloud Services

Back-sourcing?

Bringing the jobs home

Changing what is done, by what?

Stay sourcing? Robotics?

The attainment of world-class business support services through the application of New Working Practices and Advanced Service Systems in a sustainable manner.

And increasingly… ‘who’?

Impact sourcing, Earn-to-Learn?
Living in the global knowledge-based economy!

...increasing flows of ideas, knowledge and goods from around the world have accelerated the transition towards a knowledge economy, but...

Is this sustainable? Who are the losers? Is the ‘flow’ about to reduce?
Research aims

• RA1: What is happening to accounting work and is this present reconfiguration and relocation of work indicative of a wider phenomena termed the ‘Sunset Economy’?

• RA2: Do new organisation models based on the global knowledge-based economy present risks to accounting careers in developed economies: at the individual, organisational and professional levels?

• RA3: What challenges might the new global landscape present for young people getting started on the career ladder?

= A potential solution ‘Earn-to-Learn’ for students in SSCs
Our research shows…
a ticking bomb for careers!

1. The segregated professional function
2. The hourglass economy
3. The ‘martini’ workers in the ‘gig economy’.
+ new nationalism and robotics
The Challenge (2012)

• ‘I’m Head of Finance and Accounting - Asia-Pacific for [large multinational company].

I have 500 staff in Kuala Lumpur, 300 in Chennai, 200 in Manilla.

Next fiscal year we have plans to migrate another 1,500 jobs from the ‘sunset economies.’
The consequence…
- from a senior accountant

I rang up HR and said ‘Please send me the next 20 trainee business partners’.

They replied ‘Sorry, but we don’t have anyone this year’.

Don’t you remember, we offshored the training nursery [finance operations] 5 years ago?

Your department did the financial appraisal for it!’
Offshoring of white-collar jobs


The digital, global, knowledge-based economy

“On the Internet, nobody knows you're a dog.”
Segregated Business Support functions?

SSC

Finance operations

Digitally-enabled Globalisation

Retained finance

Business Partners
But, what happens next?

- **SSC**
  - MI and analytics?
- **S1**
  - Finance operations

- **R1**
  - Business Partners

- **R2**
  - Buy in – MBAs or SSC training?

Digitally-enabled Globalisation
But, what happens next?

Technical skills need to be fast tracked, prof. behaviours ‘learnt’ or recruited.

- Business Partners
- MI and analytics?
- Digitally-enabled Globalisation
- Finance operations
- Buy in – MBAs or SSC training?
The Hourglass Economy

• Findings from S Lambert’s Ph.D.; the hourglass organisation, flat hierarchies, mid-career bottlenecks, training nurseries offshored.
• But, employers demanding higher-level skills and behaviours beyond technical competence.
• The creeping commoditization of professional work
Is this a race to the top, or…
the race to the bottom?

‘The White Heat of Technology’
(Harold Wilson, 1965)

‘Upskilling thesis’
(Anderson, 2007)
1965 - The white heat of technology!

"replace the cloth cap [with] the white laboratory coat as the symbol of British labour",

The challenge was thought to be ‘how to educate people to make better use of copious leisure time’
BPR squeezes the middle

Flat hierarchy

Elite workers – business facing

The Knowledge-based Economy: ‘Lovely OR Lousy Jobs’?

Goos & Manning 2007
Moving to a Shared Service Centre Model

Conventional Divisional structure (support services embedded)

Shared service centre structure

Semi-autonomous
Thinking like a business
Networking & benchmarking

#InspiringWinners since 1909
Shared services (& BPO) - Success factors!

- Simplification
- Division of labour/deskilling
- Standardisation
- A single version of the truth
- Objective/independent
- Scalable
- Efficient & continuous cost reduction
- Finding the cheapest place on earth
- Networking and benchmarking
- Invisible to the business
- Phased migration, building on the wins

But… what future for careers?
Brexit

Reshaping & protecting boundaries - a new visibility to the digital economy?
Who voted for what and why?

**FINAL RESULT**
- Remain: 48.1%
- Leave: 51.9%
- Voter turnout: 72.2%

**Results by country**

<table>
<thead>
<tr>
<th>Country</th>
<th>Remain</th>
<th>Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>46.8%</td>
<td>53.2%</td>
</tr>
<tr>
<td>Scotland</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>Wales</td>
<td>48.3%</td>
<td>51.7%</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>55.7%</td>
<td>44.3%</td>
</tr>
</tbody>
</table>
The USA’s Brexit moment?
But, the real ‘elephant in the room’?
Robotic Process Automation and AI
But, the real ‘elephant in the room’?
Robotic Process Automation and AI
But, what’s to ‘see’ in support systems?

Process-oriented Systems Integration

Logistics Dept. –
Accounts Dept.
Operations Dept.
Sales Dept.
Marketing Dept.

Lights-out, end-to-end, processing is now a possibility

Customer
The challenges for professional careers

• Less jobs – at the bottom and in the middle
• Remaining jobs move to the ‘cheapest place on earth’ and keep moving!!
• Difficult to progress from remote SSC to the mother business
• Difficult to progress statistically – why bother trying?
• Talent pipelines dry up, and
• why go to university, when good graduate jobs are falling and debt is rising?
  (Assoc. of Graduate Recruiters reported an 8% fall in the UK in 2016)
So, what can be done for career entry roles?

- Help young people to become work-ready before graduation and...
- ...graduate with substantially lower debts.
- Change academic and professional curricula – to align with apprenticeships
- Don’t offshore, reshore.
- Create new jobs, e.g. data analytics, white glove services.
- SSCs can become experts in designing and controlling business process systems in conjunction with universities, e.g. robotic design.
A potential solution?
Earn-to-Learn

A research-led initiative pioneered by Loughborough University
Building and keeping skills onshore – the role that Higher Education can play?

- Access to a large talent pool of educated, multi-skilled and multicultural backgrounds
- Low attrition and staff costs
- Vital skills development and practical experience for students
- Graduate work-ready and ‘debt free’.
Benefits for...

- **Students**
  - Structured work-based learning experience
  - Increase work-readiness
  - Improved employability, reduced debt
  - Development of evidence based cross-over skills

- **Organisations**
  - Flexible, competitive, labour force
  - Corporate social responsibility
  - Talent acquisition and development of cross-over capabilities
  - Leading-edge skills and language capabilities
  - Options for graduate apprenticeship support
  - New business model, virtual working, self-governing teams
Benefits

• **Universities**
  – Wider social inclusion
  – Improved graduate employability
  – Reduced pressure on bursary support
  – Create a platform for developing graduate aptitudes
  – Research partnerships for world-class systems

• **Government**
  – Supports the transition of graduates into the UK workforce
  – Improves students’ employment options (during their studies)
  – Increases the number of students (those that cannot afford academic education) and allow them to gain their education by paying for their studies with income from this scheme.
  – Reduce student debt write-off
  – Keep jobs onshore

• **Professional bodies**
  – Accreditation schemes provide entry routes into the profession
What the scheme is not about?

• An HEI putting up buildings, recruiting students and contractual managing students doing work for third-party organisations.

Although, that could be an option;

…. especially, if this involved the HEI’s own support services or management of a consortium-owned/shared centre.
What the scheme might be?

#1 student finds job in BPC – HEI provides structured GAMap*

#2 BPC actively recruits students – HEI provides structured GAMap and liaises with Emp.

#3 as #2 but HEI facilitates progression around a cluster of local SSCs

#4 working model becomes virtual with team-based self-management by students.

#5 HEI offers bespoke facilities on campus.

#6 as #4 but 3rd party manages ‘white’ office space and selects students

#7 HEI designs curriculum around work-based learning with employers. Potential skills academies

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Minimal HEI engagement

High HEI engagement

*GAMap – graduate Aptitudes Map
A new framework of skills in BPCs – learning from the mundane?

(Lambert, 2016)

+ ‘knowing where the numbers come from’ and what they mean in a global organisation?
Phased progression – the ‘nuts & bolts’ training

Cognitive - internal facing → Cognitive - external facing

Transaction - internal facing → Transaction - external facing

e.g. data processing, query investigation

Ist level Management reporting and data analytics

e.g. query investigation, external call handling

Source: adapted from Youngdahl and Ramaswamy (2008)
Earn to Learn

Any questions?