The professional talent pipeline: crisis, what crisis?

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"In September 2016, it was reported that graduate vacancies had fallen by 8\%."
The professional talent pipeline: crisis, what crisis?

We may be on the cusp of a recruitment crisis says Ian Herbert of the Global Sourcing Research Interest Group, at the School of Business and Economics, Loughborough University.
Go to any SSC/BPO convention these days and you'll find four big topics: robotic process automation (RPA), the globalisation of service centres, moving up the value chain and talent pipeline management. "That's all fair enough," you say, but each subject is a separate stream. "That's because we're such well-focused executives," you reply. But, maybe it's time for some joined-up thinking?

Compare the following two statements, both from 2012. The first, from a (quite young) finance professional in Malaysia; the second, from the London-based head of finance business partner for a large European bank.

"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 Manila. Next fiscal [year] we have plans to migrate another 1,500 jobs from the 'sunset economies'."

"I raged up the IR 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] five years ago? Your department did the financial appraisal for it.'"

Put simply, what is symptomatic in both cases is that graduate entry-level jobs are disappearing from developed countries such as the UK and US through the offshoring of increasingly commoditized, work-flow controlled, middle-office jobs.

Professional work in business support functions is being systematically reconfigured and re-engineered and that means that the sort of work that presently comprises the rump of middle-income jobs in developed economies becomes hollowed out. In the digital, global, knowledge-based economy, work can now be undertaken anytime, anywhere, any place, with the consequence that good quality, white-collar work is now moving east and south in the way that manufacturing did in the 1960s, 1970s and 1980s. The governor of the Bank of England, Mark Carney, recently ratcheted up the hype with a warning that 15 million middle-class jobs were at risk from robots. Perhaps little wonder that many people are feeling confused, insecure and angry enough to have voted for Brexit and Trump.

What's the problem?

But this is merely a crisis for the politicians to solve, you say: "Either bring back the jobs, discover some new jobs or educate people to 'do nothing creatively'." (You may remember Harold Wilson's 1965 speech on the "white heat of technology"). "In any case, I'm a humble SSC manager, my job is to make tasks simpler, cut costs and reduce headcount. And, wearing my other hat, I'm responsible for competing in the war for talent, to find people with the new high-level skills to do new activities such as data analytics and to design better robots."

The real problem is that to some extent these things are different sides of the same coin. Deskilling and offshoring results in fewer entry-level training roles, which feeds through into a skills experience gap that prevents young people getting a foot on the professional career ladder to the higher-level strategic roles. Even for those that get into the workplace the hollowing out of the corporate middle creates a wider, hourglass-shaped economy and, thus, a mid-career bottleneck for individual workers.

At the moment, there is still a sourcing honeymoon. Organizations are taking cost out, factory gate prices are resisting the usual inflationary pressures and there are still enough older workers to be displaced on still-generous redundancy and retirement packages, who are not complaining. In other words, it's a win-win situation all round. But, we ask, is this really sustainable? In September 2016, it was reported that graduate vacancies in the UK fell by 8%. In February 2017, applications to universities are also down by, coincidentally, 8%. Economists would argue that this is merely the higher education market moving towards equilibrium. Perhaps so, or perhaps we are witnessing the harbingers of a structural realignment? In 2014, a report by management consultants, Deloitte, predicted that 2020 would be the year that students riot about lack of job opportunities.

More worryingly, the office robotics agenda has still yet to really gain traction in terms of big job losses. Paradoxically, at the same time employers are bemoaning skill shortages and fretting about the dwindling talent pipeline onshore. Funny, that! This is happening just as the first cohorts of students are graduating with around £45,000 of student debt at the start of their working lives.

The new term in town appears to be "intergenerational conflict", rooted in a range of social and economic issues: notably high housing costs, lower lifetime earnings, high student debt and reducing social mobility (Burns, 2016; Kirby, 2016; Social Mobility Commission, 2016).

Opportunities for joined-up thinking
But things don't have to be this way. Just suppose.....

At Loughborough University, we have been developing what we are calling an Earn-to-Learn scheme as a partnership between universities, organizations, student bodies and policymakers to enable students to undertake quality, part-time, work-based learning during term.
“This could provide a reason for organizations not to offshore work.”

time, during holidays throughout their degree and on industrial placement. If this could be structured into progressive skills development feeding into a framework for graduate attributes that combines the traditional longer-term employability skills together with qualities of work-readiness, And if this could be combined with graduate apprenticeship funding, then it could help universities to widen social inclusion and improve the supply of work-ready graduates, perhaps providing a reason for organizations not to offshore work.

We believe that with some creative thinking, students can offer new, flexible ways of working, perhaps doing some of the offline tasks such as data cleansing and data analytics that employers tell me they want or need to do but haven’t got the resources, in terms of both time and skills. In the face of a number of threats to professional careers, it is time for a new partnership between employers, universities and government to help students earn while they learn and get started on the career ladder.

We envisage that in a structured Earning-To-Learn scheme, students could work in business processing hubs on, or close to, UK university campuses. Part-time work in administrative roles across finance, IT operations, procurement and human resources during term time and holidays could build useful work experience and complement academic studies. Students could then graduate work-ready and with substantially less debt. By harnessing a relatively untapped and flexible workforce, organizations would have a strong incentive to keep their workforce UK-based.

Summary of Earn-to-Learn benefits

Students:
- Graduate with lower debt (dependent upon length of course and accommodation costs)
- Employability – build up work skills and experience as a fast track to entering higher-level graduate roles
- Work-readiness – through work orientation and business practice
- Try certain employers and types of work before making career choices
- Relate academic theory to work and bring practice into the classroom – improving both grades and the learning experience

Universities:
- Attract more students
- Help towards social inclusion targets
- Improve learning through combining theory and practice in the classroom – improving grades and learning experience
- Develop networks with wider cross-section of industry (presently skewed to science and technology)
- Reduce the need for placement support in job hunting during second year of study
- Foster PR opportunities
- Provide research opportunities to study new working practices, new organisational forms, service work, IT and education schemes/curricula development in laboratory conditions

Employers:
- Help to keep jobs onshore close to business
- Promote corporate social responsibility and develop onshore talent pipeline
- Improve working methods and technology through scientific study of work
- Attract more diversified, but still graduate workforce with crossover skills
- Reduce training costs of graduates through self-learning in entry-level jobs (bootstrapping), rather than with full-cost graduate training programmes
- Reduce attrition levels through “long interview” of prospective graduate employees

Local population:
- Bring employers to local areas

Home economy:
- Keep jobs onshore, develop/preserve skills and contribute taxes
- Create sustainable international competitiveness and employment
- Rebalance economy from overdependence on the financial services sector
- Address the challenge of low-cost economies moving up the value chain and taking progressively higher-level work

Society:
- Improve social inclusion

New ways to collaborate
How can universities collaborate with organisations to create business process roles that can employ students? This project aims to form a consortium of universities and stakeholders in conjunction with the government’s UK Department for International Trade to develop a “flexible business process sourcing” scheme that will:
- provide for the progressive development and practice of relevant professional skills;
- enable students to graduate without substantial debt, especially if linked to graduate apprenticeships; and
- widen participation in higher education and help organizations to justify locating work in the UK.

With the new apprenticeship levy starting in 2017, companies will have an extra incentive for exploring the use of graduate apprenticeship schemes, in which most of the university study fee would be paid by the government rather