



**Employability and contingent finance professionals in the knowledge-based economy.**

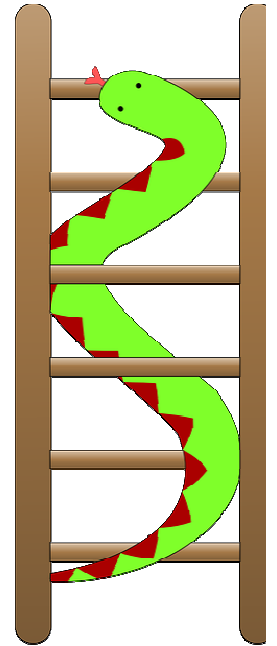
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School of Business and Economics – *Research project funded by CIMA*

# Employability and contingent finance professionals in the knowledge-based economy.

- ‘The career is dead: long live the career’ (Hall, 1996)
- ... the traditional, organization-centered, career is increasingly anachronistic and is being superseded by the *protean* career, encompassing a variety of different employment modes.



# Shifting responsibility?



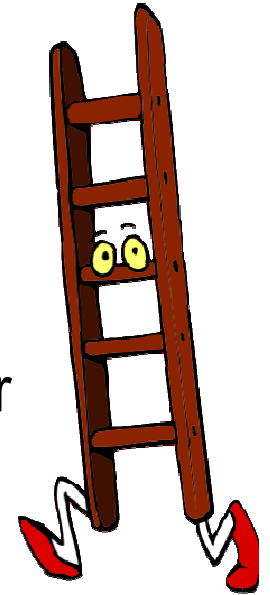
- In the traditional, paternalistic, career model, the initiation and funding of personal development was primarily the responsibility of the employer
- Nowadays, the emphasis is on encouraging workers to proactively manage their own knowledge and skill capability.

This shift is exacerbated in the so-called knowledge-based service economy now being embraced by a number of nations such as the UK and Singapore.

- But is 'laissez-faire' an appropriate response?

# The new 'independent' career?

- A more eclectic and unpredictable mix of mini-career episodes, self-employment, project work, contingent work, and perhaps even periods not in work.
- Parallels the development at a societal level of the empowered citizen (Desmoyers-Davis, 2003), as discretionary choice, and is a significant theme for organizations looking to encourage innovation and flexibility within operations.
- The new emphasis is 'employability' to facilitate the 'career'



# Research Objective

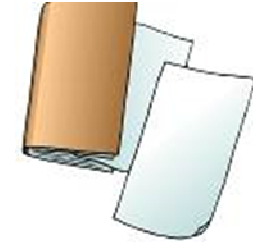
- To explore the issues facing individual workers in maintaining their employability in the context of the knowledge-based economy, and...
- ... how worker motivation might be better understood in terms of a changing mix of extrinsic (contractual) and intrinsic (personal fulfillment) rewards in an increasingly boundary-less world.

# Change drivers

- New Organisation Forms
  - Business Process Outsourcing (BPO)
  - The Shared Service (SSC) model
- Global pressures on cost
  - Internet
  - Emerging markets
- New Working Methods e.g. empowerment
- The Knowledge-based Economy



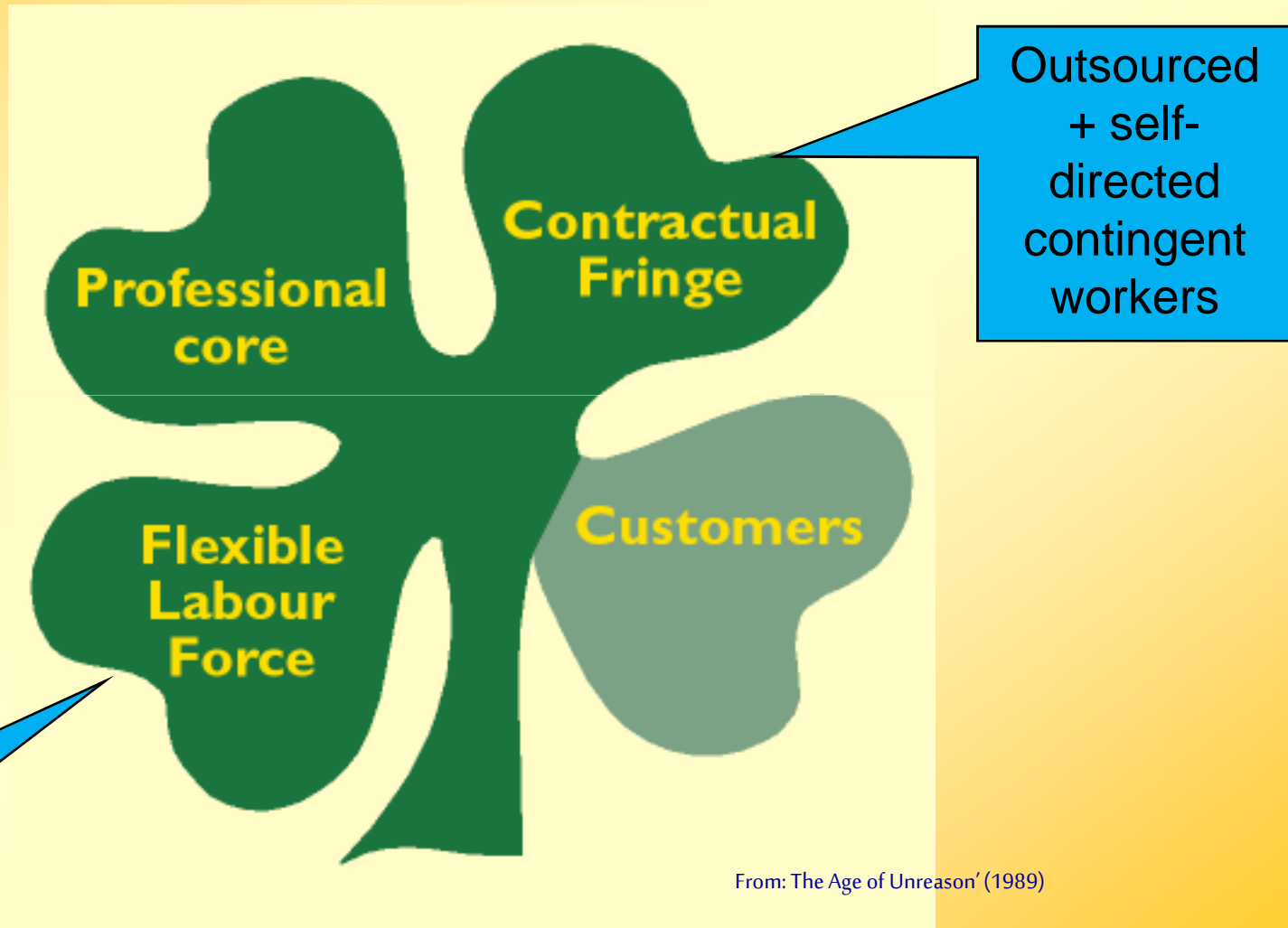
# Towards the virtual organization



Charles Handy – (1989):

- The 'donut' – focusing on core activities - the inside out organization;
- The Shamrock organization – core v. non-core (& outsourced) workers;
- The 'Portfolio Career' – the self-managed career (write your own story!)

# Charles Handy's 'Shamrock Organization'





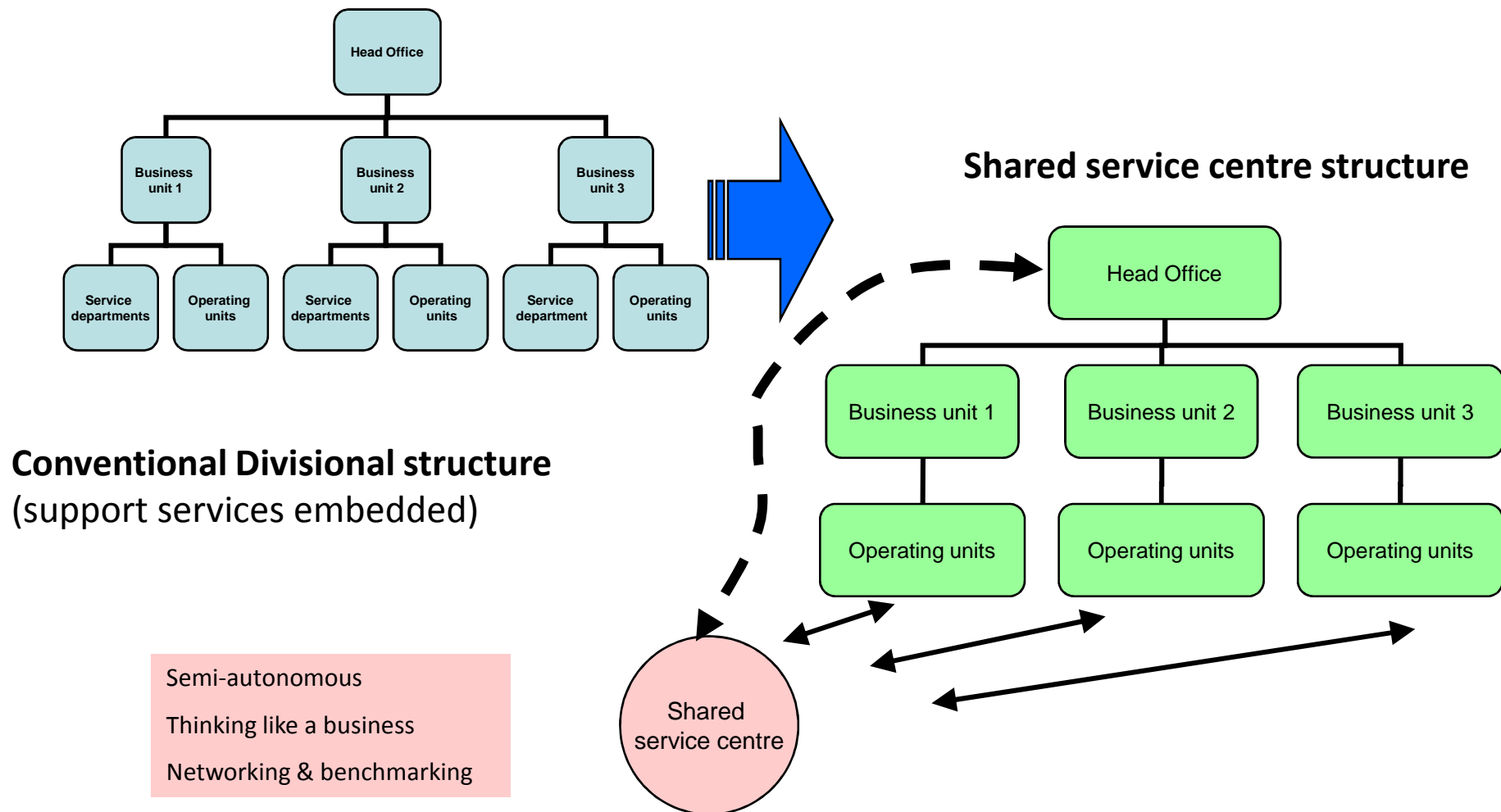
## New Working Methods e.g. Empowerment

- *'... empowerment is part of an overall agenda of change from a rational, bureaucratic, hierarchical, rules-based, paradigm to a post-Fordism era characterized by delayering, decentralization, project-based teams and the knowledge-based organization.'*

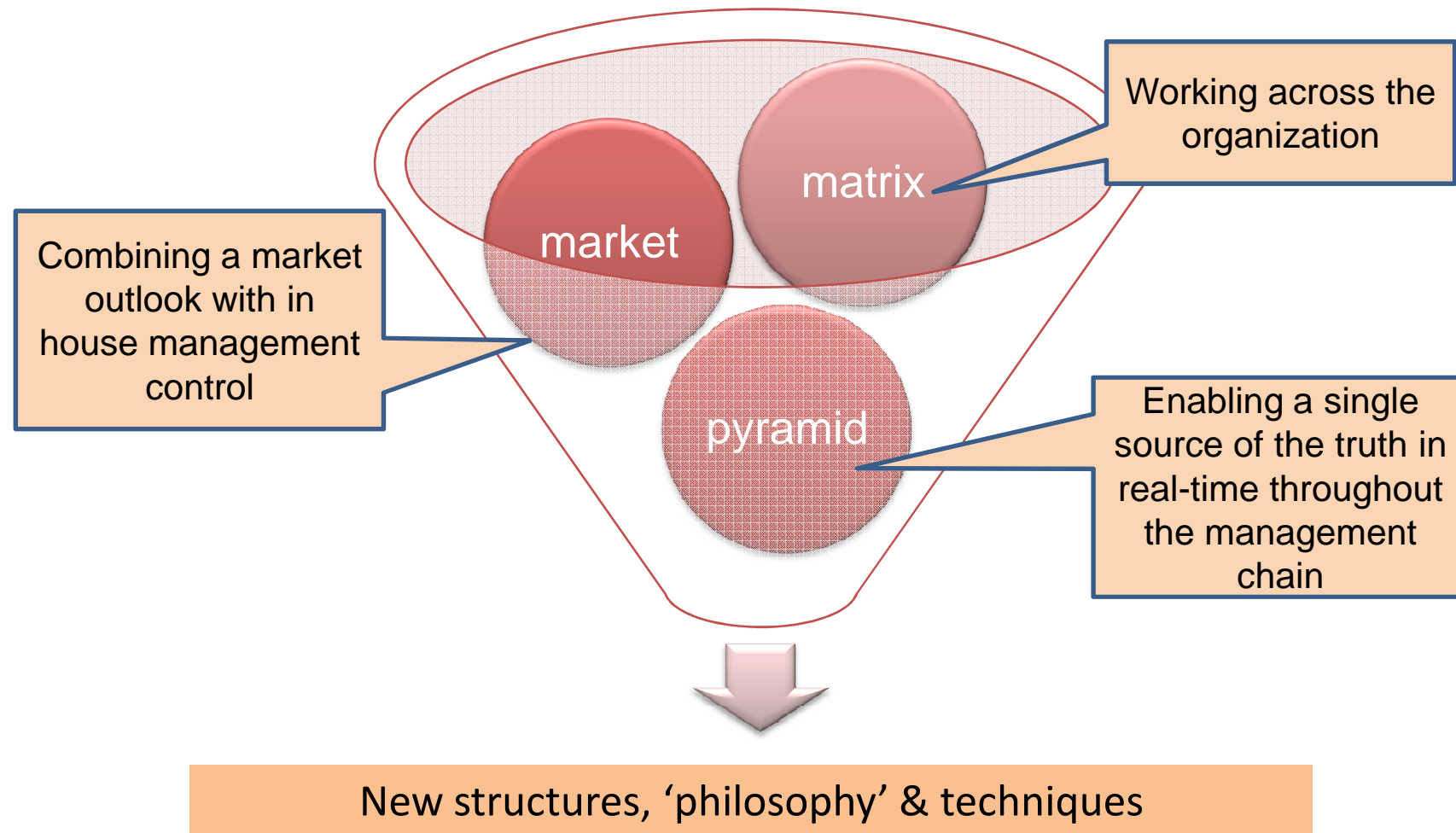
(Wilkinson, 1998, p. 40).

- But, is the 'new world' now neo-Fordist – strong system but weak labor affiliation?

# New Organizational forms e.g. BPO and SSC



# But, more than just a new organisation chart - The SSC model blends different approaches



# The Knowledge-based Economy



- Brown, et al. (2004) - lifting what they call the 'veneer of employability' exposes...
- *'....serious problems in the way future knowledge workers are trying to manage their employability in the competition for tough-entry jobs; in how companies understand their human resource strategies and endeavor to recruit the managers and leaders of the future; and in the government failure to come to terms with the reality of the KBE.'* (p.6)

# Breaking the 'psychological contract'?

## E.g. Virgin Atlantic

- On key success factors – 1998
- *I'm absolutely certain that it's a question of the kind of people that you have, and the way you motivate them.....If you fail to motivate your people, your company is doomed.....If your employees are happy and smiling and enjoying their work, they will perform well. Sir Richard Branson*



## Letter to 4,800 Virgin Atlantic staff planning strike action - 2007

- *Sir Richard admitted that “rival airlines often offered better basic wages but said that they did not offer the perks that came with working for a ‘smaller, more friendly’ company.*

*For some of you, more pay than Virgin Atlantic can afford may be critical to your lifestyle and if that is the case then you should consider working somewhere else”.*

# Employability: what it is and why it matters

‘The ability of an individual to get the job they want or to keep the job they’ve got’

Rothwell A., and Arnold J., (2007),

- But, we might also add..
- ‘Whilst prospecting for the next job’?



## Hillage and Pollard 1998



‘Employability is about the capability to move self sufficiently within the labour market to realise potential through sustainable employment.

For the individual, employability depends on the knowledge, skills and attitudes they possess, the way they use those assets and present them to employers, and the context (e.g. the personal circumstances and labour market environment) in which they work’



# Employability: literature



- Lots written on employability but ..
- ‘It is one of those few words that have gone from cliché to jargon without the intermediate stage of meaning’...(Rajan 2000) ...which means...
- the term is over-used eg. by Governments and careers advisors, and is taken to mean lots of different things

# Common themes (in the West)

- Skills to meet employer needs
- Employees ready for the Knowledge-based economy
- Meeting the shortfall in STEM (science, technology, engineering and mathematics) subjects (output)
- Older workers – over 50's
- Rising youth unemployment: NEETS
  - (Not in Education Employment or Training)

## But have we been here before?

- 1963 – Harold Wilson and the ‘white heat of technology’!
- In 1978 UK Labour Government even deliberated the possibility of a future two-tier workforce in which a core of elite workers would produce all the substantive wealth, which would then percolate through a second tier of support/service workers (cf. ‘the 80:20 society’, Brown, 2004).
- But, is this practical and sustainable? What is the KBE?

# The upskilling thesis

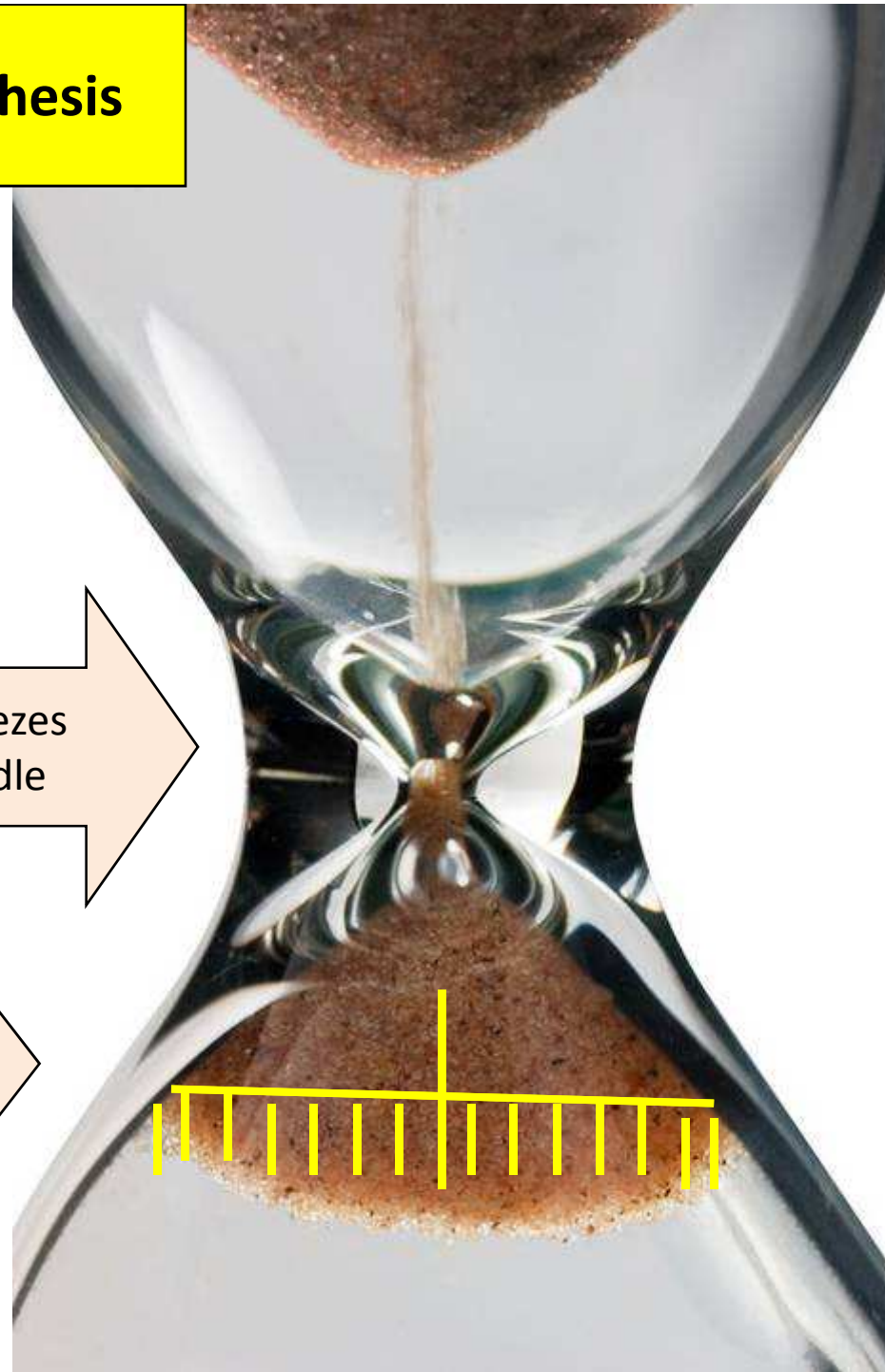
Elite workers  
– business facing

Middle office  
– mid-career

Operations workers  
– customer facing

BPR squeezes  
the middle

Flat hierarchy



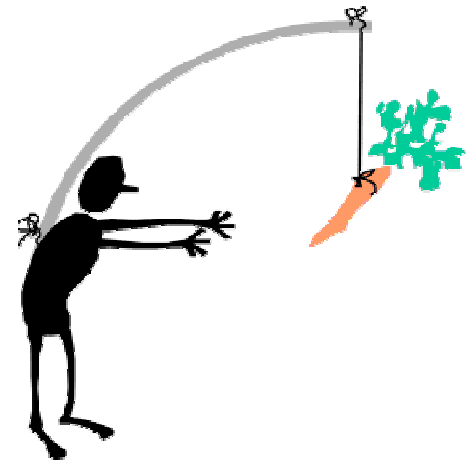
# Employers face



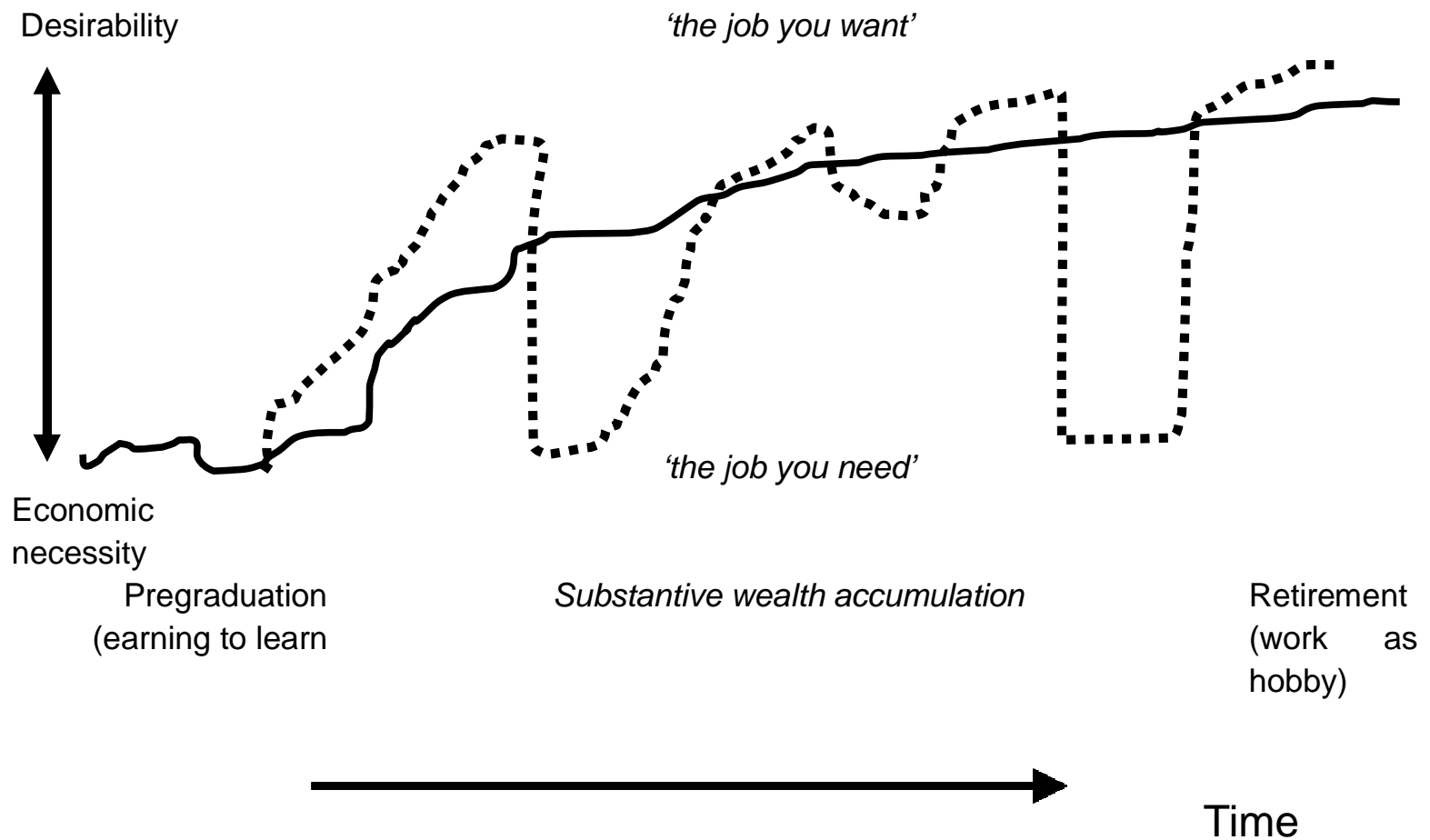
- Cost savings in unbundling from people issues.
- But, increased recruitment and selection costs in continual hiring, especially high if delegated to agencies.
- Consequently, the process of speeding up cultural assimilation for contingent workers is becoming a key issue (c.f. 'swift trust' Radcliffe, and Schniederjans, 2003).
- A dilemma about what the firm actually represents when most employees don't 'belong'.

# Employability is not the same as Motivation

- Employment relationship transactional
- Work is a psycho-social construct
- Continuing Professional Development & Life-long Learning?
- How workers motivate themselves?!
- Employability-rational but complex process?
- Issues of career and organization identity?



# Motivation for employability



# Motivation for employability

- Traditional motivators
  - Maslow, 1943
  - Herzberg, 1959
  - Vroom, 1964
- Contemporary perspectives
  - self-determination theory (Deci and Ryan, 2000)
  - Organizational commitment (Meyer, Allan & Smith, 1993)



# Motivation for employability

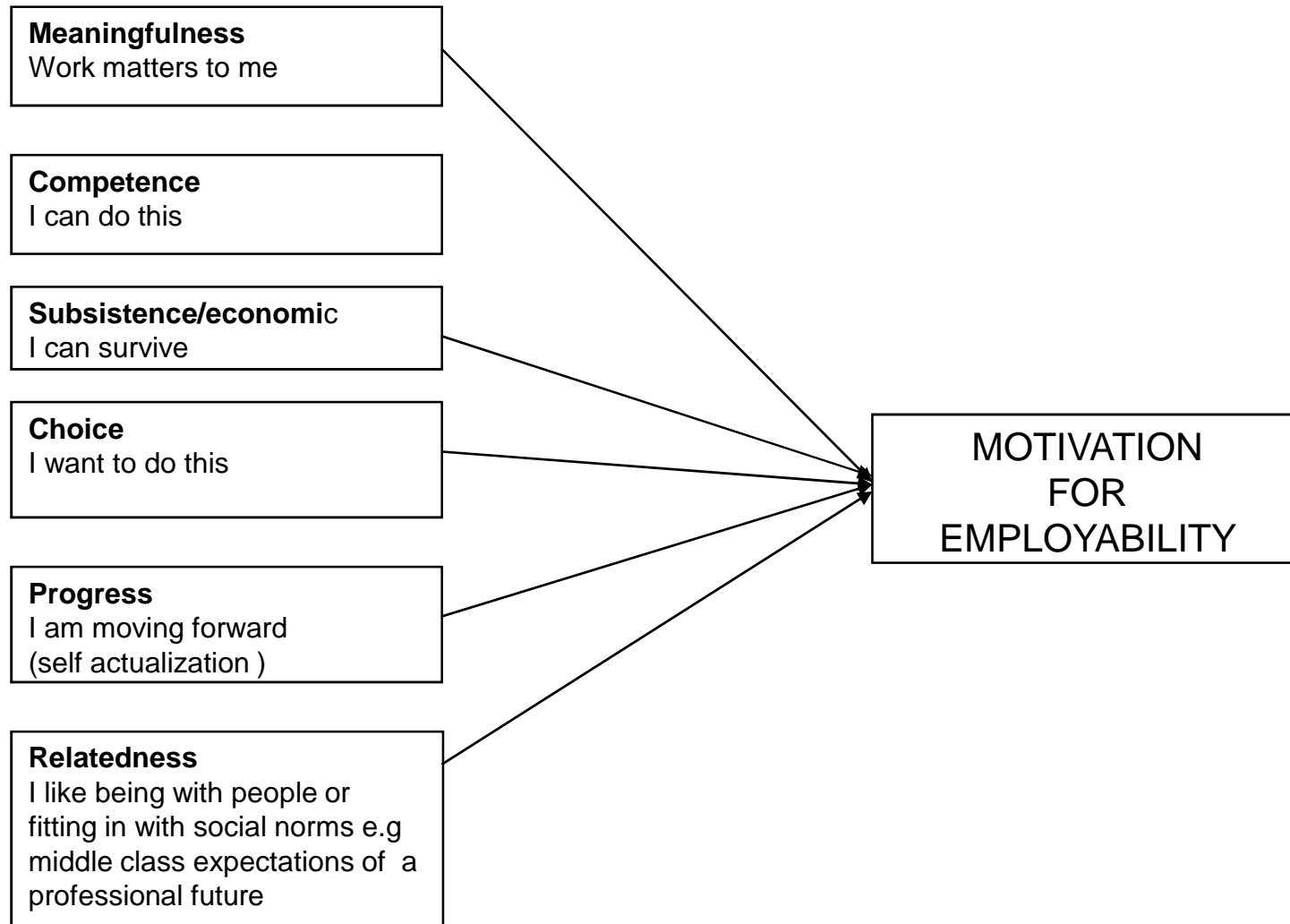
- Relationship between workers and their organizations
- Types of organizational commitment
  - Affective commitment – bonded to culture and values
  - Normative commitment – a sense of duty
  - Continuance commitment – need the money

(Meyer, Allan & Smith, 1993)

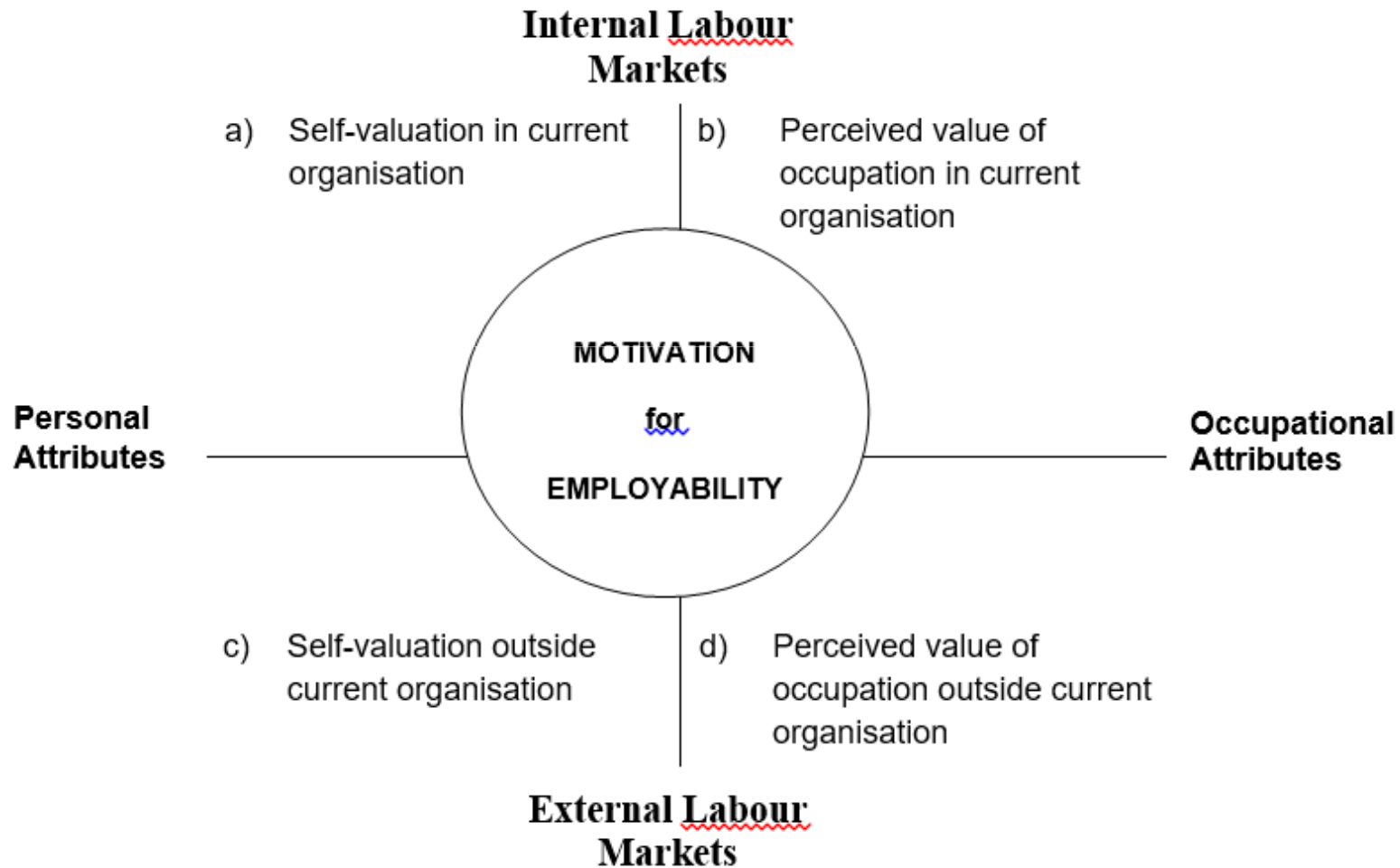
- The 'career motivation' construct emphasises the proactive nature of individuals

(Rothwell and Arnold, 2007)

# Motivation for employability



# Taking stock of one's position



# Conclusions?

- The world is changing
- New organizational forms and new working methods mean a transactional outlook in work and of work is required
- Employability enables a career
- Responsibility for CPD moving to the individual
- Emerging frameworks for understanding motivation for employability and positioning

Questions?





Search

Welcome!

- Project overview
- News and events
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- The SSC Forum
- In the Spotlight
- Links and resources
- The Team
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# Shared Services Research



Thought Leadership from Loughborough University

## Welcome!

Welcome to the Shared Services Project Website: A Resource for Academics and Practitioners

Here we'll tell the story of our investigation into the emerging phenomena of the Shared Services model. Through speaking with leading companies we have discovered a real need to understand the Shared Services model and come together to formulate best practice.

### News

- [Andrew Rothwell to present at Universities UK conference](#)
- Malaysia Activity Report
- Intellectual capital: Optimising performance in SSC's
- Ian Herbert Participating in CIMA Expert Roundtable – 15th January 2013
- CIMA-Loughborough Sourcing event – 18th January 2013 – Colombo, Sri Lanka

Andrew Rothwell to present at Universities UK conferer

If you have any query on the project, a story to tell from your Shared Service Experience, or if there is anything you would like to see added then please contact the team on [ssc-research-team@lboro.ac.uk](mailto:ssc-research-team@lboro.ac.uk) or let us know what you think through our Discussion Board.

### In the Spotlight

Revisiting Ian Herbert and Will Seal's 2011 article 'Shared Services as a new organisational form: some implications for management accounting' – can you see any other issues that we must consider? **Join the discussion by clicking [here](#).**

This project is supported by the Chartered Institute of Management Accountants

www.shared-services-research.com