

Accounting professionals in the sunset economies: risk or renaissance?



Andrew Rothwell⁽¹⁾, Ian Herbert⁽¹⁾, Aini Aman⁽²⁾
and Aravindhan Dhayalan ⁽¹⁾

Accounting
Professionals in the
Sunset Economies:
Risk or Renaissance?

**Dr. Andrew T. Rothwell, Mr. Ian P. Herbert,
Aravindhan Dhayalan. School of Business
and Economics, Loughborough University,
Loughborough, United Kingdom**

&

**Dr. Aini Aman, School of Accounting, FEP,
UKM, Bangi, Malaysia**

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.*'

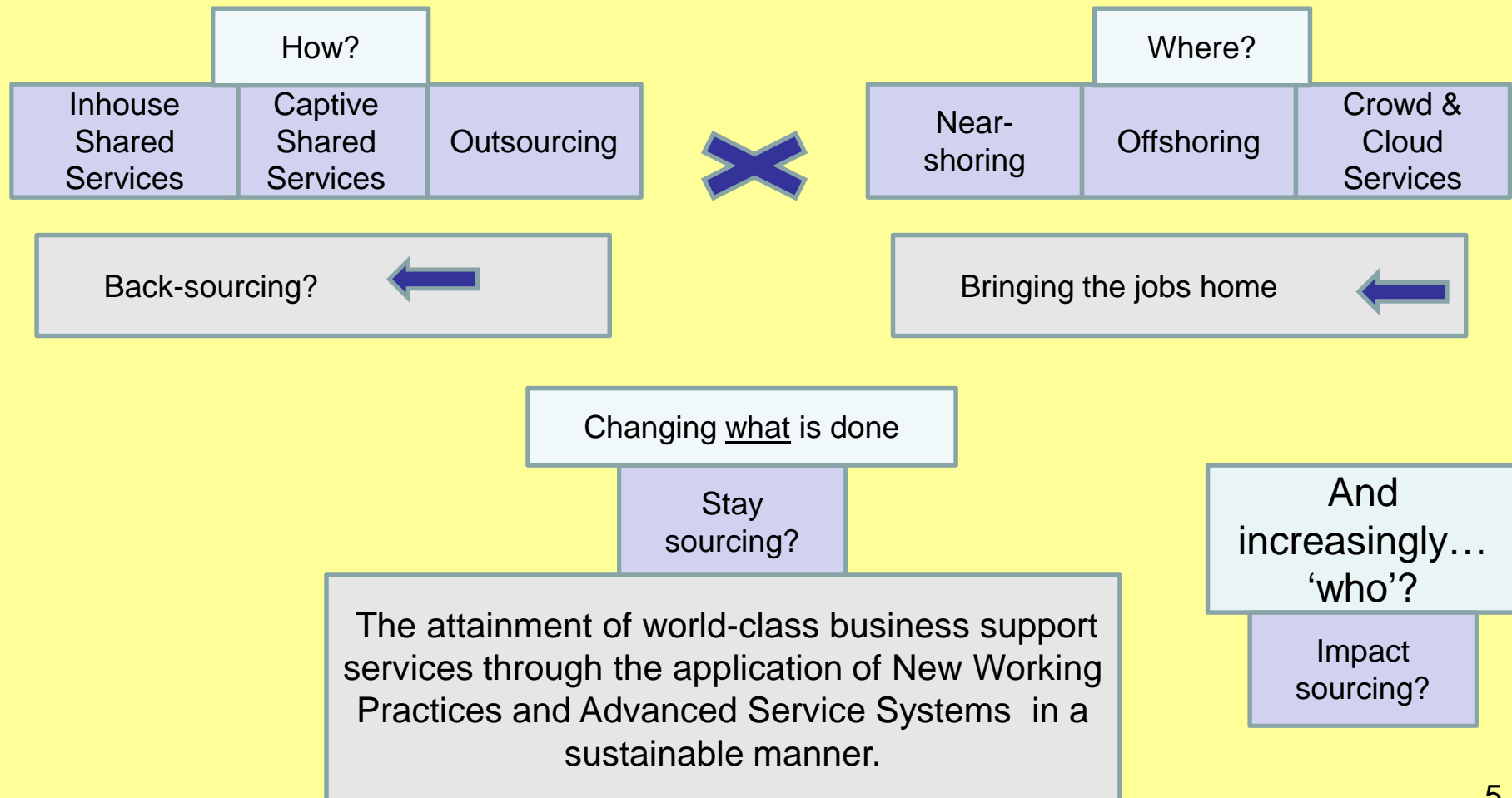
The Centre for Global Sourcing and Services

21.10.15

**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*



Contents

- Introduction: the wider 'transformation of finance' project (read that as all 'professional' work)
 - Business transformation
 - Role of accounting and empowerment
- The sunset and sunrise economies
- The 'Martini workers' and the 'hour glass' profession
- Questions

Present reality? The rise of the 'grey suit'

Financialization theory

320,000 members + 301,000
students

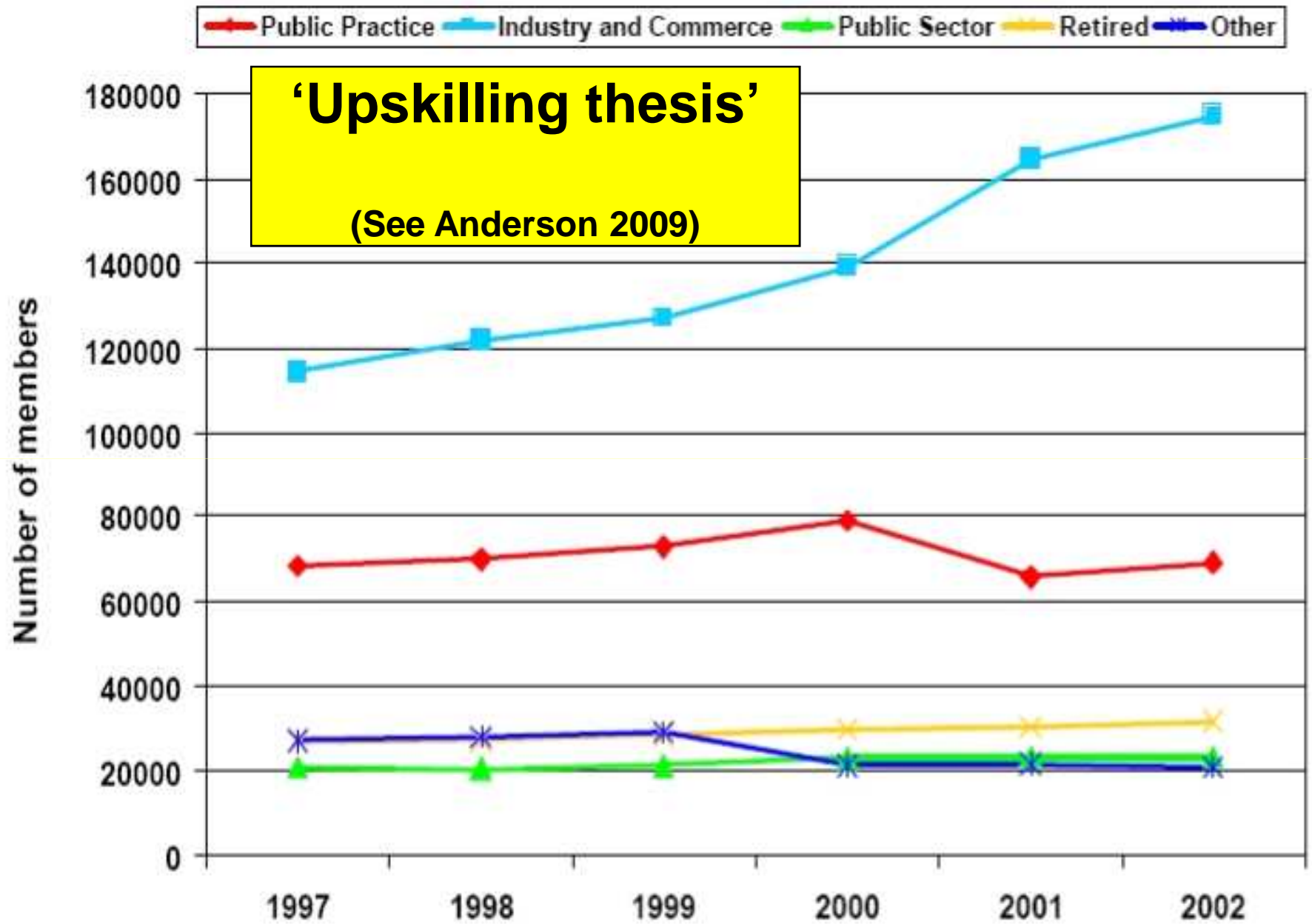
1997 to 2002

industry	+52.5%
public sector	+ 12.9%
public practice	+ 1.8%.

(ACCA CIMA CIPFA
ICAEW ICAI ICAS)

**KEY FACTS AND TRENDS
IN THE ACCOUNTANCY PROFESSION
The Financial Reporting Council (2004)**






1997: The empowerment challenge - embedding and embodying knowledge in production workers

*“If we do our job properly there won’t be any
need for a separate management accounting
department!”*

*“The objective is to create resource
consciousness at the point of resource
consumption”.*



*Management Accountant talking about his
department’s role in supporting empowerment (1997)*



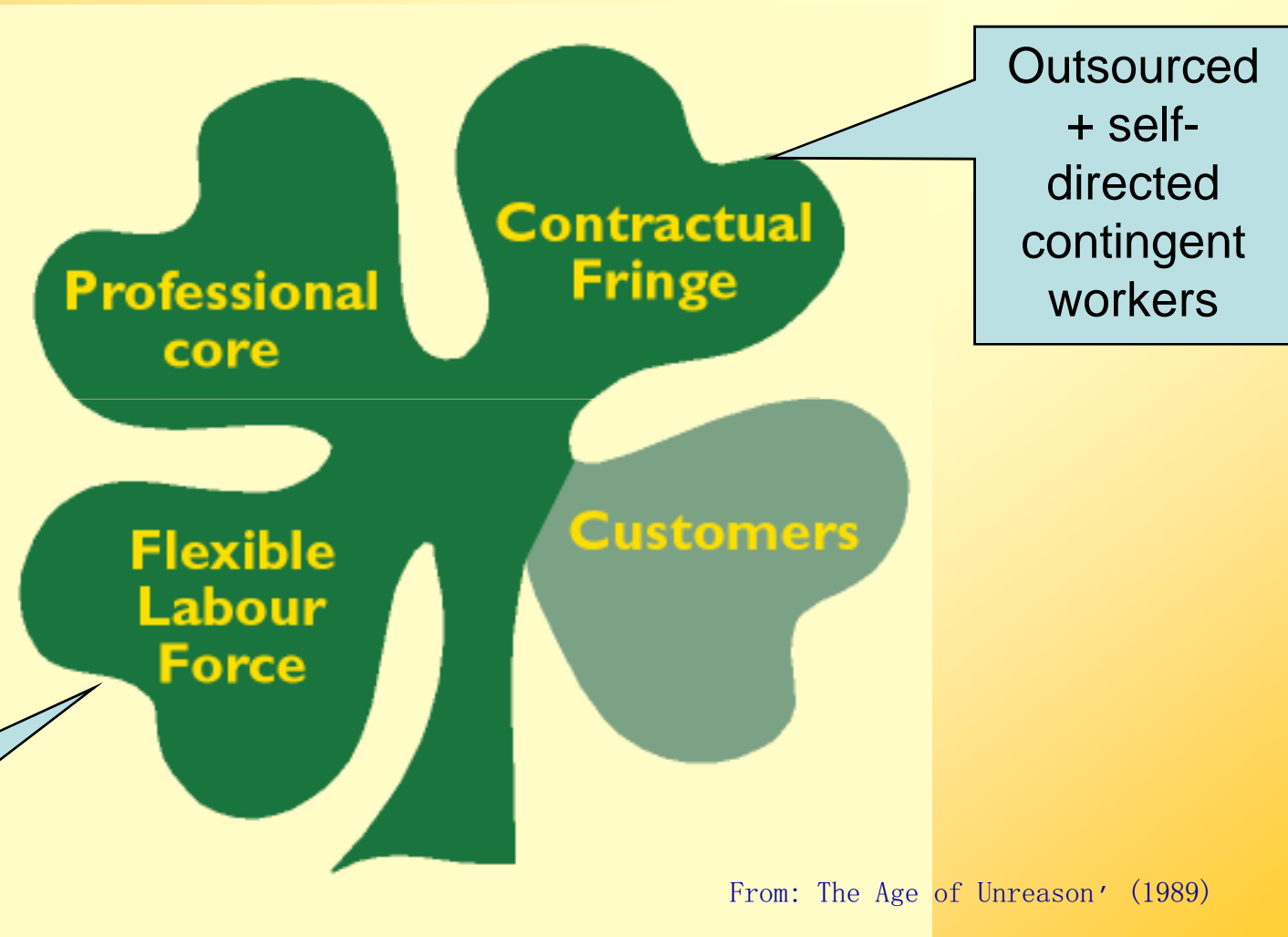
*Organizational context:
Utilityco*

Safety, availability, reliability

*Organizational context:
Utilityco*



Charles Handy's 'Shamrock Organisation'



From: 'The Age of Unreason' (1989)

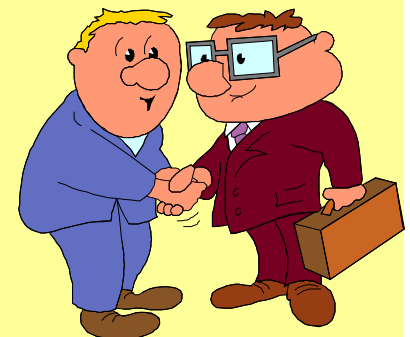
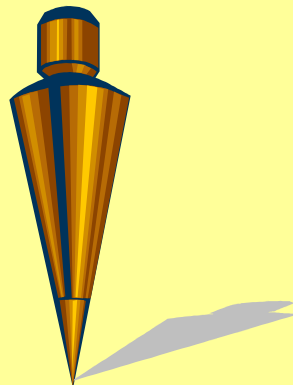
Finding the balance

traditional style

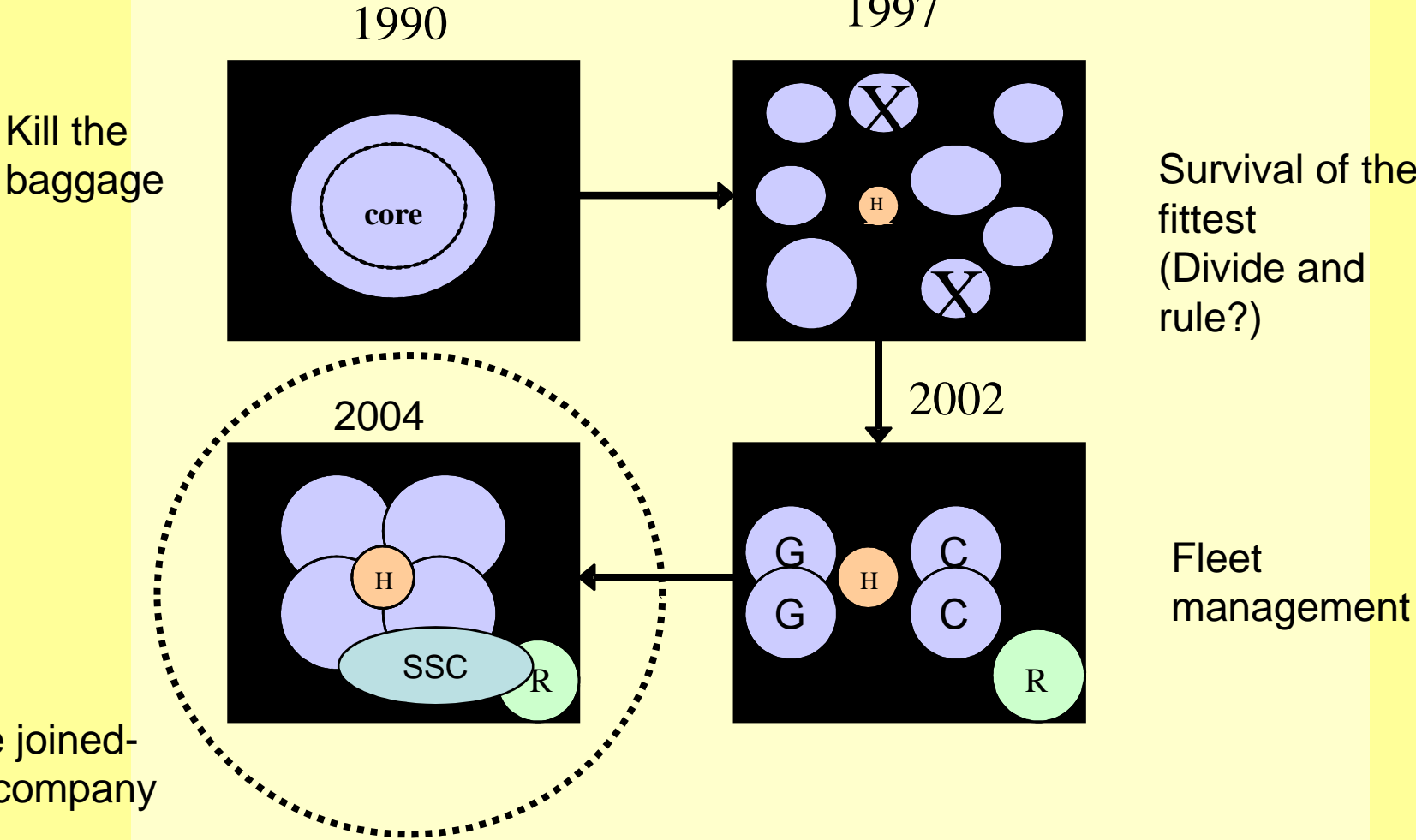
- centralised
- bureaucratic
- structured
- = efficiency & control

empowered

- devolved
- participative
- fluid
- = effectiveness & flexibility



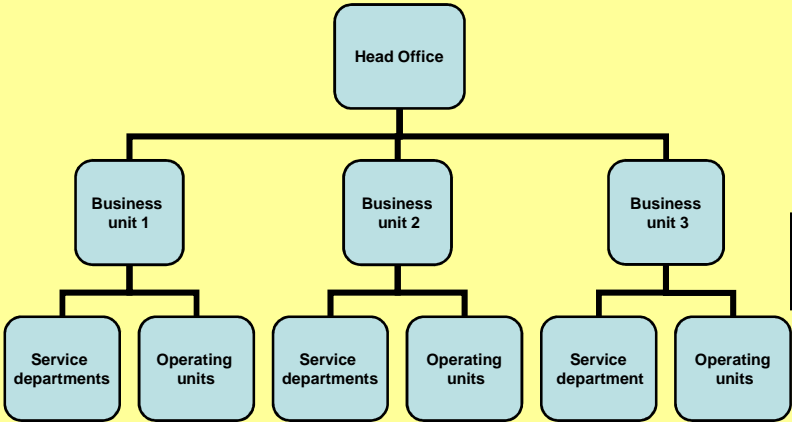
The life cycle of transformation





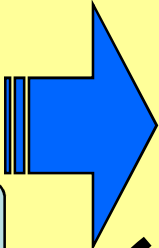
**Shared Services and
Outsourcing
- Cinderella of the plot?
But a range of possibilities!!
Perhaps a 'third way'??**

Moving to a Shared Service Centre Model

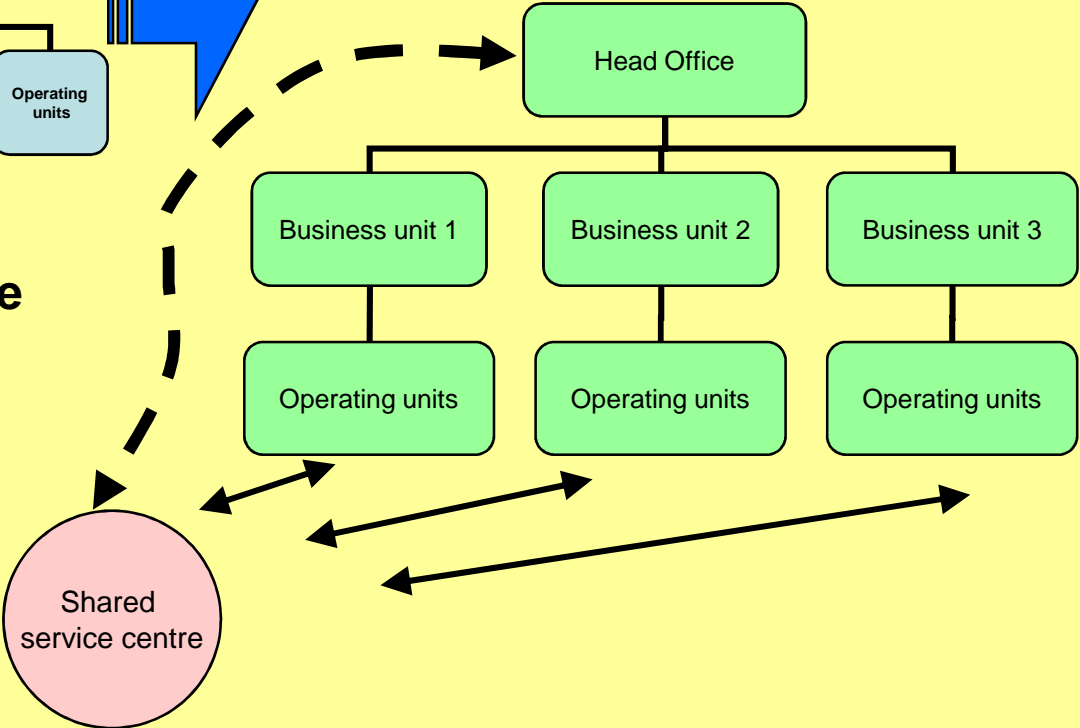


Conventional Divisional structure
(support services embedded)

Semi-autonomous
Thinking like a business
Networking & benchmarking



Shared service centre structure

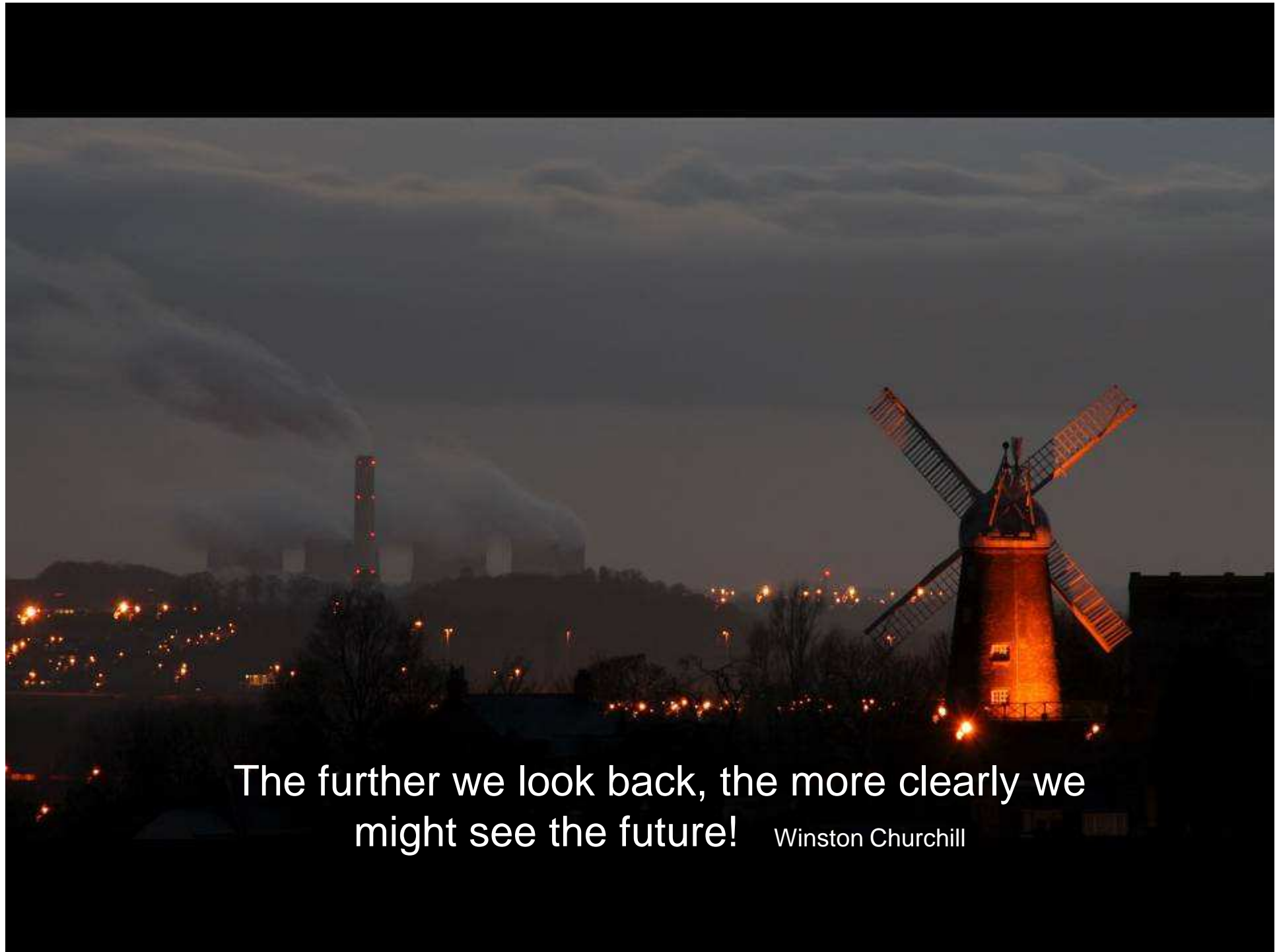


Powerco - Towards a new business model?

- Engineering no longer THE core competence?
- Now, the ability to 1) manage a bundle of engineering projects and 2) shape the dialogue with the regulator is what defines some parts of the company. (c.f. Penrose, 1959)
- The SSC as a set of routines? Intellectual property?
- Another perspective - as an energy trading company (with the ability to generate its own power – ENRON)
- The 'kingdom of engineering' has been challenged.

And the
future?





The further we look back, the more clearly we
might see the future! Winston Churchill



Time-space distancing

Quattrone & Hopper (2005)

ICT (ERPs in particular)

Is enabling events, actions and people to be separated over time and distance.

This is what enables....



The global knowledge economy!

Problem is though....

The only person who has to be in that particular location is the man digging the hole.

Those others could be in Poland!!

The Martini Workers!

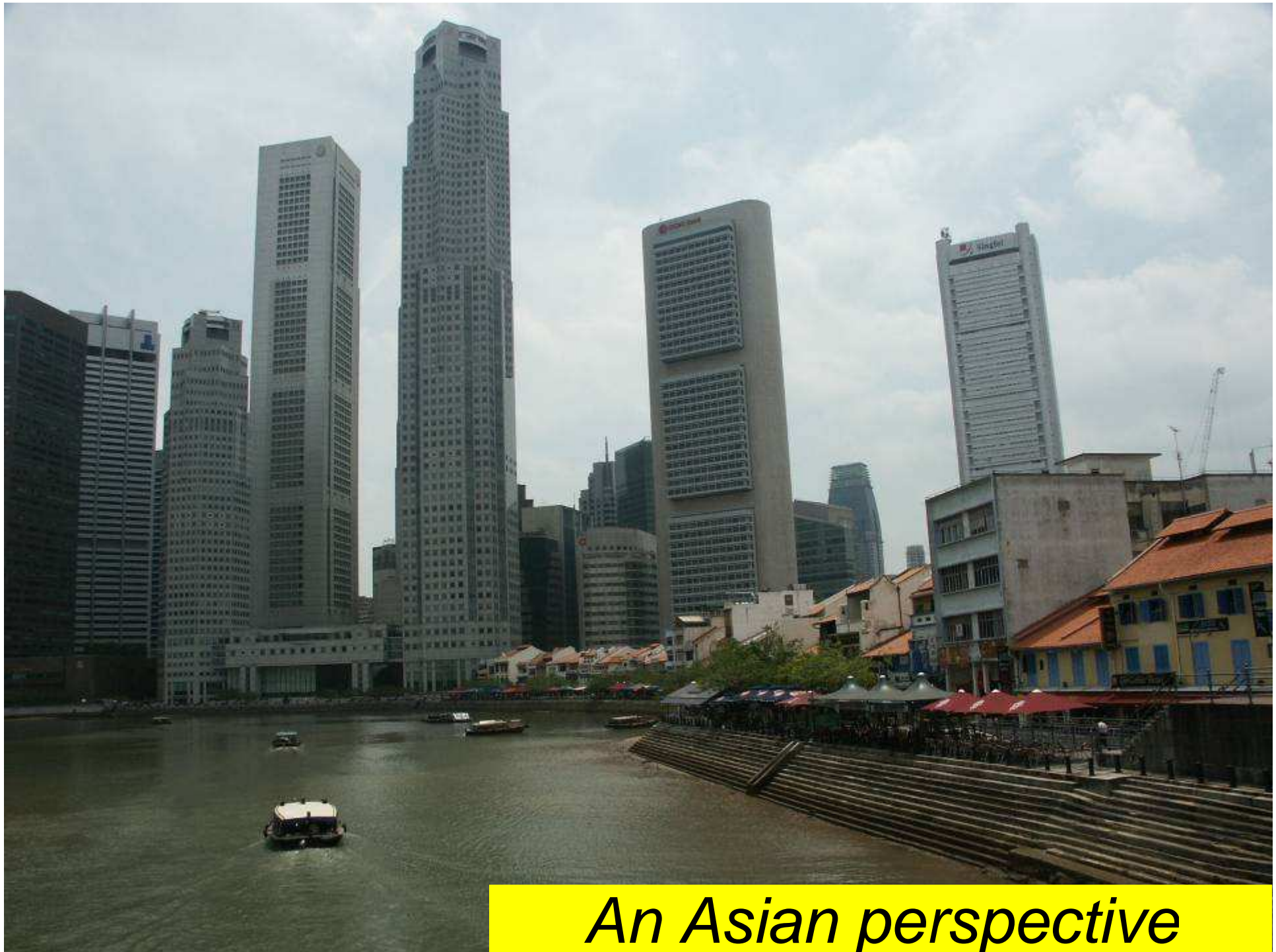
Any time, any place, any where!

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 professionals in developed economies: at the individual, organisational and professional levels?
- RA3: What opportunities might the new global landscape present for the future of finance as a business support service?



Oilco



An Asian perspective

On the prospects for UK graduates

'I think there are more and more talented people invested with the experience of operating these business support processes who will eat their lunch in terms of knowing how best to design and operate a world-class process.'

- Executive Vice-President Finance

On progression..

- *The top of that pyramid is very small indeed because the organizational model, is very flat below that. So typically we have people at relatively junior levels of supervision or lower levels of management who are managing teams of 50-100 people'*



And the competition??

'For example, people who are qualified finance graduates in Manila have no reticence in working any of the three shifts that I offer to them.

I'll say 'listen I don't want you to come back to me in a year's time and tell me you've got a problem with this, I'll be completely explicit in this.

- *And, they say. “You seem like a nice guy, but you really don’t understand. I have two other choices in life, either I go and work in the Middle East, send my money back and see my family once a year, or I stay in the Philippines where I’m well qualified but I can’t find a job because of the development stage of the economy.*
- *In the Philippines I can’t be an accountant but, if I join you and deploy my professional skills then I get personal growth.*
- *You employ me in a time period that suits you and I accept the win-win in that.”*
- *Personally, I think they would work whatever it takes.’*

Implications

- The hour glass profession?
- The segregated profession?
- The threatened profession?

Econometric studies looking for evidence of mid-tier occupations reducing

(See Anderson 2009)

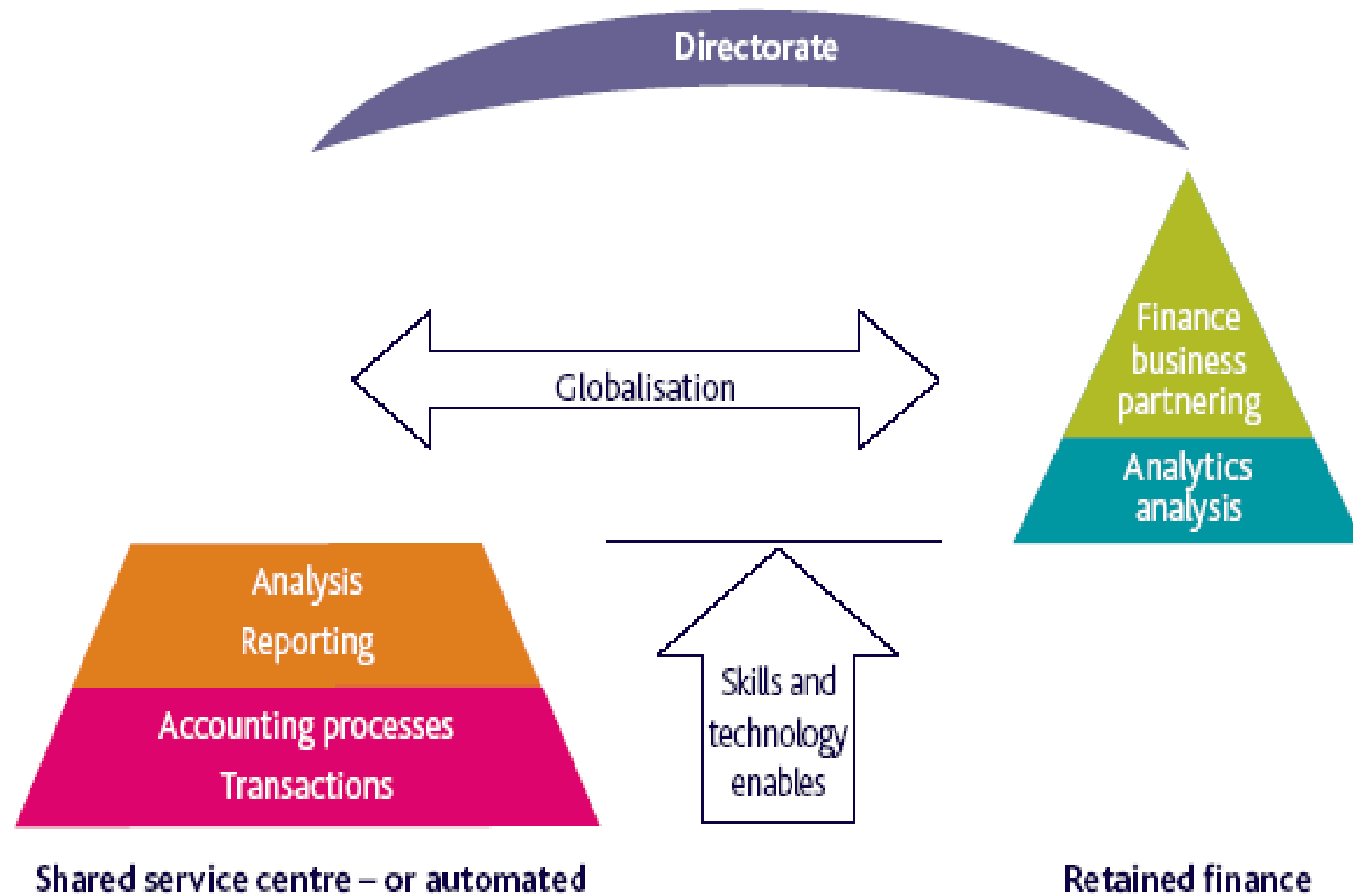


'Upskilling thesis'

(See Anderson 2009)

6.1 The segregation of finance

Figure 12 The segregation of finance



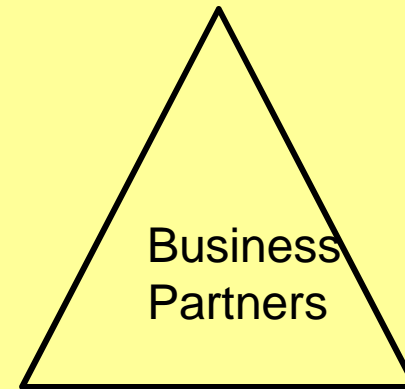
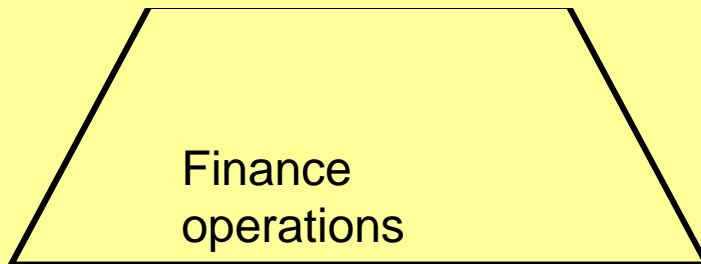
Segregated finance?

SSC

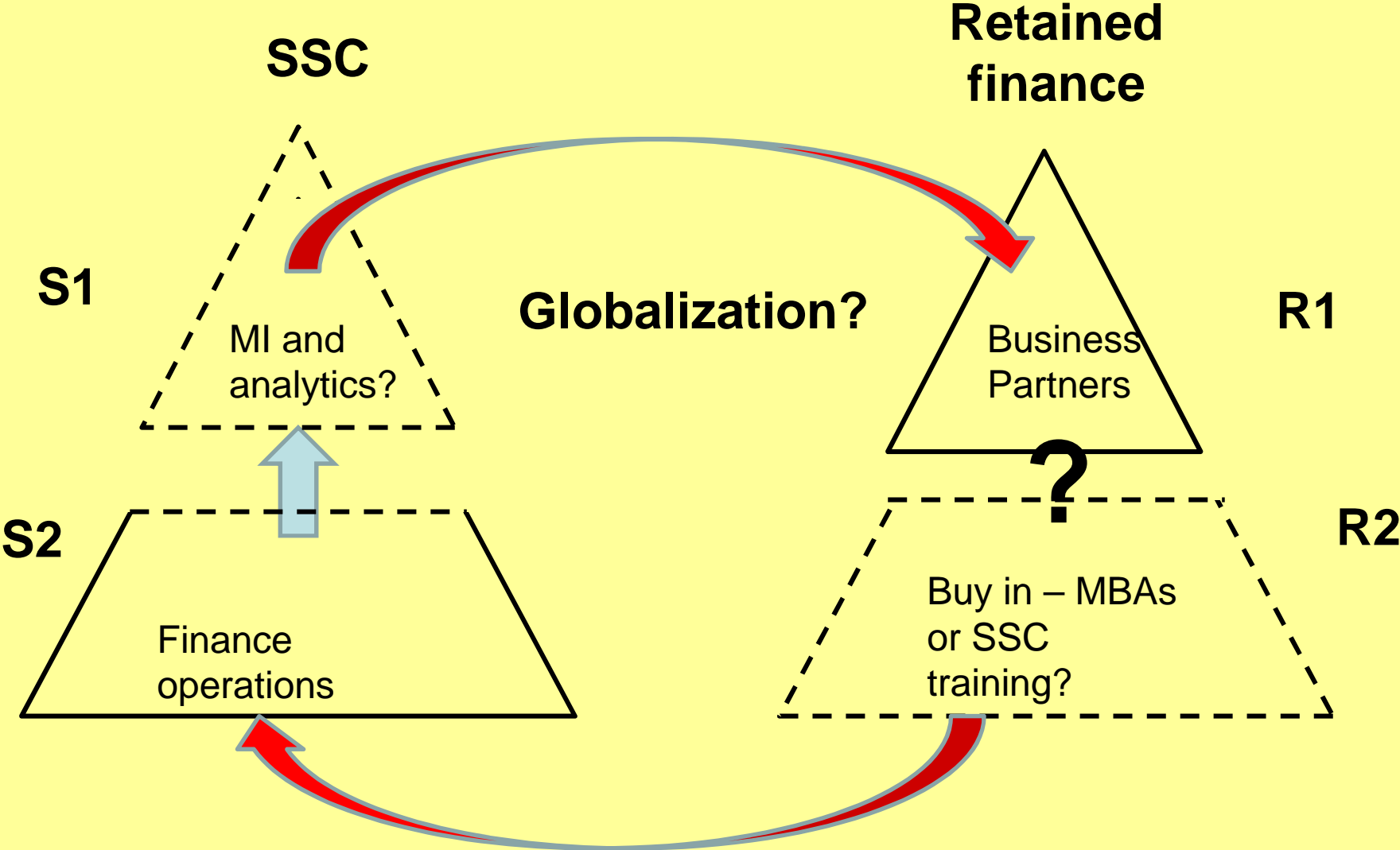
**Retained
finance**

Globalization

Business
Partners



Segregated finance?



London





One view of the world!

But from Forum in KL.....

Global Support Centre

Employee of the Month

*Next year we have plans to migrate another 1,500 jobs
from sunset economies!*

Participant at the CIMA-Loughborough Shared Services Forum Kuala Lumpur
January 2012



Findings

- 'Econometric data is difficult to find
- BPO & SSC still under the radar – or at least sufficient people in denial?
- Honeymoon period as things get better whilst getting worse.

What can be done?

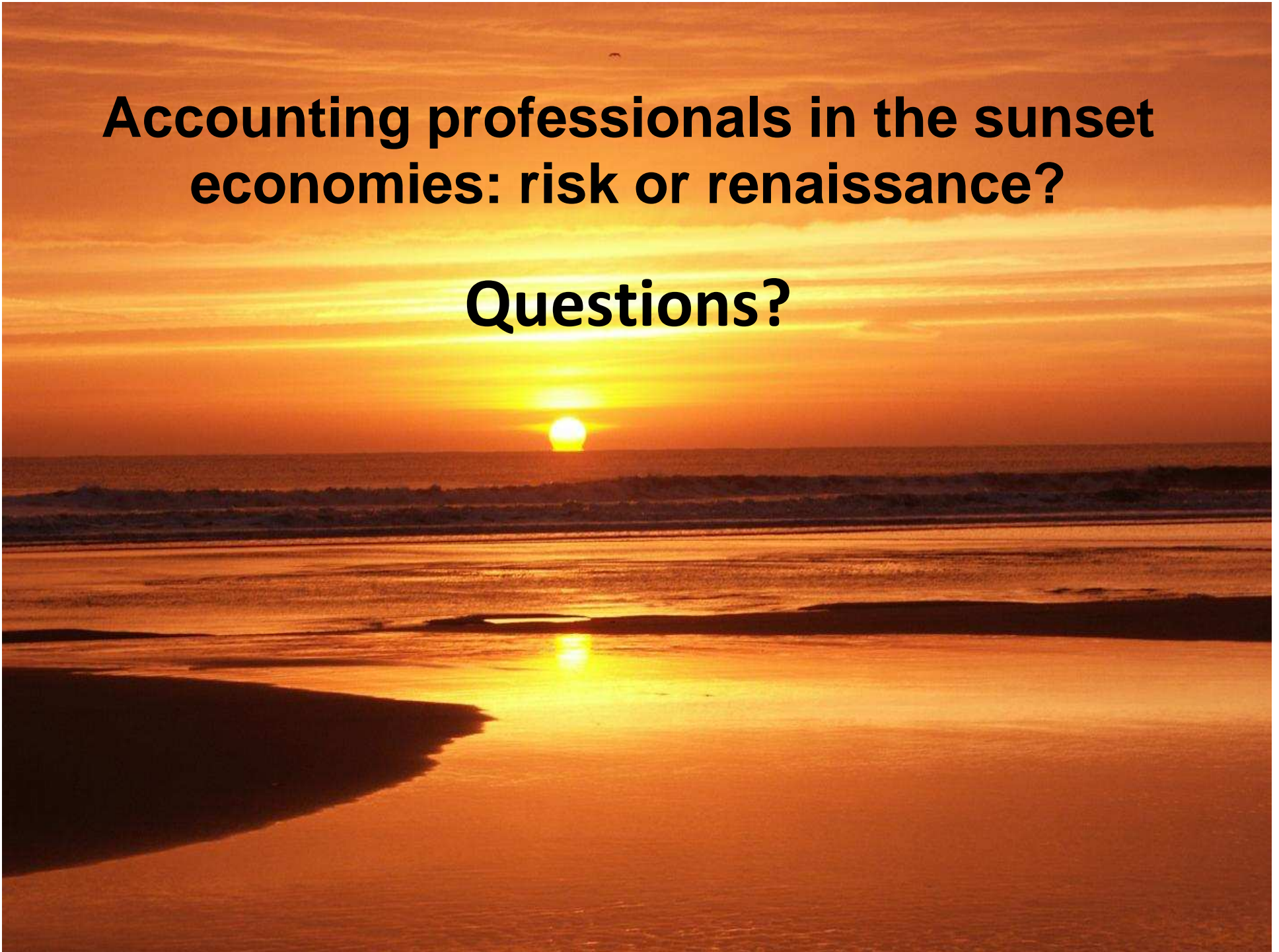
- Acknowledge the threat and respond
- Become experts in designing and controlling business process management?
- Change business school and professional curricula – e.g. CIMA C06 paper
- Reorient CPD offering

Summary - SSCs

- Our central argument is that new organisational forms such as the shared service centre have facilitated a gradual deprofessionalisation and migration of accounting work which has escaped media attention to a similar extent that outsourcing has attracted attention.
- Professional bodies have failed to be aware of the trend because it has not especially impacted (yet) on senior members of the profession.

**Accounting professionals in the sunset
economies: risk or renaissance?**

Questions?





Search

Welcome!

- Project overview
- News and events
- Our Work
- Our Publications
- The SSC Forum
- In the Spotlight
- Links and resources
- The Team
- Contact Us

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 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](#).**

