

PEOPLE MANAGEMENT

Any time, any place, anywhere: managing the Martini workers

Is it really possible that the highly skilled work of today's accounting and finance professionals can be done any time, any place, anywhere? The short-term business benefits are clear, but academics **Andrew Rothwell** and **Ian Herbert** explore whether the model has longer-term flaws

The start of the 21st century has seen radical changes to professional and knowledge work in many organisations. Offshoring, downsizing, re-engineering and the recent move to shared services centres (SSCs) have brought significant efficiency gains, as well as some challenges.

This increased level of flexibility in the workforce, driven by the need to reduce head count, leverage the impact of technology and focus on core activities, has radically altered the shape of many organisations.

Although it began with basic roles, it increasingly applies to the more transactional aspects of professional work, including finance, human resources and purchasing. As a result, individuals in professional roles may find themselves part of the flexible workforce, either working as individual agents or for a third-party organisation.

The quest for efficiency gains has recently led to the growth in SSCs, where activities previously located in business units or a head office are aggregated into a new central unit, often at arm's length from the mother organisation. A critical feature of the SSC model is that the physical location of the work is not critical, but certain overseas bases may offer a greater ability to work across time zones and lower labour costs.

The business benefits

So how far can the cost of professional work be driven down by market forces? Previous research on this topic (Rothwell, Herbert and Seal 2011) has suggested that "knowledge" work can be located anywhere there is a technically literate, English-speaking workforce with the infrastructure support required.

There can also be other advantages, such as the potential for future reductions in head count, with less impact on the parent organisation, the ability to improve performance by tying specific service levels to contractual obligations and access to specialist and technical expertise.

We have adopted the phrase "Martini workers" (although we are not alone) after the seventies advertising tagline to describe the phenomenon of professional knowledge work taking place anywhere (flexibility of location), any place (inside or outside the organisation), and any time (across time zones).

Our long-term research project, based at Loughborough University, has revealed the potential for significant business gains that go beyond the simple cost benefits of job migration. First, technical professional knowledge is not unique to the parent company or the parent country – it can be quickly embraced by a well-educated and well-motivated global workforce, which has no concerns with working 24/7 shifts or dealing with transactional tasks.

SSC roles represent good jobs for ambitious people in developing nations

and a pathway to a professional career. Our respondents in Singapore and Hong Kong, for example, reported that 30-40 per cent of SSC workers had MBA qualifications, but were working for one-fifth of the equivalent cost of UK workers. One executive-level respondent at a global multinational said: "I see it as the global creation of the same kind of work that I did 30 years ago. The role is influenced by technology, for sure, but the fundamental activities are no different."

Negative side-effects

But is there a catch? Well, several adverse side-effects can develop. First, the flattening of organisational hierarchies has tended to lead to a polarisation between the "transactional process" workers and more senior professionals at the "business partner" level. We describe this hollowed-out structure as the "hourglass profession", where individuals in lower-level roles may face a promotions bottleneck owing to the limited number of mid-level positions open to those looking to build their careers.

The fallout from this in the short term is labour turnover of about 10-15 per cent per year, which was regarded as manageable owing to a buoyant labour market and the ample supply of well-qualified individuals. In the long term, however, this may have a negative effect on employer brand and



potentially damage the motivation and commitment of employees. Taking a laissez-faire approach therefore becomes less sustainable.

Early on in our research project we'd heard anecdotally of this "development gap", where organisations are at risk because they are not "growing" the professionals they need for the future. The evidence that we have gathered seems to confirm this.

A second, related issue, is more serious and concerns the rate at which knowledge becomes out of date in our fast-paced business world. This phenomenon can be aligned to the concept of the "half-life of knowledge" (originally proposed by Fritz Machlup in 1962) and is defined as the amount of time it takes for half the knowledge in a particular field to become out of date.

The argument goes something like this. If the rate of change is increasing, then individuals have to learn more rapidly to keep up to date. If they can do this they can stay ahead of the game, and there are huge advantages to doing this. If they can't keep up then they face the risk of career displacement, or even redundancy.

It's a bit like running up a beach ahead of a wave – as long as you can keep running you'll be fine, and you'll find new parts of the beach to explore. If you don't, then there's a risk that you'll get more than your

feet wet. In terms of career and professional development the outcome depends on how well the individual engages with a scheme of professional training and embraces continuing professional development (CPD) in the long term.

Staying ahead of the wave

One of our executive-level respondents at a major petrochemical multinational reported that many of the SSC workers had a certified public accountant qualification or equivalent. However, he reported that there was also a significant level of interest in working towards further professional qualifications, such as the UK's Chartered Institute of Management Accounting qualification.

These issues have implications at individual, organisational and professional levels. For individuals, it highlights the need to take responsibility for their own CPD in order to secure their future employability. We define this as the future ability of individuals to keep the job they have or to get the job they want.

Organisations don't necessarily want to pick up the tab for this; after all, in a recession the training budget is often under pressure. Ultimately, it will be in an employer's interest to fund CPD programmes to avoid succession issues developing.

Professional associations may also have observed the "hourglass" phenomenon with some concern. The structural changes that are affecting finance and accounting, human resources and purchasing to name but a few areas and have implications for the knowledge base of the professional body, as well as the sustainability of professional membership.

What's more, the outlook for professionals in western countries who have enjoyed relatively recession-proof careers, safeguarded by barriers to entry and the growth of the so-called knowledge-based economy, is becoming less secure. As the market for professional work becomes increasingly global,

professional workers in the West may find themselves competing with highly skilled, motivated and technically competent professionals who can offer greater flexibility for less cost.

Are there positive messages from our research? First, individuals must keep on running, maximise the level of professional qualification and membership that is available to them and keep up with their CPD. Meanwhile, organisations must invest in their employees' CPD, not just through formal training, but by recognising the informal learning that goes on at work every day.

In addition, employees in transactional roles should be given the opportunity to acquire a breadth of professional experience through experiential learning. Human resource planning seems to be out of fashion as organisations believe they can meet future challenges through flexibility strategies, but it is better to have a plan than none at all.

Finally, professional associations need to recognise that the occupational landscape has changed, probably forever. New entrants to the profession won't necessarily be in the broad generalist roles that was the case for previous generations. Associations will need to add experiential learning and breadth to provide additional CPD opportunities. ■

DR ANDREW ROTHWELL

Dr Rothwell is a lecturer, researcher and organisational consultant based at De Montfort University, Leicester. He has previously held academic roles at Coventry University and Derby University, and started his career in the banking industry.

IAN HERBERT

Herbert is senior lecturer at The School of Business and Economics, Loughborough University. He teaches management accounting on both undergraduate and postgraduate courses.