

## **Accounting Professionals in the Sunset Economies: Risk or Renaissance?**

Andrew Rothwell<sup>(1)</sup>, Ian Herbert<sup>(1)</sup>, Aini Aman<sup>(2)</sup> and Aravindhan Dhayalan<sup>(1)</sup>

(1) School of Business and Economics, Loughborough University, UK.

(2) School of Accounting, FEP, UKM, Bangi, Malaysia.

### **Abstract**

The Finance Function along with other professional business support functions is undergoing a radical transformation. Some of the effects are well rehearsed in the academic literature, but some effects are occurring below the radar of both the academy and the media. This paper argues that the present trend of re-engineering, reconfiguration and relocation of accounting work will have far reaching impacts on the accounting profession and the employability of accountants in developed countries, in the context of the paper, the ‘sunset economies’.

The central argument is that new organizational forms such as the shared service centre have facilitated a gradual de-professionalization 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.

Using data from the service centres of multi-national organizations we argue that this fillip will be short lived and that Western professional accounting bodies need to understand the situation and align both their membership strategies and curricula to the new global reality.

**Keywords:** finance transformation, management accounting, shared services, employability

## 1. Introduction

Picture this. Delegates had assembled for a newly created shared services forum in Singapore. Attendees, almost all locals, include senior executives from the offshore service centres of multinational corporations and shared service providers. The Chair was an academic from a leading UK Business School and eager to welcome them so engaged each one in a round of personal introductions. Hands were shaken, business cards offered and pleasantries exchanged. One delegate introduced herself as follows:

‘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*.’

New organizational forms such as the shared service centre model have facilitated a gradual de-professionalization and migration of accounting work which have been both imperceptible to the media and national economic statistics. Through extrapolation of the evidence from within individual firms it is not unreasonable to predict that there will soon be profound effects on the population of finance and accounting professionals in developed economies such as the US, the UK and other ‘old’ European countries.

The nature of process re-engineering, reconfiguration and the relocation of accounting work will have far reaching impacts on the accounting profession and the employability of accountants in developed countries, in the context of the paper, the ‘sunset economies’. In this paper we suggest that professional bodies appear to have missed the trend because in the early stages the segregation of finance into cognitive and transaction processing domains meant an enhanced role for senior members of the profession, those with roles as ‘business partners’, often in retained functions who have been freed of the tedium of routine accounting tasks. We consider the possible effects that the ‘sunset’ effect is having and will have on professional accountants and their work (or lack of it) in the post-industrial economies of the West. Our starting point is that while there is anecdotal evidence of job migration and challenging times ahead for the profession, our specific intention is to try to establish a positive way forward for professional accounting in the context of the ‘sunset economies’.

The specific Research Aims (RA) of this paper are therefore:

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 organization models based on the global knowledge-based economy present risks to accounting professionals in developed economies: at the individual, organizational and professional levels?

RA3: What opportunities might the new global landscape present for the future of finance as a business support service?

The paper is structured as follows. The next section outlines the transformative nature of new organizational models such as the shared service centres in the context of a number of other developments in information technology and the global knowledge-based economy. The third section presents a concise literature review organised around the three research aims above. Next is a description of the research method based upon a ten-year ‘case study’ enquiry. The fifth section discusses the findings before some tentative conclusions are drawn in the sixth and final section, together with some suggestions as to directions for future research.

## **2. The nature of finance transformation**

The large scale relocation and reconfiguration of business support functions into Business Process Management Centres (BPM) is a relatively new phenomenon. The concept of ‘externalising’ functions, such as Finance, HR, IT, Procurement, etc., that have traditionally been situated in functional hierarchies close to business units through new organizational forms, such as Shared Service Centres (SSC) or business process outsourcing (BPO) has been around since the 1990s. However, the emergence of fast and robust internet connectivity has enabled rapid development of job migration patterns and process innovation. No longer is ‘back-office’ work constrained geographically; the development of

truly global, real-time, Enterprise Resource Planning systems (ERP) have enabled offshore service centres (OFSSC) to reshape both the corporate landscape and regional labour markets in far reaching ways.

The globalization of business, underpinned by ever increasing data connectivity, has allowed more professional and support service work to be done at a distance from front-line operations in remote centres. Whilst transformational change and relocation can be facilitated in a number of ways, either inhouse or via third party contractors, the shared service centre (SSC) model combined the advantages of a market-style, entrepreneurial and customer-centred outlook with the benefits of in-house management direction. The combination of market forces and management control, coupled with developments in Enterprise Resource Planning (ERP) systems, has driven the increasing popularity of captive SSCs. This popularity has been reinforced by the promise that the SSC will lead to both reduced costs, improved support service quality whilst also allowing continuous adaptation to changing business needs. Whilst much of the debate in the popular press of developed countries such as the United States and the UK tends to focus on the negative economic and social impacts of white-collar job losses, we suggest that the development of the global knowledge-based economy also has significant implications for both the nature and location of professional work; especially for Global Chartered Management Accountants.

RA1: What is the ‘Sunset Economy’? Is this a reality, and how did it arise?

The phenomenon of the ‘sunset economy’ is in the context of this paper located in the post-industrial economies of the West. In this section we will explore whether this description is justified, how it came about, and what the implications are for accounting professionals. We suggest that the ‘sunset’ effect has a number of drivers. First and most obviously, the migration of manufacturing to lower-cost locations, which has resulted in significant loss of employment and fundamental changes to the economies concerned, described by Dunford and Yeung (2010) as ‘the hollowing out of manufacturing’. Manyika, Lund, Auguste, Mendonca, Welsh and Ramaswamy (2011) noted that manufacturing in the USA lost 5.7 million jobs between 2000 and 2010, that the rate of loss was increasing, and that this could be attributed to offshoring, automation and the

redesign of processes. In the UK Birdwell, Grist and Margo (2011, p. 18) identified four trends in the contemporary labour market: a dwindling supply of lower skilled jobs, fewer semi-skilled manufacturing jobs, rising numbers of service sector jobs and at the professional and managerial level, and a 'growing need for jobs at a technician level'. The jobs effects have been compounded, especially in the UK, by the decline in primary and extractive industries. Beynon, Cox and Hudson (1999) noted that domestic coal fell from a position of 89.6% of UK primary fuel consumption in 1950 to just 20.2% by 1996. Even so, the UK continues to import large quantities of coal: according to EDF (2012) in 2009 78% of the UK energy industry's coal needs were met by imports.

To some extent the organizational and sectoral changes described above represented evolutionary phases in the business model attributable to globalization, technological development and efficiency gains derived from new working practices (NWP's). They were also driven by a greater emphasis on financialization, which we suggest is the second main driver of the 'sunset' effect. Financialization is defined (Palley, 2007, p.2) as:

'- a process whereby financial markets, financial institutions and financial elites gain greater influence over economic policy and economic outcomes'.

This influence was gained at the expense of the 'real' (e.g. manufacturing) sectors, was driven purely by profit as distinct from sustainability and tended to produce what Palley called a 'winner takes all' arrangement. The reliance on market forces promoted by new liberal economics produced big winners in the financial sector, but a far greater number of losers in society as a whole. The structural changes to domestic economies as a consequence of cost-based job migration in manufacturing appear to be permanent.

The third driver, which is related to the imperative of financialization, is that the first decade of the 21st century saw a further migration, this time of service and professional work due to outsourcing and offshoring. This represented a step change for contemporary thinking: it had previously been thought that the rise of the service sector and the KBE would lead to job creation which would offset the decline in jobs in other areas. For example, in a widely quoted speech (Guardian, 2000) the then prime minister of the UK, Tony Blair, asserted:

‘I strongly believe that the knowledge economy is our best route for success and prosperity’.

Certainly, there was significant growth in retail and services for much of the 1980’s, 1990’s and into the early years of the 21<sup>st</sup> century. Immigration of highly skilled workers to global financial hubs such as London and New York was also observed (Beaverstock and Smith 1996). The notion that a post-industrial service led economy would deliver a prosperous future prevailed even though such views were not without critics (e.g. Fingleton 2003). Tony Blair’s speech on the knowledge economy (Guardian 2000) concluded with an assertion of prosperity ‘for all our people’. This proved to be a false hope. What had not been foreseen was the global cost-based migration of services as well as manufacturing, thus producing a double effect: a reduction in availability of both lower and higher skilled jobs. The consequences are unemployment at the entry and lower skill levels and under-employment, especially of graduates produced by an expanded ‘mass’ education system). In the workplace middle managers and more mature employees would be squeezed out by corporate downsizing. In the UK, 84% of job losses between 2008-2009 were in manual, unskilled and administrative positions (Wright, Brinkley and Clayton 2010, p.16). **Ref needed for reduction in managerial jobs in the modern era – most refs are from the 1990’s so too old**

Thus, reality has fallen short of expectations. Kochan (2012), writing in a US context, suggested that the new economic model produced under-employment, poorer quality employment (including quantifiably poorer employment benefits such as healthcare), and widespread dissatisfaction with work. A further consequence observed in the US is increasing disengagement by students who simply don’t see the point of a college education (Schleicher 2012). Shortfalls can be both quantitative and qualitative. Quantitatively, there was a realisation that the KBE wasn’t delivering the large numbers of jobs required, for example to match the growth in graduates: such roles remained at a premium (Brown and Hesketh 2006). Rothwell, Herbert and Seal 2011 argued that a qualitative shortfall can arise due to the phenomenon of higher skill level jobs being migrated offshore, because the cost arbitrage savings are greater at the higher salary points, and routine transactional work retained onshore (undertaken by individuals on lower pay levels), thus turning the conventional offshoring model (of transactional work going overseas) on its head.

Evidence? Stats on this? And the other phenomena described? Agree, some have been inserted but still need more

While on one hand, there is a growing realisation that the KBE hasn't worked, on the other there are persistent aspirations for a knowledge-based future. For example, Dunford and Yeung (2010) suggested that health, education and culture could be 'direct drivers' (of future growth?), complemented by a capital transfer model of income based on overseas investment of accumulated western wealth: we suggest that this sounds living on borrowed time rather than a sustainable growth model for the future.

Data on valuemigration?

data on UK balance of trade?

Is it accurate or appropriate to speak of a western 'sunset'? To do so implies that one views world events only through the lens of western interests. An alternative view might be to consider whether western prosperity was simply a temporary state of affairs, and the rise of dynamic Asian economies<sup>1</sup> and the BRIC countries represents an end to inequalities that have become pronounced only in relatively recent history. Dunford and Yeung (2010, p. 22) noted that the differences in per capita income 'between Western Europe on one hand and India, Africa and China on the other' moved from 'probably no more than 30 percent' at the start of the industrial revolution to a situation where: 'by 1997 the one-fifth of the world's population living in the richest countries was 74 times as rich as the one-fifth in the poorest', and that this ratio had been 'just' 30 times in 1960.

Dunford and Yeung noted a number of influential events that became more evident after the Asian crisis of 1997-1998: greater global integration that increased the size of the world labour force, competitive devaluations in Asia that saw export surges that transformed countries that had previously been debtors into creditors, and a number of developed countries whose debt has increased significantly, not least because of 'disastrous military interventions' (page 23), but also because they had pursued 'finance and debt-driven growth' (page 32) and were thus vulnerable to the liquidity crunch that followed the collapse of the US sub-prime housing market. In the years following 1997/8, emerging economies grew on average at least 6.1 percent compared to 2.6 percent for developed economies. China overtook Germany to become the world's third-largest national economy in 2007. Dunford and Yeung suggested that: 1) emerging economies and especially China would sustain growth in the context of slower global growth; 2) labour market strategies, such as exploiting the KBE, to restore western growth had not succeeded (and there was no 'Plan B'); 3) the 'recent financial crisis [was] just the latest in a series of events that had punctuated the development of industrial capitalism' (p. 25) and 4) by 2035 Asia could account for 66 percent of world GDP and thus re-establish the status quo prior to the inequality gap created by 'the industrial revolution, colonialism and imperialism' (p. 24). Thus our view of the fourth dimension of the 'sunset effect' is that it is a consequence of natural economic phenomena, a re-alignment of global prosperity and thus from one perspective simply a restoration of an historical equilibrium. **This is quite a radical point – I'm not sure that this has been made elsewhere, perhaps we ought to make more of it?**

Take in table 1 about here

In this section we we have attempted to provide an overview of the evolution of the 'sunset' effect. These observations are summarised in table 1. We suggest the western 'sunset' as an observable phenomenon is a reality and likely to become more significant in the future. It is consequence of the combination of a number of potent factors, some of which are attributable to relatively natural processes of economic evolution, but others which are the result of strategic and governance-related errors and oversights on the part of commerce and government.

RA2: What are the risks to accounting professionals: at the organizational level, the individual level, and indeed the level of the profession as a whole?

Could this section include a swot analysis and then a TOWS analysis?

Yes I think this is a great idea, but the question is how to do it. It's a great opportunity to bring in primary data and also the perceptions of the profession. The weakness is that if we just do a swot and then tows analysis it simply looks as if we've made it all up. So if we do go down this road it will need to be strongly evidence based. we could look in the literature for strengths weaknesses opportunities and threats, and organise this section of the paper in that way, and then look in the literature and make some suggestions ourselves for SO, WO, ST, and WT strategies. Another potential way to do it but slightly risky might be to hold a lunchtime seminar on the global future the finance function and rather than you or I being a dancing monkey at the front of the room, actually give the attendees something to do, rather like a world café kind of scenario so they could creatively generate ideas. The challenge that follows from that is, what if the ideas aren't actually that good. So on balance I think the best thing to do is make it a literature based thing but we may need to involve other people in this at this stage. Given that Will is a genuinely open and creative thinker and wondering if you might have a role here?

This paper is based on the premise that accounting workers in the UK, especially those at entry-level roles in the profession are in positional conflict (Brown and Hesketh 2006) with individuals doing similar work in (for example) Poland, China, Hong Kong, and Singapore, and that any positive view of the future must be mitigated by the prospect of job migration. Given this reality, does the profession itself understand the nature of the risks for the future, and (in the final section of the paper) are any mitigating strategies sufficient to provide sustainability of the accounting

function within organizations, at the level of the individual professional, and for the profession as a whole? Given the turbulence in the financial world following the 2008-9 financial crisis it is perhaps unsurprising that there are a number of contemporary analyses of the profession, the challenges facing it and how the profession, organizations employing accountants and individual accountants might respond.

While overall numbers employed in professional service work reportedly grew even following the 2009-2009 financial crisis (Sissons 2011), technological effects had already caused some reduction in numbers employed, with the 'first order impact of computerisation (being to) displace routine cognitive and manual tasks, such as bookkeeping – ' (Autor, Katz and Kearney, 2006, p. 190). In the labour market overall there had been a documented rise in service roles which were difficult to automate such as care or food service, and which even if outsourced still had to be located in the same area (Autor and Dorn 2009; Sissons 2011). The cumulative effect of these changes had been a 'polarization' of jobs at the upper and lower ends of the spectrum, with a 'hollowing out' of the space in between (Goos and Manning, 2003), 'leading many commentators to talk of the labour market as increasingly structured like an hourglass' (Sissons, 2011, p.9).

**This next paragraph needs to be either much more concise or to have better evidence supporting it from a greater variety of sources**

Rothwell, Herbert and Seal (2011) identified a number of challenges for individuals and organizations in respect of the changing nature of accounting work based on a ten-year study of accounting and shared services in a variety of organizations both global and domestic. The focus on moving transactional processing to outsourced or shared service arrangements had tended to produce flatter organization structures with large spans of control at the ground level, with a concentration of decision making at the 'business partner' level higher up. This had led to a tendency for accounting functions within organizations to also adopt the 'hourglass' shaped structure, which had a number of consequences. First, an organizational implication arises because roles have tended to be fairly transactional at the lower levels. After a time, boredom can set in, there is little potential for progression, and labour turnover ensues. Thus, organizations can find themselves with a talent management and a retention issue where they aren't retaining the better calibre staff (because they are the ones who will have employability on their side in terms of skills, knowledge and personal attributes) who might be suitable for progression if they stayed, even given the limited opportunities for this because of

the promotions bottleneck implicit in the hourglass shape. Second, in a segregated finance function it could become increasingly difficult for individuals to progress their careers due to the restricted opportunity to acquire the broad experiential base that had traditionally been part of professional formation. Third, as a corollary of the first two factors, the professional bodies of accounting could find that there are fewer individuals able to meet the experiential requirements for the higher membership grades.

The Association of Chartered Certified Accountants (ACCA 2012, page 4) reported ‘insights from global experts of companies at the forefront of finance transformation activity’. The report aimed to explore ‘the issues, challenges and opportunities facing businesses that are ‘transitioning’ to new business models to improve business performance’. In this headline respect the report delivers, addressing issues such as the role of retained finance, the recognition of a more complex service delivery model, and engaging finance leaders with business re-engineering. The report recognises the challenges in making shared services and outsourcing work, but appears to fail to recognise their implications for the function itself. Similarly, Fitzgerald, Brown, Chester Buxton, Herbert, King and McAulay (2012) argued for ‘relevance regained’ for the finance function, focusing on two key elements: ‘managing through people’ (meaning engaging with the ‘hearts and minds’ of the people working in shared services) and ‘managing by the numbers’, which meant aligning performance measures with world class benchmarks, but did not explore contextual factors. Kim, Hatcher and Newton (2012) focused on leadership qualities and how management accountants (MA’s) can contribute to business success, referring to a ‘tough business environment’ (eg. page 14) but again failed to recognise the significance of the contextual changes affecting MA’s for example in relation to where their work is located. CIMA (2012) also identified a number of ways in which the finance function could transform itself to overcome the challenges of the future, including standardising systems and procedures, adopting shared services where this hadn’t been done already, becoming the custodians of management information, and deploying individuals with business skills as new Business Partners thus having a ‘higher level mandate’ in operations and strategy. The above suggestions will certainly lead to efficiency gains but like Kim et al. and the ACCA report failed to consider the long term implications of structural changes in the way accounting is delivered in the business context and the impact this could have on the profession and the professionals within it.

Not only are organizations apparently unaware of the risks posed to the profession, the accounting professional bodies themselves appear to be relatively unaware of the way in which accounting structures and functions are changing, and the impact this will have on their future membership profile.

This is where the section on the de professionalisation will go. It won't be too difficult to do, and we should be able to look at some of Stephanie's Work for Potential sources

RA3: Do new forms of work organization in accounting present a renaissance for the profession? What are the opportunities for organizations, individual professionals, and the profession as a whole? What do these various stakeholders need to do to make the most of these opportunities?

We suggest that there are a number of positive indicators for the future role of the accounting function, even in the context of the 'sunset economy'. These are to do with an increasing emphasis on the strategic role, especially of management accountants; at the same time an emphasis on core values of professional accounting such as stewardship; an enhanced focus on human capital with a new 'turn', namely talent management and sustainability; an emphasis on the role of management accountants as the custodians of 'big data' and the creation of new kinds of jobs; and the recovery of previously migrated jobs through 'backsourcing'.

Van der Stede and Malone (2010) reported the results of a CIMA/University of Bath global survey, which identified notable differences (concerning with ownership, governance and transparency) in the operation of business models between 'East' (broadly speaking, Asia) and 'West', again, broadly speaking defined in this study as the 'Anglo-Saxon markets – Australia, New Zealand, North America and the United Kingdom (page 3). The study focused at the professional level and noted the emergence of a more strategic role for Management Accountants especially in the West and especially for CFO's. In the East, operational level activities occupied the greatest proportion of respondent's time, while in the West individuals spent more time on value-adding activities. The authors noted (page 4) that:

‘This could be the result of different starting positions, but culture and structural differences are also factors.’

Respondents perceived activities such as management support or activities that added value as distinct from accounting operations, as career enhancing, and saw the opportunity to do this, this being attributed to the fact that transactional work was often handled by non-accountants. Respondents from the West expected little change in numbers employed over the coming years, while in the East a growth in FTE’s was expected, reflecting potentially greater optimism about corporate growth potential. Van der Stede and Malone (2010, page 11) suggested a need for accounting professionals who remained ‘true to the traditional duties of accounting operations – transactions, internal reporting, account processing and the like –’.

Baldvinsdottir, Burns, Nørreklit, and Scapens(2010) also emphasised the ‘core values’; of accounting, in that they too noted the more strategic focus but also the increased emphasis on systems, and with a caution that the profession may be mis-sold as ‘extreme accounting’ (page 2): ‘Many images of management accountants over the last decade show fast cars, sky diving, mountain climbing and other action packed and exciting activities. They suggest a life where great heights and personal enjoyment can easily be reached’. The authors suggested that such images might undermine the perceived accountability and trustworthiness of accountants, and also noted the need (page 6) ‘for management accountants to be circumspect, discriminating and critical when considering the steady stream of accounting innovations’. They also suggested that (page 4), ‘Management accountants should retain their role as the brake on unfounded corporate optimism’, and also emphasised ‘stewardship, internal control, integrity, ethics, governance and corporate social responsibility - ’.

The role of accountants as responsible professionals in respect of their custodianship of corporate social responsibility (CSR) should also be re-emphasised. Financialization meant that organizations were too ready to ‘lift and shift’ jobs at all levels, regardless of the wider impact on stakeholders (Palley 2007), with the consequence that organizations, driven by shareholder expectations, neglected their responsibilities to the community contexts in which they are located (Kochan 2012, Featherby 2012).

I cannot remember whether or not it was me that wrote this section, so I'd appreciate a view from you as to whether it's a load of nonsense or not

As a way of contributing to 'future proofing' the role of the retained finance function, we propose an extension of the role of finance in respect of sustainability reporting. A recent white paper (Deloitte 2011) suggested that finance executives and finance functions could engage with sustainability transformation as a catalyst (identifying opportunities and risks), a strategist (aligning investment and returns with sustainable business planning and budgeting), a steward (developing metrics and KPI's to report how sustainability initiatives translate into shareholder value), and an operator (the delivery of effective service). In recognition of the concerns about talent sustainability noted above, we suggest that human capital should be part of the sustainability profile documented in the annual financial report. Aligning this with the roles identified by Deloitte, we propose that the finance function should embrace the 'catalyst' responsibility of alerting organizations to the risks inherent in a failure to retain and develop talent (especially in finance), to promote a strategic view of talent development for the retained finance function (and outsourced finance and finance in shared service organizations), to undertake a stewardship role to ensure that talent development's contribution to shareholder value is accurately reported, and by underpinning these with operational excellence to justify the place of the retained finance function in the organizational map. Deloitte's report noted the importance of staffing the finance function with individuals who understood sustainability initiatives, but overlooked the sustainability of the function itself. Purely economic rationale suggests that immediate cost savings can be made by using labour arbitrage to reduce the cost of undertaking finance work. A sustainability and CSR rationale promotes the idea of talent retention and talent development closer to home.

A further positive contribution may be in respect of management accountants as custodians of organizational knowledge. 'Big data' has been defined as referring to: 'datasets whose size is beyond the ability of typical database tools to capture, store, manage and analyze'. McKinsey research has suggested that using this data 'creatively' could unlock more than \$300bn in value each year, two thirds of which could be in the form of reducing national health care expenditures by about 8 per cent (Manyika, Chui, Brown, Bughin, Dobbs, Roxburgh and Byers 2011, p.2). However the same report also noted an acute shortage of managers with the deep analytical skills ability to capture the potential of these data in realising the benefits for example enhancing transparency, exposing variability and enhancing performance management, running automated algorithms and innovating business models. We suggest that management accountants, with their understanding of the information needs of business are well placed to leverage the organizational benefits of big data. In the UK, the Centre for Economic and Business Research suggested that 'big data could add £216 billion to the UK economy and create 58,000 new jobs by 2017' (Mohamed 2012). Functions can include predictive analytics, such as in new forms of high-value support work, in which accountants and especially management accountants may have an increasing voice due to the horizontal integration of support functions. Thus a large UK public sector organization had taken over responsibility under one shared services umbrella for finance, human resources, pensions, security vetting, procurement, knowledge management, and asset management, all these being shared between three national bodies and a number of smaller organizations. This integrated view of previously silo (and organizationally fragmented) processes allowed a much more joined up, even multidisciplinary approach where the full implications of any change could be modelled and accounted for without being constrained by the traditional boundaries of accounting, HR or logistics. Wright, Brinkley and Clayton (2010) cited the example of 'manu-services', where manufacturing was combined with high value added services, which would also indicate a potential role for the accounting function.

### **Backsourcing - to add**

In this section of the paper we have identified a need for accountants to change, evolve and (crucially) keep up to date, but also to retain their core role and values. The trend towards financialization (with a shift of power and influence toward the finance function), and the promotion of 'extreme accounting' as a career and lifestyle combination should not distract from concerns about the sustainability of the function. This is in

terms of jobs, skills development and a sustainable workforce profile – including finance professionals who are being developed to fill the senior roles of the future.

### Overall conclusion

Our overall prognosis for professional accounting in the sunset economies is **mixed**. We suggest that a key weakness across the literature, within the professions, and by individuals and organizations is a failure to recognise the elephant in the room: that jobs have migrated overseas in significant numbers driven by the cost reduction imperative, enabled by global organizations, markets and technology, and facilitated by the availability of well-qualified and technically literate (in every sense of the word) multi lingual workforces in some of the cheapest place on earth. This now applies to higher level jobs as well as more basic roles. Thus at first impressions Van der Stede and Malone (2010) may suggest a positive, strategic future for MA's, which is not unlikely for individuals at CFO level. However, they failed to account for the increasing **deprofessionalisation (nb this hasn't really been discussed yet)** of transactional roles and the migration of increasingly higher level accounting functions to low cost labor markets, with the consequence that the growth in numbers of individuals in accounting related work domestically will be at a relatively low skill base and without any requirement for professional accounting skills or qualifications. The problems are compounded by the hollowing-out of the professional space and the 'hourglass effect'.

There are many positive potential developments which mitigate the risks, but we would not go so far as to suggest these might constitute a 'renaissance'. These rest on the ability of management accountants to leverage their understanding of the information needs of business and extend their ERP skill set beyond the traditional occupational silos and utilise the benefits of 'big data'. Our research has emphasised the importance of a focus on the core values and core business of accounting, but also a pressing need to engage proactively with continuing professional development, and to enhance engagement at the individual, organizational and professional level. The importance of the profession's knowledge assets also link to sustainability (of individual careers, of organizational knowledge assets, and of the profession as a

whole), and we have suggested that talent and knowledge should be part of the sustainability reporting process. Finally we note that there may well be continuing growth of the global numbers of individuals in the profession, even if these are not in the 'sunset' economies.

One cannot escape the impression of an 'emperor's new clothes' syndrome at work. The profession has enthusiastically embraced the nation of shared services and outsourcing, but has not yet grasped the long term significance of the migration of work in terms of jobs, careers and the profession as a whole. The prognosis of a positive Western future for individuals and professional representation at CFO level as a consequence of a more strategic role for MA's, and overall global growth is a short term perspective which does not grasp much bigger implications of where the next generation of 'home market' qualified accountants may come from, if not from the East (where future business growth is likely to take up the growth in new entrants anyway). To address this, the profession needs to address quite fundamental issues of professional formation and development within a changed business structure.

As a final comment, we wish to suggest some possible directions for future research. First, there is significant potential to engage at the level of the individual professional working in the new world of global, outsourced, commoditised accounting and to hear their personal narratives.

Notes:

1. The term Dynamic Asian Economies (DAE) is taken here to mean the so-called 'gang of four' (Singapore, Taiwan, Korea and Hong Kong) together with Thailand and Malaysia (Wilson 2000)

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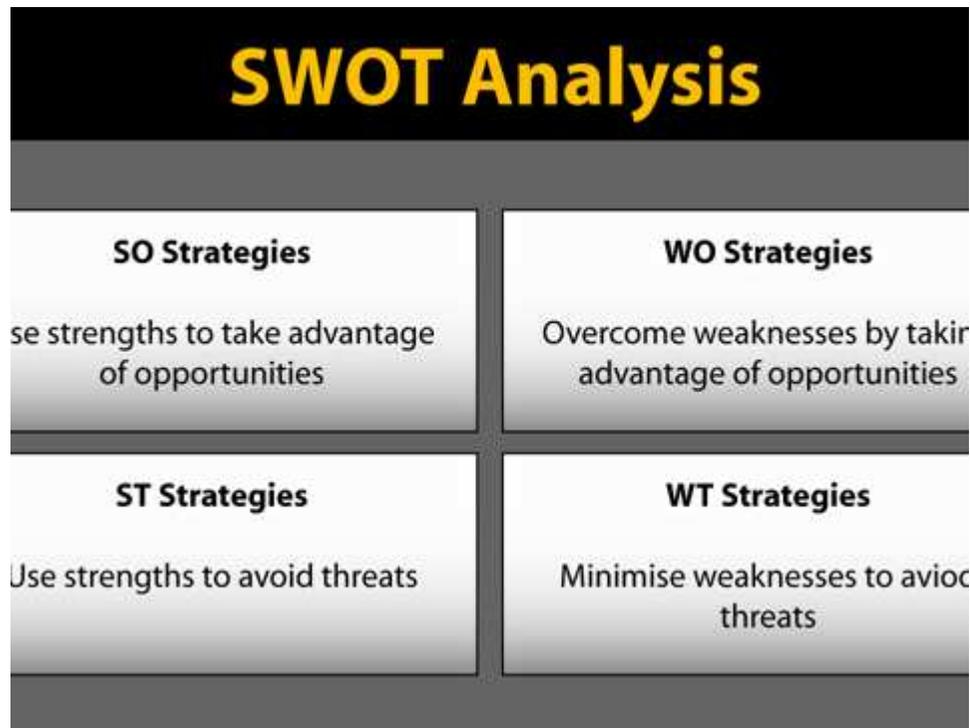
need to get this from LRP

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Table 1: A brief modern timeline of work and jobs in the post-industrial economies

Decade	Observations
1950's and 1960's	Post-war stagnation: reconstruction with insufficient drive for efficiency and innovation, accompanied by underinvestment in manufacturing. Increasing automation of agriculture, start of decline of rural population in most western economies. Growth of consumerism. Growth of Japan as industrial power as leading indicator in the Pacific rim. Post-colonial globalization, and migration.
1970's	OPEC Oil Crisis, growing global pressures on energy, emergence of Pacific rim economies, start of cost based job migration (initially of manufacturing), increased dependence on imports (of food and consumer goods as well as resources and raw materials) commencement of significant decline of manufacturing in 'old Europe' and the USA. Recession and economic and political discontinuity in the West, early signs of growth of unemployment. Migration from poor countries to rich ones continues.
1980's	Further structural changes eg. further decline of manufacturing, reduction in primary sector capacity (eg. coal mining) in UK, USA; rise of service economy (retail, finance), growth of flexible working practices (core and peripheral workforce, Atkinson 1984, Handy 1987), start of mass structural changes in workforce profile eg. blue collar redundancy, start of exodus of older workers eg. due to early retirement, continuing growth of public sector employment and (in the West) other government spending to artificially boost growth
1990's	Continued support for the deregulation of business and marketization of business services, rise of financialization, promotion of the concept of the 'knowledge based economy' (OECD 1996), work enters the 'age of discontinuity' (Drucker 1992), continued advance of the flexible workforce, significant downsizing (delaying, reengineering, BPR) in business organizations across the western world (Doherty 1996) including widespread automation of many white-collar jobs, changing career paradigms with a focus on the individual as bearing risk (Ekinsmyth 1999), emergence of white collar redundancy as a phenomenon (especially in this decade in the banking sector), changing psychological contract for work, massification of higher education, promotion of early

	retirement/disengagement in some societies, jobless growth in wealth creating sectors, expansion of public services, continuing migration, growth of welfare dependency.
2000's	Significant dependence on imported goods and resources, growth in outsourcing and migration of professional services (eg. accounting, human resourcing, IT services, Rothwell, Herbert and Seal 2011), European enlargement leading to influx of skilled (and unskilled) workers, continuing migration, despite a significantly enhanced welfare dependence and significant growth in youth unemployment there is continued growth of public apathy toward political systems, realisation of unsustainability of welfare and pensions costs, trend towards public sector downsizing, marketization of public services, emerging tensions in financial markets. Trade imbalances, continuing rise of Brazil, Russia, India & China (BRIC) industrial power. Some calls for restoration of employment and work in the USA.
2010's	Serious financial and economic crisis in some advanced economies with mass unemployment, trade imbalances, continuing migration of European knowledge based work to China, India, Pacific rim and European accession countries, mass youth unemployment, subsidised mass higher education (eg. UK) no longer sustainable, growing social divisions, continuing growth of aging population not just in in post-industrial societies, emerging social unrest in weaker European economies due to imposition of austerity measures, realisation of sustainability issues arising from austerity. Continuing calls for restoration of blue and white collar work in USA.



# TOWS Matrix

<p><b>Internal Factors (IFAS)</b></p> <p><b>External Factors (EFAS)</b></p>	<p><b>Strengths (S)</b></p> <p>List 5 to 10 internal strengths here</p>	<p><b>Weaknesses (W)</b></p> <p>List 5 to 10 internal weaknesses here</p>
<p><b>Opportunities (O)</b></p> <p>List 5 to 10 external opportunities here</p>	<p><b>SO Strategies</b></p> <p>Generate strategies here that use strengths to take advantage of opportunities</p>	<p><b>WO Strategies</b></p> <p>Generate strategies here that take advantage of opportunities by overcoming weaknesses</p>
<p><b>Threats (T)</b></p> <p>List 5 to 10 external threats here</p>	<p><b>ST Strategies</b></p> <p>Generate strategies here that use strengths to avoid threats</p>	<p><b>WT Strategies</b></p> <p>Generate strategies here that minimise weaknesses to avoid threats</p>

