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# Digital globalisation and graduate careers: Work-readiness as the new frontier

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July 2017

### Work-readiness employability

- Middle-office jobs which provide the formative experience to professional careers are being offshored.
- Employers report that talent-pipelines into mid-level, knowledge-based roles are drying up!
- Higher education has raised employability levels, but the bar has been raised again. In a digitally-connected world, work can be moved to the 'cheapest place on earth'!
- Graduates now need to be employable to get the job, and also work-ready to do the job in the face of declining graduate training programmes and overseas competition.
- Universities have an ethical responsibility to ensure that their students can compete in a global market and build sustainable careers.



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# DIGITAL GLOBALISATION AND GRADUATE CAREERS: WORK-READINESS AS THE NEW FRONTIER

## SUMMARY

*'Work-readiness is the set of skills, knowledge and behaviours necessary to adapt to an organisational situation and perform a job independently.'*

There is growing pressure on the entry-level positions in business support functions that form the traditional gateway into professional careers such as finance, human resources, procurement and IT. The accelerating digitalization of back-and middle-office activities means that many tasks are eliminated through user-led access to corporate systems. Moreover, the jobs that remain are being simplified, commoditised and moved to cheaper locations.

Graduates in more economically developed countries such as the UK and US must now compete for career entry opportunities against workers across the world. With significant cost arbitrage and inward investment benefits available off-shore, investment in domestic graduate training programmes suddenly looks expensive. This pressure adds to a 'perfect storm' of declining graduate recruitment (AGR, 2016), rising student debt (typically £45,000 Kirby, 2016), and declining social mobility (Commission for Social Mobility, 2016: Coughlan, 2017).

Based on discussions with practitioners and students, and interviews with working graduates, this enquiry asks two questions. First, what is 'work-readiness', and is it really different to employability? Second, based on research

with managers, undergraduates and working graduates, how should higher education and employers help graduates to become 'work-ready' upon graduation? We believe that they have an ethical responsibility to do so.

The findings suggest that the construct of work-readiness is both different and complementary to more general notions of employability. In a competitive world, a key factor in 'getting in and getting on' is the extent to which a graduate is 'work ready': in other words, being able to work unsupervised and contribute beyond the formal job specification.

Amongst the recommendations is a call for greater awareness of work-readiness as a competitive edge for young people, and more opportunities for students to gain relevant experience of organisation cultures and systems while studying. Doing so will help to close the gap in cost between entry-level jobs in more economically developed countries, such as the UK and the US, and the new 'offshore' service destinations such as India and Malaysia.

The full report is available at:  
[www.shared-services-research.com/earn-to-learn-scheme/](http://www.shared-services-research.com/earn-to-learn-scheme/)

## 1. Background – the ‘hidden’ problem of getting in and getting on!

Research at Loughborough University has shown that middle-office jobs that have traditionally provided graduates with training roles into professional functions such as finance, human resources, IT and procurement, are now being eliminated through standardisation and digital self-service systems. Those jobs that remain are simplified, commoditised and then offshored (e.g. Rothwell, Herbert and Seal, 2011). As time goes on, the first offshore destinations, such as India and Malaysia, are developing as centres of service expertise, and are now poised to compete for higher-level work in roles such as management intelligence and business partnering.

While, fewer vacancies in the graduate market are an immediate concern for students (Kirby, 2016), employers are already reporting that the talent pipeline into mid-level roles is drying up because the professional training nurseries in which young people learn the ‘craft’ of their trade have been offshored. It is in these apparently mundane, entry-level, roles that young people become familiar with work disciplines steeped in systems, protocols and behavioural norms. To add to this somewhat hidden phenomena, the advent of robotic process automation looks set to eliminate many further back- and middle-office jobs right across the management hierarchy, whether onshore or offshore. The Governor of the Bank of England’s speech in December 2016 warned of 15million UK jobs being at risk by 2030 (Duncan, 2016) and he is not the only person voice predicting massive structural changes in the nature and availability of work (see Goos and Manning, 2007 – Lovely and lousy jobs).

A previous report (Herbert, 2016) suggested that employers might be encouraged to keep sufficient transactional jobs onshore to help undergraduates ‘earn while they learn’; thereby, helping students to mitigate graduate debt and experience corporate culture. During our discussions with employers on this scheme, a further dimension emerged - the need for work-readiness. According to a senior HR practitioner:

*“People will make mistakes, but they will learn from them, and learn from being in high-pressure situations or new situations. Work readiness is about how do you get people entering the world of work to accelerate up that journey to realise their potential. Graduates can have all those employability attributes, but they also need to get some of the basic stuff done, [and assimilate] the process and business knowledge that comes from working in a real working environment. They need to get through that as quickly as possible, or it’s going to take longer for them to realise their potential.”*

A traditional graduate training programme of, say, a couple of years now looks a luxury when compared with costs offshore. Put simply, in the shifting knowledge-based economy; the bar has been raised. The higher cost of onshore training can only be mitigated if graduates can be effective in the workplace much faster.

In a complex and fast-moving world, students need to build sustainable careers and, while universities should rightly be concerned with preparing students for more than just an initial entry into the labour market, graduates have to ‘get in’ to be able to ‘get on’. Universities have an ethical responsibility to help them prepare for this.

## 2. The changing nature of middle-office work – causes and effects

Enabled by the digitalisation of work and internet connectivity, back- and middle-office jobs are moving to lower-cost locations. Employers tell us that simply being 'employable enough to get a job' is no longer sufficient. Indeed, in a digitally-connected landscape, young people are now competing against a global peer group that can perform, at a distance, the sort of quality, 'white-collar', jobs that, traditionally, have formed the foundation for a professional career. Such jobs are often mundane, but it is this experience that provides young people with the sense of discipline and professional behaviours and ethics that will serve them throughout their professional careers. Getting one's hands dirty might seemingly be at odds with university studies, but viewed positively, it presents an opportunity to engage with how the corporate systems and culture actually work, and particularly in finance to understand 'where the numbers come from'. In many professions this formative period is a cherished 'rite of passage', but in a competitive world it is not a 'passage by right'.

While universities have responded to calls to enhance the employability of graduates, for example by embedding transferable skills into the curricula, professional support services such as finance, HR, procurement and IT have now become global operations.

Just as manufacturing jobs moved from more developed economies such as the US and UK to Asia from the 1970s onwards, the nature of many professional jobs is now changing, and this work is also moving. Relocation is possible as back- and middle-office tasks are reconfigured, re-engineered and re-organised into computer controlled, work stream processes that can be undertaken by a wider range of workers, with less direct human supervision. The underlying challenge is that any task performed via a keyboard can similarly be performed anywhere in the world. As an additional squeeze on entry-level jobs, there is growing interest in making such transactional activities available to otherwise marginalised groups in society. For example, the military families and veterans scheme operating on some US army bases (Lacity, Khan and Carmel, 2016), and even programmes running in prisons (Lacity, Rottman and Carmel, 2014).

Put simply; graduate entry jobs are being either eliminated or offshored, as the following comments make clear. The first, from a young finance professional in Malaysia, expresses a confident and determined approach to seeking opportunities for growth. The second, from the London-based head of finance business partnering for a trans-European bank, nicely demonstrates how the offshoring of work can cause unexpected consequences, in this case, an evaporating talent pipeline.

*"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'.*

*I rang up HR 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!'"*

Given this backdrop of job elimination and offshoring, it is perhaps unsurprising that in 2016 the Association of Graduate Recruiters reported an 8% fall in entry-level graduate jobs amongst its members (AGR, 2016). Added to the growing pressure on entry-level opportunities is increasing student debt (at least in England, typically, between £40,000 and £50,000 – Kirby, 2016). The unknown number of students from less advantageous socio-economic backgrounds that are being put off applying to university (Social Mobility Commission, 2016; Coughlan, 2017) is more worrying perhaps? The following quote is from LU finalist, who had completed a one-year placement overseas.

*'... the graduate market especially is quite tight, due to Brexit and the uncertainty going around in a lot of companies at the moment. I know that a lot of companies are reducing their intake, and it's compounded by the fact that, I think it was 65% or 70% of all graduate positions are being taken by returning interns. So that means if you've done an overseas placement, like myself, or if you've done a placement and then decided, that's not quite the career for me, then you are now facing an even tighter market. You are now fighting for that remaining 30%.'*

Thus, we suggest that there is a strong ethical argument that universities, in conjunction with employers should do more to create a more inclusive, progressive and sustainable model of student learning. Higher Education could help students to mitigate debt by 'earning as they learn' and, at the same time, improve both work-readiness on graduation through participating in entry-level professional jobs alongside academic studies. Industrial placements have a tremendous role to play but only a minority of students apply for what is a four-year degree, and more continuous work across a degree programme could take advantage of the UK's Apprenticeship Levy (see Herbert, 2017).

### 3. What is Work Readiness and is it different?

These terms are often used synonymously. However, employers in the UK and the US told us that while they still expected good employability skills and a solid academic track-record in graduates, their businesses also needed people to contribute much faster than might traditionally have been the case. A partner in a top management consultancy in New York stressed the need for what he termed 'cross-over' skills in graduates with high-quality technical degrees. He used the example of chemical engineers that he could send to an oil company, but not before they had learnt about the real working environment, how to act, how to communicate, how to navigate the firm's systems and actually get things done. That takes time, and training programmes cost up to £150,000 when including salary, office accommodation, supervision and training costs.

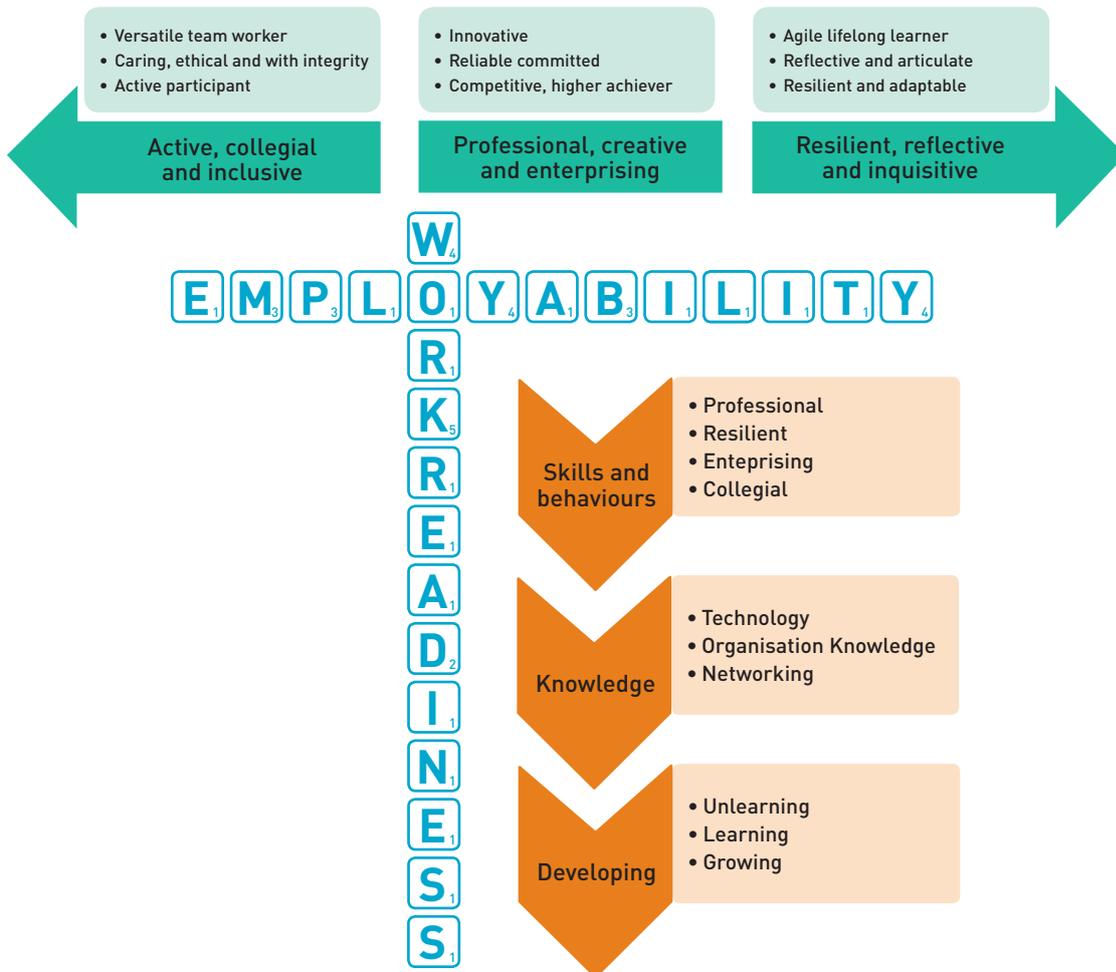
The point about the example above is that 'work-readiness' is both different and additional to the usual attributes of graduate employability. It has a tangible value that can be compared with lost productivity and benchmarked against alternative models across the world. Moreover, work-readiness should not be dismissed as a low-level construct, or as a merely a substitute, not a complement to employability.

In other words, an employable graduate will not be work ready, and there will be a period of apprenticeship ahead when the graduate first observes how senior professionals conduct themselves and then practises what they have learned. Lave and Wenger (1991) described this process of acquiring and deploying situation specific tacit knowledge within the notion of a Community of Practice.

A graduate is employable if he/she has a particular set of credentials which match the employer's role and person specification and has the potential to develop further. Whereas, a graduate is work ready if they can perform to the required level on a consistent basis with minimum supervision and 'bring something to the employer's party'.

From the focus groups and in-work interviews with graduates, the distinctiveness and complementarity of employability and work-readiness became much clearer when viewed as a 'Deep and Wide' approach – see Figure 1. Employability is shown as a lateral range of more general graduate attributes that prepare students to get a job. Work-readiness signifies a deep understanding within a local work context.

Figure 1: The Deep and Wide approach



It is implicit in the flow chart that a graduate develops his/herself after being employed. One student who had been out on industrial placement explained how being productive is about both unlearning and learning to fit into an organisation.

Broadly speaking, we define 'work-readiness' as 'the skills, knowledge and behaviours necessary to adapt to an organisational situation and perform a job independently'. Employability infers that a graduate has the skills to find an appropriate job and develop in a range of working conditions. Alternatively, work-readiness can be described as one's abilities and behaviours to perform a particular role within an organisational context. It means having a thorough understanding of how an organisation works and one's place in it. One of our graduate interviewees explained the challenge of knowing exactly how to do a job.

*"So we are in an interesting place right now, especially with the client-based work; and the question is how do you approach clients? What are you supposed to say to them? What's the process of that conversation from start to finish, how you get meetings with them? How do you put yourself in front of people and sell an idea?"*

This person is describing how as an employee becoming work-ready needs a more particular set of attributes and skills specific to the organisation, together with the ability to develop within the role. Several working graduates stressed the importance of mimicking the way that their seniors approached clients.

From an HE standpoint, employability tends to focus on the transferable skills that students develop as part of their learning that can relate to a wide range of situations, employment, social, family, sporting, etc. For example, Loughborough University (2017) recommends that graduates should be able to demonstrate a range of employability attributes across the following headings: versatile team worker, active participant, innovative & enterprising, reflective & articulate, and resilient & adaptable.

However, the notion of 'employability' does not, necessarily, provide the skills, needed for the job, or infer that a graduate is ready to work for three reasons.

1. Organisational expectations cannot be taught/simulated in a classroom;
2. Some work readiness skills and behaviours are not consistent with the culture of HE;
3. Work readiness skills are still very transferable between employment situations, despite appearing more situation specific.

Some employability skills can be developed in the classroom, but this appears not to be the case for work readiness. Cranmer (2006) argued that in developing work readiness skills resources would be better utilised to increase employment-based training and experience, and employer involvement in courses – see also Jollands, Jolly and Molyneaux (2012).

#### 4. Conclusions

Our research shows that through the pressures of global competition, RPA (and domestic austerity programmes in the public sector) traditional assumptions about there being sufficient back- and middle- office jobs to get started on the career ladder are being challenged. Moreover, commodisation and relocation of middle-office professional jobs are taking place under the radar of national labour statistics.

We believe that a new approach is required to provide real opportunities for young people to enter the world of work, and in roles that will enable them to gain the experience, skills and behaviours to develop sustainable professional careers: even if those roles are initially in process-based operations. We hope that this report can provide some inspiration and guidance to move forward.

#### 5. Recommendations

- That awareness is raised across a range of stakeholders about the emerging pressure on graduate entry-roles as result of the elimination and offshoring of traditional transactional tasks.
- Further, identify employers' needs for work-readiness and further define the distinction from and complementarity to employability.
- Develop a framework of entry-level skills, knowledge and behaviours within the concept of 'Earning to Learn' to guide employers and students in seeking and evidencing work experience before graduation.
- Further research should be undertaken to establish the full extent of the reduction in entry-level graduate positions and the potential effects of the erosion of the talent pipeline into subsequent middle-career roles. The research should include consideration of new economic activities such as data analytics that could be viable if there was a suitable cost-efficient labour force available.

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## NOTE ON RESEARCH METHOD

We explored the significance and relevance of work readiness using a three-step process. First, we scoped the concerns of practitioners and the notion of work-readiness in two meetings with a focus group of around 20 including managers, employment advisors and students in each event.

Second, we conducted a series of at desk interviews with 11 graduate workers in a case study organisation, Grovelands Ltd, to explore the concept of becoming ready for work. The survey used a semi-structured interview format based on the PINT framework developed by Herbert and Rothwell (2004) to analyse the work readiness based on a range of skills, e.g. Personal skills (general conduct and behaviour), development of Interpersonal skills, communication, Number and Technology.

Third, we analysed all data sources using qualitative analysis software (NVivo 11) which enabled us to take a systematic approach to managing, organising and understanding complex narrative data. A copy of the draft report was circulated to all participants, to triangulate our interpretation.

## ABOUT THE AUTHORS

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# ACKNOWLEDGEMENTS

This production of this report has been supported by the School of Business and Economics at Loughborough University within the Principles for Responsible Management Education project. We are grateful to all our focus group participants and working graduates. Thanks also go to David Leen and his colleagues at Grovelands Ltd, and Sahil Suman from the Indian Institute of Technology Bombay.

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