# Dissident Voices in Europe? Past, Present and Future

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# PREFACE

Looking back over 2014, it can be said that it was a remarkable year for the United Kingdom. With Scotland's referendum on independence and as the centenary of World War One, it was a year in which the British public contemplated huge future change, while remembering the events of many decades ago. In Europe, tensions and transitions in Ukraine dominated the headlines and elections to the European Parliament took centre stage.

Even before the terrible *événements* in Paris on 7th January, 2015 promised to be a tumultuous year, politically, both from a UK and European perspective. The month of May saw the UK's general election which in turn has the potential to change the political landscape of Europe as we know it, given the promise of an in-out referendum on Europe promised by the Conservative Party.

In Europe's Year of Development, we conceived the idea of this publication to critically discuss and reflect on the past, the present, and what the future may hold for both the UK and Europe. By welcoming discussion specifically relating to dissident voices, those going against the norm, we encouraged the contributors to challenge preconceived ideas and bring fresh perspectives to events, ideologies and routines.

Since beginning this journey, Europe has been affected dramatically by events overseas; most notably the influx of refugees has provided an overarching theme during the past year and is affecting the political backdrop which continues to unfold. With strong and often negative narratives ruling the media, we believe that this is truly the time to critically evaluate what is going on in the world around us.

We believe that it is only through an interdisciplinary lens that we can truly appreciate and evaluate the dissident voice in Europe. Although this book is but a starting point in doing this, we believe that it provides an overview into some interesting ways in which dissidence can be explored and how we can relate it to the stories we are told.

The major angle of this book however is from a management perspective which we explore in Part A - 'Debating European Capitalism and Consumer Relations’. As management scholars, we, the editors, have drawn upon our wider research to bring two chapters; Amir Qamar provides an insight into the phenomenon of re-shoring and its rise and fall, and Emma Gardner explores the structural barriers facing women in the accountancy profession. Furthermore, Gabriela Rozenfeld presents a critique of budgeting controls within one of the world’s largest retail organisations, while Dr Mark Hall shares his expertise on the topic of resilience in light of recent headlines. Finally, to round off the section, Dr Saadet Deger and her colleagues discuss Turkey’s 2005 accession talks to the EU and its impact on the country’s trade flows. In Part B - ‘Citizenship and the European Identity’, we go back to the very roots of our European Community by exploring the foundations which originally brought us together in a paper by Lorenzo Piccoli, and explore what the future may hold from a theological perspective in Francis Mohan’s chapter discussing whether transcendence still talks to the Europe we know today. Finally, we bring together views on how dissidence can be expressed and represented within a social movement in a thought provoking chapter by Ann Shapiro, and Aleksandra Ziober discusses how it can be embodied in an individual such as Janusz Radziwill, a Polish nobleman with an infamous reputation in Part C- ‘Europe: A Continent of Conspiracy and Control?’.

This book does not only bring together perspectives on Europe; it is a celebration of European scholarship with authors from a range of countries and institutions across the continent. We would like to take this opportunity to thank all of our contributors for their efforts and patience in the preparation of this manuscript.

# PART A:

# DEBATING EUROPEAN CAPITALISM AND CONSUMER RELATIONS

# CHAPTER ONE

# RE-SHORING WITHIN THE UK MANUFACTURING INDUSTRY: AN INEVITABLE DECLINE?

AMIR QAMAR

## Abstract

*Global manufacturing has received great attention during 2015, and even though UK manufacturing has often been ascribed with a negative stigma, one cannot dispute that with a workforce of approximately 2.6 million people, accounting for approximately half of the UK's exports and ranked as the 11th largest manufacturing industry in the world (The Manufacturer, 2014), it plays a crucial role within the British economy. Since 2013 there has been an outburst in headlines concerning the concept of re-shoring. Traditionally, in order to save costs, developed economies shifted manufacturing operations to developing economies, however, due to the rise in labour costs, transportation costs, ease of market access and concerns over quality levels, there has been an increasing trend to bring manufacturing activities back home. Bringing manufacturing back from developing nations to developed nations, such as the UK, can be acknowledged as a dissident practice. The main aims of this chapter are to provide readers with a set of advantages associated with re-shoring and to evaluate the disadvantages of this phenomenon. Findings suggest that unless there are major reforms within governmental policies, factors such as an increasing shortage of skilled workers, high energy costs and the complexity of planning regulations ultimately outweigh the advantages of manufacturing in the UK, hence, it can be concluded that the practice of re-shoring to the UK may in fact inevitably decline.*

## Introduction

Since the 1970's, global manufacturing levels have remained relatively stable in terms of world output. On the contrary and more importantly, the shift in geographical production has altered severely (Ernst & Young, 2015). The proportion of manufacturing within developed economies has generally significantly declined, whilst developing nations have witnessed a boom in terms of manufacturing activities. Furthermore, since the 1990's many previously closed economies have embraced trade, which in turn has reduced transportation and communication costs. With this in mind, manufacturing firms, especially large multinational enterprises (MNEs), were able to capitalise on low-cost production within certain nations. This notion of off-shoring resulted in firms being able spilt production into multiple stages and locate each operation within nations that were most cost effective for the given task. However, recent trends have indicated that the level of advantage when producing goods in developing nations, as opposed to developed nations, has been decreasing.

The UK manufacturing industry transformed from being a world leader during the early 19th Century to a general small player by the mid 1970's. This change occurred as the UK shifted to a 'knowledge based economy' (Brinkley, 2009). Within the period between 1970 and 2005, the total share in manufacturing declined from approximately 35% to below 15%. In contrast, within this same time period, the total share of knowledge services increased from approximately 23% to 46%, whilst the share in traditional services remained relatively stable at approximately 30% (Brinkley, 2009).

During recent times the UK has been demonstrating signs of prosperity in terms of re-balancing the economy between the service industry and the manufacturing industry. The majority of developed economies have played a key role in terms of 'off-shoring' or 'out-sourcing', as firms located within these advanced economies decided to transfer activities abroad as a cost saving initiative. Even though off-shoring has clear advantages, this trend has started to decelerate as many of these firms are now deciding to bring manufacturing back to their domestic country for multiple reasons. This phenomenon can be acknowledged as an act of dissidence, as one could argue it is not usual practice for developed nations to bring activities, especially manufacturing activities, back to their home nation. However, in order to provide readers with an objective opinion surrounding the topic of re-shoring this chapter will also go on to discuss the disadvantages associated with re-shoring. The final part of this chapter will discuss that unless major reform of the UK's governmental policy regulations is to occur, re-shoring may in fact inevitably decline. Even though one may argue that re-shoring in itself is a dissident practice, this chapter does not agree with recent headlines which praise the phenomenon of re-shoring. Therefore, it may be argued this chapter presents a dissident voice concerning the notion of re-shoring. The main aims of this chapter are as follows:

- Provide an insight into the current state of the British manufacturing industry.
- Explain why firms are bringing manufacturing back to the UK.
- Highlight the disadvantages associated with re-shoring.
- Question if re-shoring will inevitably decline.

## Manufacturing in the UK

Since 1948, the output of the British manufacturing industry has grown by approximately 1.4% annually (Pozzi, 2013). Even though the manufacturing industry has declined during economic downturns in the 1970's, the 1990's and during the more recent financial crisis of 2008, it is crucial to remember that manufacturing productivity overall has been growing in the long-run. The reason for the negative stigma ascribed with British manufacturing may be attributable to the fact that the output growth within this industry has been at a slower rate in comparison with the whole economy, which in turn explains why manufacturing GVA has been falling since the late 1950's. Changes in manufacturing output over the long run are commonly measured by adjustments in labour and capital. Therefore, an increase in each of these individual factors will generally lead to an increase in total output. Manufacturing firms in the UK have recently been placing a large emphasis on improving efficiency levels via the implementation of practices such as lean, agile and best practice initiatives.

Even though the UK has recently been emphasising the implementation of best practice, these initiatives are generally more evident within large organisations operating in the automotive, aerospace, plastics and general engineering industries (McLaughlin, 2013). With this in mind, in addition to steady job losses and fairly stable levels of capital stock it is no surprise that output per labour hour has in fact increased. In essence, the automotive, aerospace, plastics and general engineering industries within the UK are not only growing, but also becoming more efficient and productive. Even though certain manufacturing industries are becoming more efficient, overall, the UK has a fair distance to go before best practice is successfully implemented within the majority of manufacturing industries. McLaughlin (2013) suggested that if the majority of manufacturing organisations within the UK implemented best practices that improved approximately 30% of GDP per hour worked, this would deliver an extra £100 billion per year in terms of sales, which could be used to rebalance the economy.

Contrary to popular belief, the UK's manufacturing industry is currently ranked as the 11$^{th}$ largest in the world. With a workforce of approximately 2.6 million people (The Manufacturer, 2016), and accounting for approximately half of the UK's exports, the British manufacturing industry is commonly under appreciated. It has been reported that 35% of manufacturing firms within the UK are exporters. In contrast, only 15% of firms not involved in manufacturing activities contribute to the UK's exports (Department for Business and Innovation Skills, 2014).

***Table 1-1: Manufacturing in the UK***

| **Region** | **Manufacturing Output (£bn)** | **No. Employed in Manufacturing** | **% of UK Manufacturing Output** |
|---|---|---|---|
| Scotland | 12.00 | 199,000 | 9% |
| Northern Ireland | 3.80 | 85,400 | 3% |
| Wales | 7.80 | 138,800 | 6% |
| North West | 10.00 | 343,400 | 14% |
| North East | 6.40 | 124,400 | 5% |
| Yorkshire & Humberside | 13.20 | 303,400 | 9% |
| East Midlands | 12.60 | 296,600 | 9% |
| West Midlands | 13.40 | 324,600 | 10% |
| South West | 12.40 | 252,200 | 9% |
| South East | 16.90 | 361,600 | 12% |
| London | 8.10 | 151,200 | 6% |
| East of England | 14.10 | 287,200 | 12% |

Source: EEF (2015)

Table 1-1 illustrates the level of manufacturing in different regions of the UK. Due to embedded manufacturing networks with potential agglomeration effects it is no surprise that certain regions have a higher concentration of manufacturing activities. The five largest regions involved in manufacturing in the UK are the North West, South East, East of England, West Midlands and East Midlands. These five regions account for an accumulative £77bn manufacturing output in the UK. Furthermore, these five regions alone account for approximately 62% of the total workforce employed within the UK's manufacturing industry (EEF, 2015).

## Re-Shoring

Acknowledging the importance of manufacturing in the UK, the following section will look to discuss the relatively new trend of re-shoring within the UK. Table 1-2 illustrates multiple studies which have reported the change from 'off-shoring' to 're-shoring', and highlights one notable headline which states that in 2014 one in six (17%) UK organisations had decided to bring manufacturing back to the UK (EEF, 2014). Even though firms previously explored different emerging regions in order to reduce costs, it has been reported that more businesses have been following the call of Prime Minister David Cameron's speech at the World Economic Forum to bring these activities back to the UK.

***Table 1-2: Recent Re-shoring Studies***

| Source | Main Findings |
|---|---|
| Business Birmingham, You Gov, 2013. | Approximately 33% of manufacturers anticipate they will source more goods from the UK. |
| Business, Insider, SGH Martineau, Bailey and De Propris, 2013. | Approximately 16% of manufacturing firms have in one way or another been involved with re-shoring activities. |
| Manufacturing Advisory Service, 2013. | Approximately 15% of manufacturing firms have in one way or another been involved with re-shoring activities. |
| PwC, 2014. | Re-shoring has the ability to double output from £6bn to £12bn and create approximately 100,000-200,000 additional jobs by the mid 2020's. |

Source: adapted from Bailey and De Propris (2014, p.11).

Ernst & Young, one of the Big Four accounting firms, published a study concerning re-shoring and found that approximately 50% of UK manufacturing organisations have in one way or another actively brought part of their manufacturing operation back to the UK (Ernst & Young, 2015). Furthermore, the government has now formed its own advisory organization known as Reshore UK which aims to provide support for SMEs who may be in the process of re-shoring.

Re-shoring has attracted much attention in the press and it has been reported to be occurring in a range of manufacturing industries. However, this leads to the question; from which countries are these firms re-shoring? Unsurprisingly, China was the most cited country as approximately 45% of British firms were in one way or another bringing manufacturing activities back home from this country. Furthermore, Eastern Europe and India were cited as the second and third largest regions from which British firms were re-shoring, accounting for 30% and 15% of responses respectively (EEF, 2014).

## The Benefits of Re-Shoring

As emerging economies are maturing, the cost of labour is rising in line with respective economic developments. In essence, labour costs were notably different between the developed and emerging nations in the past, however as these developing economies are maturing, the differences in labour costs are not so apparent. Furthermore, costs are not the sole reason why firms are re-shoring as factors such as excellence in quality, reducing order-lead times and the ease of communication are also vital reasons driving this phenomenon.

The need for shorter delivery times and order-lead times have been repeatedly reported as the top reasons as to why firms are deciding to re-shore. For instance, The Manufacturer (2016) found that a significant number of organisations were solely bringing production back to the UK in order to hold a greater control on delivery certainty and delivery speed. Furthermore, in today's age of manufacturing, firms are emphasising the importance of quality, brand reputation and customer service. A vast number of firms within the UK have reported quality as a fundamental component of competitive advantage over rivals. In order for firms to develop an edge in quality over their competition, this usually requires careful planning over a long period of time. Therefore, firms who once decided to reduce costs by off-shoring, now believe that the time required to get quality right within developing nations is too much of a trade-off than cheaper costs alone. Even though approximately 50% of manufacturing firms from the UK truly believe that the goods which are manufactured within low labour cost economies are now showing signs of promise in terms of quality improvements, their levels of confidence are not sufficient enough to guarantee overseas operations will be of the same quality as those being produced domestically (EEF, 2014). With this in mind, a study conducted by Civitas (Stern, 2015) found shocking examples which could be used to explain why firms have low levels of confidence when manufacturing abroad. For instance, certain overseas manufacturers have been found to ignore specific instructions when producing a product or in one case, have delivered products months later than expected with faulty parts. In addition, when British firms have off-shored activities in the past, foreign manufacturers have often used counterfeit materials and have even had two production lines running, one for the orders and one for direct illicit copies.

The ease of being available to a market, better known as market access, is a critical factor when firms decide where they will invest or locate their activities. Market access inevitably influences key factors such as transportation costs/logistic costs, supply chain management and responsiveness when adjusting products to satisfy the ever changing needs of the dynamic market. In terms of proximity to customers, two thirds of British manufacturers have identified clear advantages when manufacturing in the UK (EEF, 2014). Even though one may argue that producing domestically for the UK market alone may not be sufficient for survival, one cannot ignore the close proximity of customers available in terms of the EU market. The EU is currently the largest trading partner of the UK, accounting for over approximately 50% of total exports in 2013. However it has also been reported that over 80% of British manufacturing organisations believe that acquiring free trade deals with non-EU markets are crucial for the survival of their respective organisation (EEF, 2014).

Even though most of the discussion surrounding the advantages of re-shoring lies in the realms of quality and speed, costs and profitability have proven to be just as important. For instance, within the last few years 60% of organisations who have re-shored have directly witnessed an increase in profit levels. In contrast, approximately 40% of organisations who have re-shored have stated that profit levels have not increased, but not decreased either and have therefore remained relatively stable (EEF, 2014). Importantly, organisations who have re-shored are not the only organisations to experience financial gains, but firms operating in the supply chains of firms who have re-shored have also witnessed an increase in orders, which in turn has resulted in a rise in employment of approximately 1%-5% (EEF, 2014).

## The Challenges of Re-Shoring

Even though re-shoring has received much praise, one cannot ignore the challenges. For instance, the process of transferring production or sourcing new suppliers across borders inevitably comes at a cost. These costs can range from changes in management, to contractual and long-term employment issues. Firstly, moving manufacturing activities from one country to another does not come without short-term production disruptions, which could potentially result in customers not receiving their goods on time. Secondly, keeping a business operating smoothly during a time when there are changes in national borders can often lead to severe pressure on the management department. Finally, re-shoring most likely means a complete change in supply chain. Finding new local and suitable suppliers that have the resources and capabilities to meet the needs of the re-shored organisation can often be a lengthy process and it may involve trial and error before the supply chain is fully functional.

As mentioned previously, re-shoring often comes at an expense and it has been reported that over 70% of British manufacturers identify high energy costs as a direct obstacle when locating manufacturing activities in the UK (EEF, 2014). Manufacturing organisations in the UK have been reported to pay extremely high energy costs in comparison to the median energy costs in the EU, and it is important to note that both the EU and UK have remarkably higher energy prices in comparison with China and the US. Secondly, even though skilled labour costs are increasing in many emerging nations, there is undoubtedly a shortage of skilled workers in the UK. For instance, the EEF (2014) found that 80% of UK manufacturing organisations have been finding it extremely difficult to recruit employees with the relevant skills. This shortage in skilled workers has often resulted in firms offering considerably attractive packages when recruiting employees. Furthermore, it has been recorded that 40% of firms perceive British planning regulations as a deterrent to manufacturing in the UK (EEF, 2014). For instance, organisations wanting to develop Greenfield sites or simply wanting to expand can be faced with planning regulations which are difficult to navigate and extremely time consuming.

## An Inevitable Decline?

In 2004, the Advanced Institute of Management Research (AIM) published a report on the Adoption of Promising Practice. Findings suggested that even though certain firms have introduced best practice within their organisation, in terms of adopting promising practices, the majority of manufacturing firms within the UK are lagging behind key competitive nations such as Germany and Japan. The introduction of new management practices have been strongly correlated with productivity, as performance is closely linked to what is actually occurring inside the firm rather than external environmental pressures. As mentioned previously, best practices have largely been evident within the UK's large organisations operating in the automotive, aerospace, plastics and general engineering industries, however the majority of SME's within the UK have failed to adopt these practices to the same extent as their competitive rivals in countries such as France, Germany and the US. Furthermore, it has been reported that even when best practices are implemented, British firms ultimately underestimate the level of change required (Antonacopoulou *et al.*, 2010).

In 2013, it was reported that approximately 35% of manufacturing organisations within the UK that have a workforce of more than 100 employees have managed to gain additional revenue by offering services in accordance with their products, which was considerably more than the 25% reported in 2007 (Powley, 2015). Acknowledging the fact that British manufacturing firms cannot compete on costs alone and following the Foresight Report of the Future of Manufacturing (McLaughlin, 2013), the British government has been encouraging firms to provide a menu of services in association with their products. However, once again, British manufacturers are lagging behind competitive rivals in terms of offering services. For example, in 2013, approximately 50% of Malaysian and Singaporean manufacturers were offering product led services to their customers (Powley, 2015).

As previously discussed, the majority of British manufacturing firms have been finding it more and more difficult to recruit skilled workers. More importantly, the average age within the UK's skilled manufacturing sector is now reported to be in the late 50's. This is extremely worrying, as between 2015 to 2025, due to retirement, it has been reported that the British manufacturing industry will lose a greater percentage of skilled workers in relation to the proportion of newly qualified graduates entering the sector (Affinity, 2015).

Even though re-shoring has received much attention in the press, multiple studies have contradicted the notion of re-shoring, stating although it may be a current trend, it is in fact being rather exaggerated. For instance, the Civitas think-tank study in 2014 found that only 64 SMEs out of approximately 50,000 observed had initiated re-shoring activities. Furthermore, the Civitas study concluded with the following statement "*only a tiny part of current production in China will be returned to the UK during the next five to ten years*" (Stern, 2015). However, it is not difficult to find a scenario where a manufacturing firm has returned to the UK. Table 1-3 provides readers with a handful of news articles relating to instances where British firms have in one way or another re-shored manufacturing activities back to the UK.

***Table 1-3: Re-shoring Headlines***

| Firm | Headline |
|---|---|
| Northern Flags | Reshoring drive brings fabric production back to Leeds |
| VREO | No boundaries for VREO |
| Cambridge Precision | Cambridge Precision leads UK reshoring fightback |
| Hasco | Hasco's new products cash in on reshoring needs |
| One-Lux | Reshoring deal sees turnover soar for One-LUX |
| Fuda-Hobart Rose | North Shields furniture factory expects 100 jobs to be created after re-shoring work from China |
| Barton Coldform | Reshoring success on show |
| Symington | Re-shoring: companies bring production home from China |
| Jaguar Land Rover | British manufacturing in "reshoring" job boost |

Sources: Bryce (2016); Sweeney (2015); Mullen (2015); Engineering Capacity (2015); The Week (2013); Pozzi (2013).

Understanding the root cause of re-shoring is important, which may lead one to pose the following questions; why is re-shoring occurring? Have British manufacturing organisations significantly reduced their costs? And, are British manufacturing organisations more efficient than in the past? As discussed earlier it is clearly apparent that British manufacturing organisations, especially SMEs, have been finding it difficult to successfully implement best practice in comparison with rival nations. With this in mind, it would not be wrong to suggest that British manufacturing firms have not significantly reduced their costs or significantly improved efficiency levels. It has widely been accepted that the off-shoring of British activities has had marginal benefits at best. Therefore, re-shoring may in fact not be related to the UK embedding significant new benefits, but more related to firms reacting poorly and making decisions to off-shore following the 2008 financial crisis. In fact, poor decision making may be the fundamental driving force behind re-shoring, as previously one could argue that SMEs were not fully aware of the true benefits and costs ascribed with off-shoring and out-sourcing activities. These SMEs may have failed to fully understand the true difficulty involved when dealing with foreign organisations in comparison to domestic companies. Re-shoring may in fact once again be down to poor decision making. For instance, an example provided by one of the UK's global sourcing and manufacturing solution organisations, IPRO, shows a business who were re-shoring simply due to an increase in freight costs (IPRO, 2014). In this situation, re-shoring may be avoided by a better understanding of both the freight market and simple management of costs. Many organisations have been reported to be re-shoring back to the UK simply because manufacturing abroad was not as cheap as initially anticipated. However, one may argue that if a British SME is attempting to produce a relatively low volume of goods in an environment infamous for poor quality standards, things are bound to end badly. In essence, it is fair to suggest that many off-shoring projects have simply failed due to poor decisions being made based on optimistic assumptions which failed to forecast the outcome effectively.

## Conclusion

Even though re-shoring may be argued to have clear performance advantages in areas such as quality, speed and costs, in order for British manufacturing firms to survive and continue to attract firms 'back home', they need to not only match, but surpass competing nations. Furthermore, it may also be argued that the British manufacturing industry will only be able to achieve high levels of re-shoring if significant changes are made to both internal operations and governmental policies. Firstly, British manufacturing firms should invest more in best practice initiatives and innovate by offering customers a range of services which are complementary to their manufactured goods. Secondly, there has to be a change in several governmental policy regulations such as; keeping energy prices at or below the EU average; improving the availability of skilled workers within science, technology, engineering and mathematics (STEM) disciplines; simplifying planning regulations; supporting the commercialization of new technology. Without significant change, it can therefore be concluded that the British manufacturing industry will find it extremely difficult to compete within the global market, let alone attract a high concentration of firms back to their home nation.

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# CHAPTER TWO

# WOMEN IN BUSINESS AND PROFESSIONAL SERVICES FIRMS: AN INSIGHT INTO CAREER STRATEGIES AND PROGRESSION

EMMA C. GARDNER

## Abstract

*In the UK, the service sector accounts for over three quarters of all employment and is still growing, with over 4 million businesses operating (Rhodes, 2015). Business and professional services (BPS) are an important subset of the sector; currently worth £153 billion with expected growth of 4% per year until 2021 (HM Government, 2015). As they play such a key role in the economy, it is important to understand the dynamics of these firms and the challenges facing knowledge workers. This chapter explores the career strategies of women in accountancy, as despite equal numbers of men and women entering this profession, equality at more senior organisational levels has yet to be achieved (Hotston Moore, 2012). This paper investigates the career strategies pursued at different career stages within the Big Four and how these may explain the lack of females in senior leadership positions. There is more focus than ever before on women being equally represented at the helm of large organisations but has anything really changed when it comes to enabling women to progress professionally?*

## Introduction

The proportion of the labour force involved in service employment has increased in recent decades, a change which has been attributed to the expanding needs of business consumers and also linked with the restructuring of manufacturing economies (Bryson and Daniels, 2007).

The service sector in the UK has grown consistently since 1966 both in terms of the number of jobs and the amount of gross value added (GVA) created. In fact, it now accounts for over 77% of GVA and 83% of all jobs, in stark contrast to the second biggest sector, manufacturing, which lays claim to 10% and 8% respectively (Department for Business, Innovation and Skills, 2015).

The term “services” encapsulates a variety of subsectors, some of which are more dominant and create more local multipliers, and are therefore more important to the British economy than others. Knowledge services (consisting of Business and Professional Services, Financial Services, Education, Publishing and Broadcasting, and those in the Information economy) alone account for just under half of all services GVA at 35%, 12% of which is attributable to business and professional Services (ibid.). The significance of business and professional services highlights the processes of economic restructuring that has led to a shift towards a more knowledge-led economy. Business and professional services typically possess a number of characteristics. Knowledge is the primary resource of these firms, with individuals using their embodied expertise (Skyrme, 1999; Pritchard *et al*., 2000; Maister, 2003) to provide clients with access to that intangible knowledge in order to develop solutions to business problems (Morris and Empson, 1998).

This chapter focuses on the accountancy profession as it is a typical business and professional service industry. Although accountancy is a heavily regulated profession and therefore this analysis is perhaps only applicable to other regulated professional services, the broader themes are transferable and can thus provide insight into a range of other careers.

Although anybody is able to call themselves an Accountant, the position of a Chartered Accountant is protected in law and to practice an individual must have undergone training and passed professional examinations. There are six professional chartered accountancy bodies (CIMA, ICAS, CAI, CIPFA, ACCA and ICAEW) which operate in the UK (as well as worldwide, however there are other professional bodies who also operate in other parts of the world), and in addition to this the Association of International Auditors is also recognised as a qualifying body by the Financial Reporting Council (ICAEW, 2015a). These institutions are able to restrict entry to the profession, and also act as centres for professional development for their members.

In 2014, there were 545,527 accountancy students worldwide; three per cent increase on the 2013 figure signalling overall growth in the profession. In the UK there were 166,475 students, a 0.8% decrease on the previous year (and in fact the fourth consecutive year where a decrease in numbers occurred). The gender spilt of those entering the accountancy profession across the world has remained relatively consistent between 2010 and 2014, with females accounting for exactly half of all students in 2014 (Financial Reporting Council, 2015). It is widely acknowledged that this balance reflects younger accountants and does not continue through the accountancy career hierarchy.

This chapter explores early careers, mid-careers and established careers in accountancy. By analysing each of these three broad stages, it explores what makes an individual successful at each stage and how the accepted norms of the profession may be restricting gender equality (in statistical terms) at more senior levels. Before this however, it is important to provide a brief overview of the UK accountancy industry.

## Accountancy in the UK

The UK accountancy industry is stratified into three broad categories; small, medium and large firms. The small firm end of the market is more fragmented and dominated by sole traders or those operating in high street practices, offering a range of general services such as bookkeeping, payroll and other compliance services such as tax returns targeted at individuals and small local firms. Moving up towards the middle tier of firms, the size generally increases as firms operate from multiple locations, and offer a wider range of services (see ICAEW, 2015b). This section of the industry is quite polarized, however, with the top of this mid-tier occupying strong footholds in the industry, and with one such firm, Grant Thornton, attaining UK fee income of £515 million (Accountancy Age, 2015). It is perhaps surprising that this firm is classified as medium-sized. The accountancy industry, however, is dominated by four household names; PwC (PricewaterhouseCoopers), Deloitte, KPMG and EY (Ernst & Young), also known as the ‘Big Four’, whose fee income dwarf that of their closest competitors; the UK fee income of the smallest of the Big Four, EY, is more than triple that of the fifth largest firm (Table 2-1).

The strength of the Big Four comes from a variety of sources. As big brands, they are able to attract the brightest graduates from the top universities, which in turn allows them to claim the highest levels of expertise using institutional capital as a proxy measure. The best expertise is used to signal the quality of the service they provide (Ashley and Empson, 2013), and as such allows these firms to charge higher fees. These firms are also not stand-alone offices; whereas the mid-tier firms may benefit from a nationwide network, the Big Four's network stretches across the globe. Ernst & Young, for example, has over 700 offices in over 150 countries (Ernst & Young, 2016). Having such as wide reach is one of the factors that makes these firms the provider of choice for some of the world's most well-known brands, e.g. Coca-Cola, Barclays and Tesco.

***Table 2-1: The 'Big Four'***

| Firm | UK Revenue (2014) | UK Employees |
|---|---|---|
| Deloitte | £2,550m | 12,000 |
| EY | £1,860m | 12,000 |
| KPMG | £1,874m | 11,341 |
| PwC | £2,814m | 18,000 |

Source: Accountancy Age (2015), Deloitte UK (2016). KPMG (2014), PwC (2014), The Telegraph (2014),

The services offered by these firms fall into three broad categories; assurance, advisory and taxation, however it can be argued that the Big Four are no longer just accountancy firms at all due to the diversity of services they now provide, for example they now all also offer legal services (Dowell, 2015). This has led to these firms being instead referred to as multidisciplinary or conglomerate professional services firms (Suddaby and Greenwood, 2001). Assurance, or audit as it is more commonly known, however is the typical mainstay of large accountancy firms and the most established graduate route into the profession. For the purpose of this paper, it is the audit service line which is generally being referred to unless otherwise stated.

The career structures of the Big Four firms are similar as they are competing in the same market and responding to the same constraints placed upon them by their professional bodies and external regulation. There is also considerable movement of employees between these firms. Figure 2-1 shows a typical Big Four career path. This chapter explores three career stages in turn; early career, mid-career and established career, relating to the roles of Associate and Senior Associate, Manager and Senior Manager, and Director and Partner respectively.