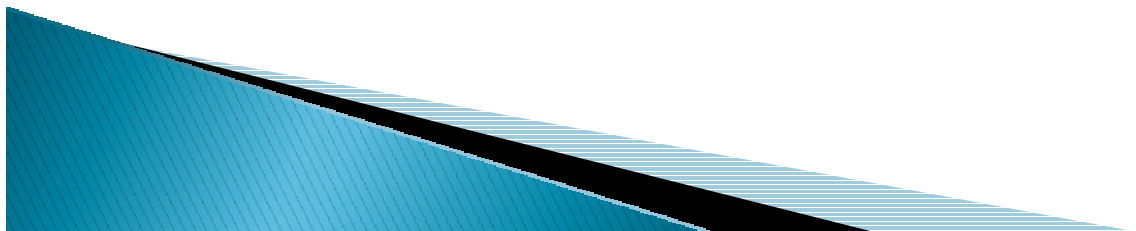


The Global Auction: The Broken Promises  
Of Education, Jobs and Income  
&  
The Consequences for Higher Education

Hugh Lauder – University of Bath



# Western Win, Win

- ▶ Technological Evolution → Knowledge Economy;
- ▶ The Age of Human Capital – Education, Jobs and Rewards;
- ▶ Comparative Advantage:
  - Developed Economies = Quality (Brain)
  - Developing Economies = Price (Body)

# Head and Body Nations

- ‘In the past, material forces were dominant in national growth, prestige, and power; now products of the mind take precedence. Nations can transfer most of their material production thousands of miles away, centring their attention on research and development and product design at home. The result is a new and productive partnership between “head” nations, which design products, and “body” nations, which manufacture them’

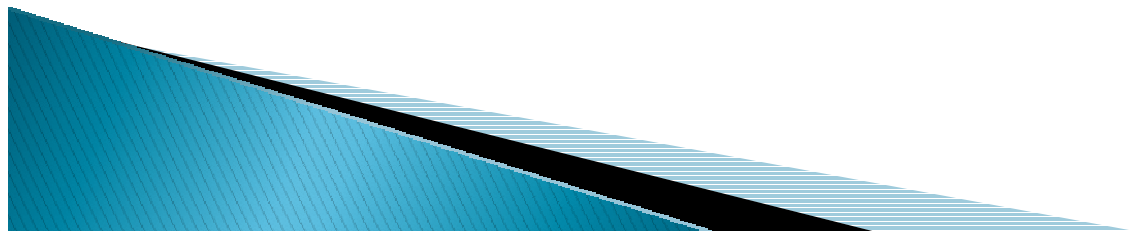
• R. Rosecrance,  
The Rise of the Virtual State, 1999.

# Policy Solution

## High Skilled ‘Magnet’ Economy

- Higher Skills
- Raising Quality Standards
- Innovation and R&D
- Foreign Talent

Efficiency & Justice → ‘Learning = Earning’



# The Global Auction for Jobs

- ▶ For many but not all graduates the Global Auction is a Dutch Auction. There are four elements to this:
- ▶ The globalization of high skills.
- ▶ The quality=cost revolution.
- ▶ Digital Taylorism.
- ▶ The War for Talent.

# Research Background

- ▶ Examine Views of Transnational Companies;
- ▶ Examine Views of Senior Policy-Makers, including China & India.

# Research Background

- ▶ **Seven Countries** – Britain, China, Germany, India, Singapore, South Korea, and the United States;
- ▶ **Core Sectors** – Automotive, Financial Services and ITC/Telecoms;
- ▶ **Company Interviews:**  
125 company interviews = 105 outside of UK;
- ▶ **Policy Interviews:**  
65 policy interviews = 43 outside UK.

# 1 / Globalization of High Skills

- HE enrolments doubled within a decade from 33.4 to 62.9 million (1995–2005);
- China overtaken US with over 20 million in HE (2006). Now 27 million enrolled in HE;
- Over 60 percent of engineering doctorates were awarded to foreign students in both American and Britain.



## 2 / Quality *Cost* Revolution

‘We have an “inside out”, not outside in model which is very clever. It gives us more flexibility over what to do where’

Senior Indian Manager, EU Electronics, Mumbai

‘What is really different here is research, we generate ideas for the frontline to use... These are the areas that we find that talent is delivering to an even higher standard than expected. We’re not doing those menial call centre type jobs. It’s global work and that’s where we think we’ve been able to add a lot more value than what was initially expected and that will continue.’

Senior Indian manager, US Bank, Mumbai



### 3 / Rise of Digital Taylorism

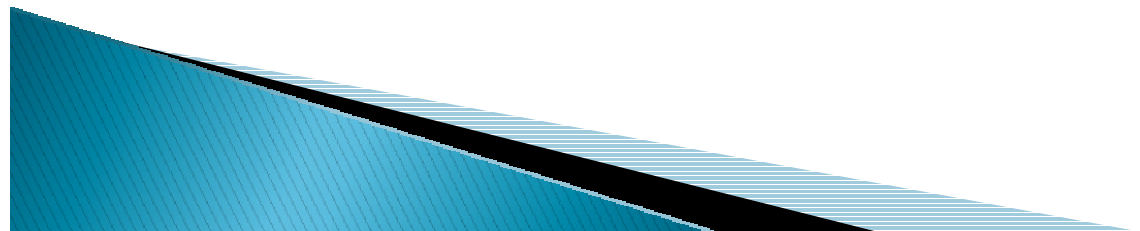
- Knowledge Work → Working Knowledge
- Simplify → Codify → Standardise → Digitalise

‘Standardisation in terms of IT has become huge...not only standards for a single customer but across countries...technology is the ultimate equaliser...it will drive globalisation, drive change...I hope that people don't get reduced to the state of drones...but I think increasingly employment will shrink.’

Chief Information Office, Financial Services.

# Three Kinds of 'Knowledge' Workers?:

- ▶ Developers (creators)
- ▶ Demonstrators (executioners)
- ▶ Drones (digital routine)



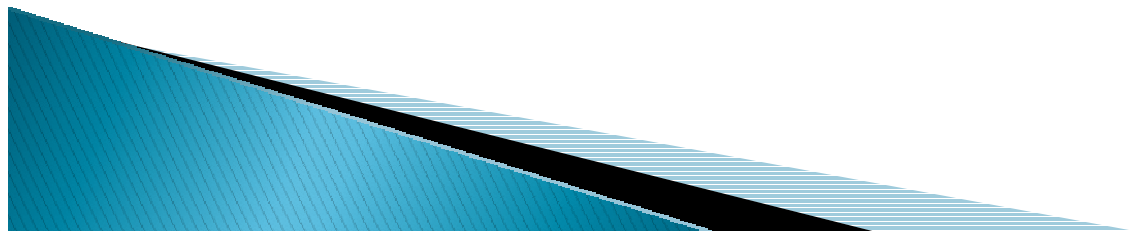
# 4 / War for Talent

- ▶ Segmentation of High Skilled Labour;
- ▶ Performance Not Simply Skills;

‘It’s more important to get great talent, since the differential value created by the most talented knowledge workers is enormous.’ McKinsey Consultants.

# The Consequences for HE

- ▶ TNCs with the exception of engineering in some countries recruit from elite universities within each national context and are now increasingly recruiting from elite universities across national contexts. *This is because knowledge work is being restructured.*



- ▶ Character as well as technical competence are crucial in the processes of recruitment. Here recruitment from elite universities denotes not only technical competence but that attending such universities stands proxy for having the appropriate character.
- ▶ As MNCs develop into TNCs, so character is about multi linguistic and cultural competences.

# The Impact on University Sectors and Positional Competition

- ▶ We should not see the changes in the university sector as solely emanating from the labour market. Far from it: what we are witnessing is a reciprocal beauty competition between MNCs and elite universities. In the war for talent the reputation of the MNC is enhanced by recruiting from elite universities just as elite universities reputations are enhanced by the prestigious ‘destinations’ of their graduates.



# Social Class and Standardisation

- ▶ We can see emerging global university *circuits* defined by the social class of the students attending and by their reputation. Reputation as Strathdee (2009) has pointed out is a difficult sociological concept—nevertheless one way in which this is done is through talent recruitment by MNCs.
- ▶ Standardisation of the elite circuit of universities would threaten their reputation for ‘character’.
- ▶ Beneath this circuit others will follow more standardised routes (Naidoo and Jamieson (2006) to correspond to digital taylorism
- ▶ However, there are anomalies in this hypothesis that we need to note. Some countries have highly egalitarian university systems, Germany and New Zealand are examples.

# The Effects on the Positional Competition for Credentials

- ▶ There will be an intensification as professional middle class parents will want their children to go to the elite universities.
- ▶ The evidence clearly shows a substantial income advantage in attending elite HE institutions.
- ▶ However, in England the introduction of expensive loans and private providers will lock in the class structured nature of HE.
- ▶ We need to understand better the dynamics of class advantage in HE and its translation into the labour market (Kupfer, 2010).

# Conclusion

- ▶ There have been fundamental changes to the global economy which will have a major impact on education and questions of social justice.
- ▶ The trends identified and the state's policy response (in England) has served to further entrench the class based nature of HE.
- ▶ However, the financial structure of the present system may collapse!

# THE GLOBAL AUCTION



THE BROKEN  
PROMISES OF  
EDUCATION,  
JOBS, AND  
INCOMES

PHILLIP BROWN, HUGH LAUDER, AND DAVID ASHTON

