The Economic and Social Impacts of Broadband: from ICT measurement to policy implications

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Impact of broadband on employment: offshoring, outsourcing and telework

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broadband in the general context of employment restructuring

» broadband should be seen as one among several factors that facilitate the restructuring of employment. Others include:

» increasing standardisation and interoperability of work processes, skills, software, systems and processes (commodification of services, including public services)

» liberalisation of world trade

» general growth in outsourcing – elaboration of value chains

» spread of computer literacy and use of global languages (especially English)
global restructuring of employment – some research conclusions

» restructuring is an incremental process: (standardisation > market testing > outsourcing > offshoring > global sourcing)

» restructuring does not take a single inevitable form: modularisation provides the basis for many different configurations of work organisation (multiplication of choices in relation to who does what work, where, when and how)

» growing dominance of the global sourcing model with a self-triggering dynamic of expansion

» the main impacts of offshoring on employment are qualitative rather than quantitative (employment is NOT a zero sum game)
## Different forms of restructuring

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<th><strong>in-house</strong></th>
<th><strong>outsourced</strong></th>
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<td>reskilling</td>
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<td>introduction of new working practices</td>
<td>external supplier working on premises</td>
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### on the premises
- back office
- nomadic workers
- homeworkers
- clients’ premises
- other branch

### miles away
- individual freelancers
- offshore to dependent company
- offshore to global supplier
- offshore to strategic partner
The situation in Europe, 2000

Source: EMERGENCE 18-Country Survey, IES and NOP, 2000

base: 7,305 establishments with >50 employees, EU 15 + Hungary, Czech Republic and Poland
Use of outsourced business services in Europe, 2000

(%) of establishments with >50 employees

- any outsourcing
  - same town/region o/s
  - other region o/s
  - other country o/s

Source: EMERGENCE employer survey, IES and NOP 2000
What has happened since?

» General growth in outsourcing
» Increasing fluidity of organisational structures
» Offshoring has shifted from a risky experiment to normal business practice
» ‘skills shortage’ has largely gone; cost is more important driver
» Value chains are getting longer
» Growth in intermediaries at all stages
» Dynamic movement up the value chain by early players (e.g. in India)
» Centralisation coexists with decentralisation
» Outsourcing may become insourcing
what is the impact on workers?

» loss of bargaining power – the ‘reserve army effect’
» increase in project-based working
» decline in traditional, open-ended permanent employment contracts
» increase in precariousness
» continuous benchmarking of performance
» pressure to work long hours
» global convergence in wages?
new occupational identities and career trajectories

» changes in role – e.g. from ‘doer’ to quality controller or project manager
» need for constant updating of skills (‘lifelong learning’)
» continuous changes in job description
» destruction of clear occupational identities – traditional qualification-based, technology-based or company-based identities replaced by ‘mix and match’ permutations of standardised skills and competencies
» transfers of personnel in outsourcing relationships may transform career paths: new threats; new opportunities
» knowledge management practices can erode human capital
conclusions

» broadband will act as a stimulant to further acceleration of existing trends because it will:
  » radically improve reliability
  » reduce costs
  » bring new regions/cities within the scope of the new global division of labour in information services
  » potentially bring new efficiencies/productivity gains
  » BUT possibly further intensify inter-regional competition with risks of a ‘race to the bottom’

» possible need for policy interventions
  » to improve functioning of local/regional labour markets, perhaps through ‘flexicurity’ initiatives
  » establish clear framework for interpretation of TUPE regulations in cases of transfer of personnel in the context of relatively short-term contracts (and investigate how this interacts with equality legislation)
for further information

» www.emergence.nu
» www.analyticaresearch.co.uk
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» www.eurofound.eu.int
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