

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**

Ursula Huws

Professor of International Labour Studies
London Metropolitan University, and
Director, Analytica Social and Economic Research

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)

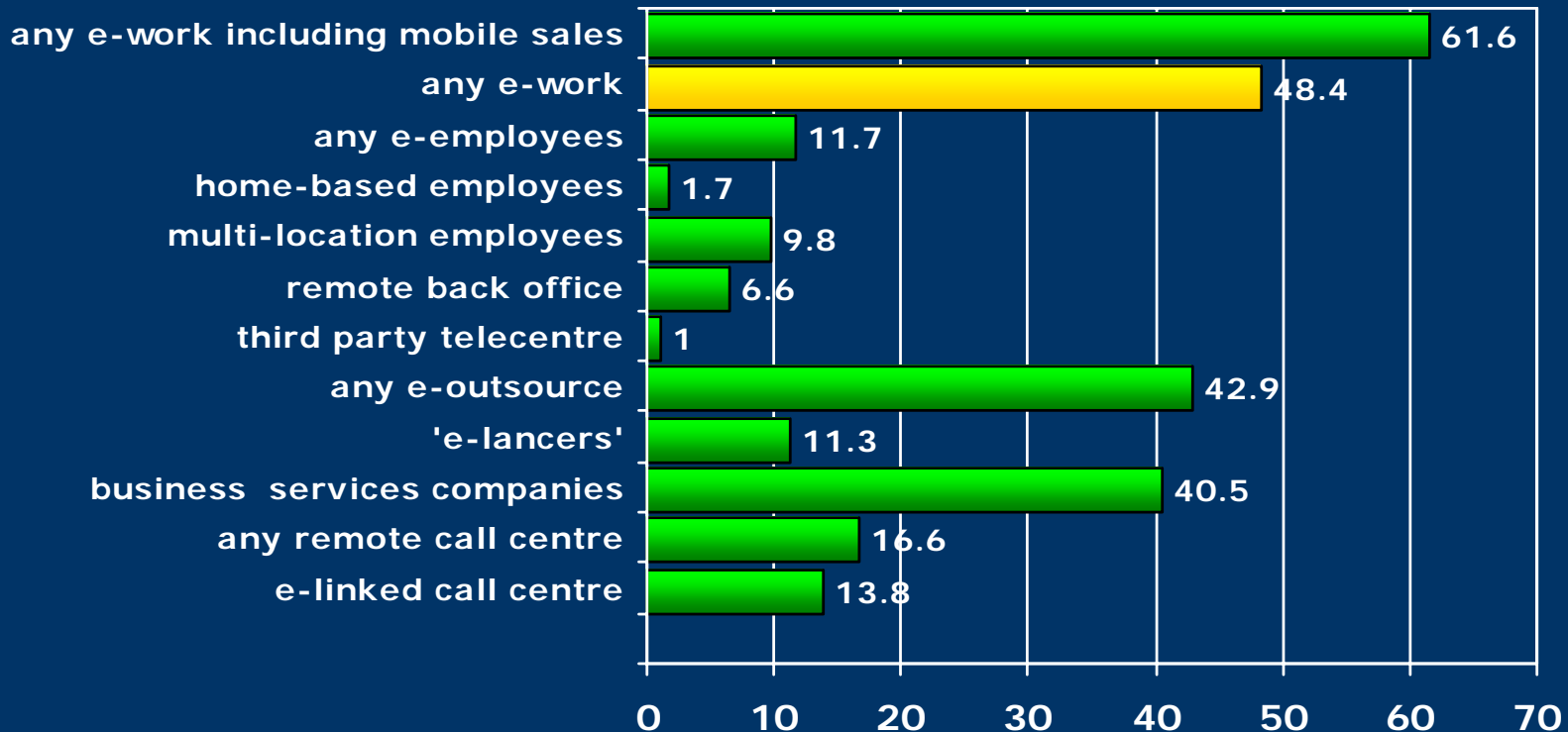
global restructuring of employment – some research conclusions

- » 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

	in-house	outsourced
on the premises	<ul style="list-style-type: none">» separate cost centre» market testing» reskilling» introduction of new working practices	<ul style="list-style-type: none">» temp agency» body shopping» spin-off company» external supplier working on premises
miles away	<ul style="list-style-type: none">» back office» nomadic workers» homeworkers» clients' premises» other branch	<ul style="list-style-type: none">» individual freelancers» offshore to dependent company» offshore to global supplier» offshore to strategic partner

The situation in Europe, 2000

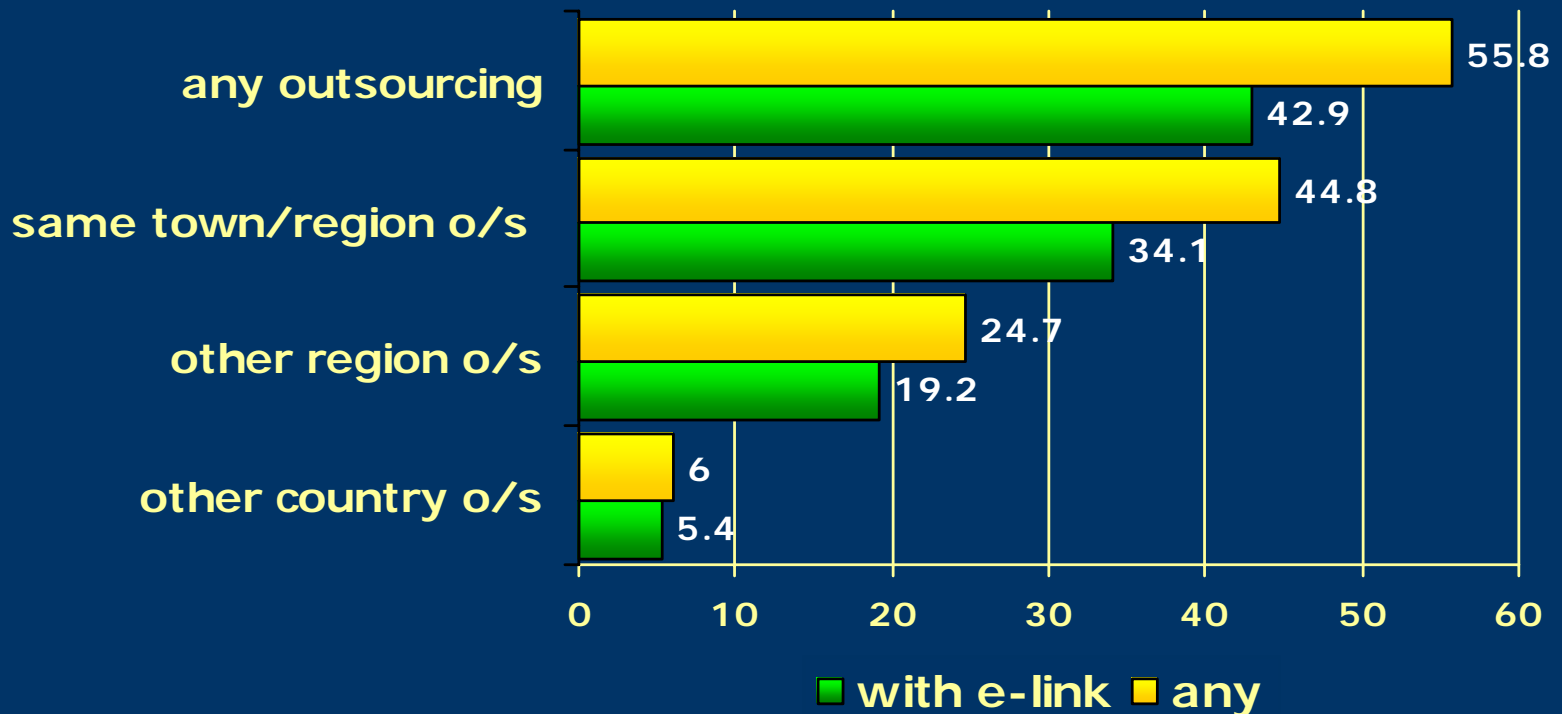


Source: EMERGENCE 18-Country Survey, IES and NOP, 2000

base: 7,305 establishments with >50 employees, EU 15 + Hungary, Czech Republic and Poland © Ursula Huws, 2007

Use of outsourced business services in Europe, 2000

(% of establishments with >50 employees)



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

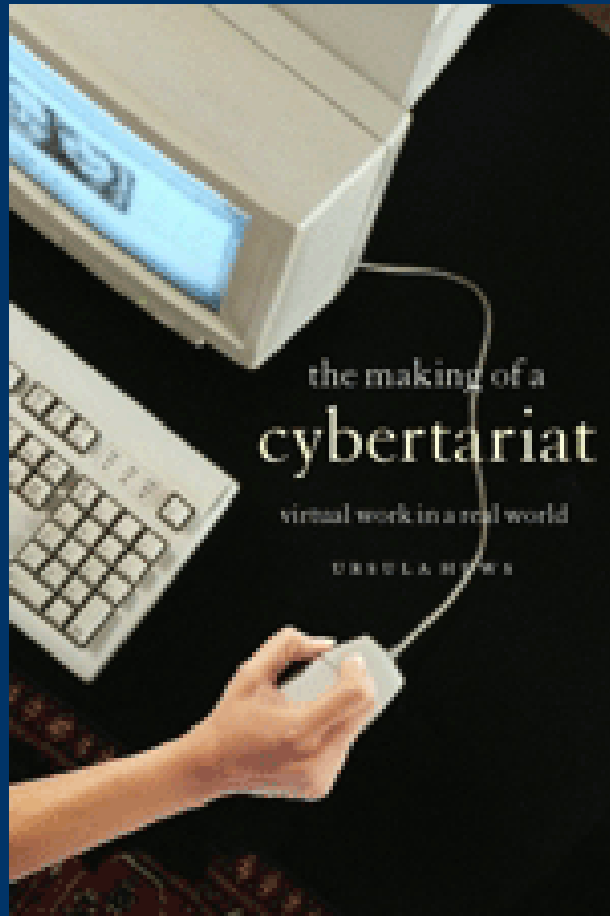
conclusions

- » 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)

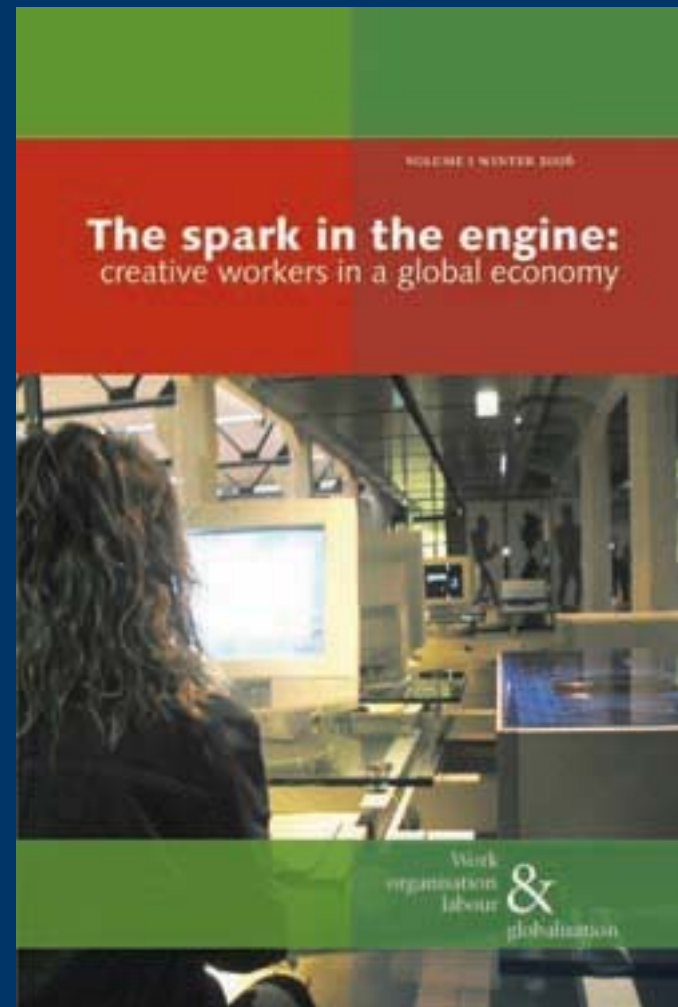
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