

# Knowledge and Media Workers in the Global Economy: Antimonies of Outsourcing

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*The outsourcing of jobs, particularly the growing practice of sending the jobs of US knowledge and communication sector workers to other countries, has become a significant issue in academic, policy and media circles. This paper draws from a research project that examines labour, its unions and social movements in the knowledge and media sectors to describe what we know about outsourcing and assess its significance for media scholars. The paper begins by defining the knowledge worker category and by assessing debates about its significance which date from the 1950s. It next considers major views about the problems which centre on the fear of massive job loss to low-wage nations, especially India and China, and addresses solutions offered by organized labour which call for stopping outsourcing wherever possible, and by business which maintains that outsourcing can only be curtailed when business and labour grow smarter. Each of these views conveys an essential truth but each deals only with symptoms of a significant transformation in the international division of labour. Understanding this transformation, and the role of information and communication technologies, leads us to consider key dimensions in the complexity of outsourcing. Specifically, developed nations like Canada, especially in film and video, and Ireland, in new media and IT, have benefited as recipients of outsourced jobs. Less developed nations like India are not just recipients of outsourced jobs, they are beginning to lead the process. In spite of 'end of geography' promises, place matters and culture counts. Finally, resistance takes a multiplicity of forms, including new forms of old unions and new types of worker movements in the knowledge and media sectors. The paper concludes that we need to go beyond the generally accepted views that outsourcing is about sending jobs to low wage countries and that it can be stopped, or at least limited, either by regulation or by developing new and smarter business practices. It signals a fundamental transformation in the international division of labour that is accelerating especially in the knowledge and media sectors.*

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*Media scholars need to pay closer attention to these significant changes in the global production process.*

### **Thinking about Knowledge and Cultural Labour**

Sending the jobs of US knowledge and cultural workers to other countries has become a significant issue in academic, policy and media circles. This paper draws from a research project that examines labour, trade unions and social movements in the knowledge sector to describe and assess what we know about outsourcing. In doing so it challenges popular views suggesting important underreported tendencies in this complex process.

Call centre employees, university professors and Hollywood actors have very little in common but do share a stake in the knowledge industries. Systematic analysis and debate about this sector began shortly after World War 2 when scholars started to notice growth in the number of jobs outside manufacturing. In the early years, scholars concentrated on developing measures to track the growth of the knowledge or information sector as an economic force. Machlup (1962) was among the first to chart expansion in the data and information components of the economy and Porat (1977) built on this work to describe the shift from an economy based on agriculture and manufacturing to one led by service and information-intensive jobs. It was left for Bell (1973) to address the political, social, and cultural implications of their work.

Bell argued that the growth in data and information and the shift in major occupational categories were part of a wider transformation in the nature of capitalist society. For Bell, capitalism, which had been governed by industrialists and their financiers, was now producing a new class of leaders, a coherent class of well-trained scientific/technical workers. Inherited wealth and power would shrink in significance and a genuine meritocracy would rule what he called this post-industrial society. Power, which had been tied directly to family inheritance, would now be based on knowledge. The ranks of knowledge workers would literally power and manage the economy, leading to steady economic growth and the decline of historic ideologies. Political battles over public policy would diminish as technical algorithms and other knowledge-based measures, would govern. There would no doubt be tensions in such a society and it would not necessarily be more democratic. But divisions would be technical and not ideological, and the only potential for serious discord lay, as Bell (1976) would argue in his next, far darker, book, in the cultural sphere. The only significant internal threat to post-industrial society was a culture sinking into consumer hedonism and irrational beliefs. The conjunction of two seeming opposites—materialism and counter-culture—could threaten the foundation of post-industrialism because they challenged respectively the delayed gratification and support for technical rationality that were required to maintain it.

Writing at the same time, Schiller (1973) disagreed because the growth of transnational cultural and information businesses, joined at the hip to an increasingly militarized state, would diminish the public sphere and advance deepening political

and economic division. Focusing on the labour process, Braverman (1973) maintained that for the vast majority of workers in the service, retail, and the knowledge professions, labour would be as regimented and ultimately de-skilled as it had been in assembly line manufacture. Indeed, knowledge work, because it was immaterial labour, would make it easier to separate conception (e.g. design and management) from execution, and to concentrate the power of conception in a dominant class.

Debate has continued, but there is consensus that a shift has occurred in developed societies, and that one is beginning in some less developed ones, from manufacturing to knowledge work. Admittedly, there was considerable knowledge required in much of manufacturing as well as in agricultural work, but the difference today is that an increasing amount of work is taken up with the production and distribution of information, communication, and knowledge. Moreover, although they differ about what to emphasize, scholars agree that a dynamic process of deskilling, and reskilling is taking place at different points in the occupational hierarchy. At different times and in different sectors one or another of these processes predominates but the labour process, most concur, cannot be reduced to a singular tendency (Barley & Kunda, 2004; Brint, 2001; Powell & Snellman, 2004). Nevertheless, there is also agreement that companies have benefited from reducing the skill components of jobs or by simply replacing them with automated systems. They have also accomplished the same objective by moving jobs to low wage areas in another part of the country or abroad.

Since knowledge work does not mainly require moving material things over long distances, the production process primarily depends on the use of telecommunications systems, the costs of which have been declining over years of technological development. This process, popularly referred to as outsourcing, enables, for example, an American company to use data entry workers in China, call centre employees in Canada, and software programmers in India often at a fraction of their US labour costs. Outsourcing is one recent tool in the business-led neo-liberal agenda that has transformed the social contract of the 1950s and 1960s which provided guaranteed jobs at a living wage with a package of benefits to a business-first agenda that, in the name of productivity, makes jobs, wages, and certainly benefits, far from a guarantee. Because outsourcing is part of a wider business agenda which has also attacked the social policy instruments that protected working people, it has been all the more difficult for them to mount a successful defence.

Admittedly, the flight of capital and jobs is nothing new. Nineteenth century New England textile mills, once models of corporate planning and business paternalism, now house museums and condos, the jobs long gone down to southern states and now off to Asia. But a case can be made that something *has* changed. Electronic services jobs are easier and cheaper to send out of the country and resistance is more difficult because business has rarely been stronger.

### **Popular Views on Outsourcing**

Labour fears massive loss of jobs, especially those in the knowledge sector that hold out the most promise, primarily to India and China. It proposes legislation to significantly regulate outsourcing, including ending the growing practice of outsourcing government jobs and requiring call centre workers to identify their location. WashTech, a high tech worker organization spun off from the Communication Workers of America to mobilize workers at Microsoft, has led the charge to stop US high tech companies from sending jobs overseas. Not all trade unionists agree with calls for strict regulation. For example, Andrew Stern, the powerful head of the fastest growing major union in the United States, the Service Employees International Union, believes that this approach is outmoded and futile. Instead, at a March 2005 conference of information technology executives in Silicon Valley, Stern called on management and labour to unite in creating income-replacement and retraining programs for skilled workers (Langberg, 2005). This draws from a growing body of research literature that proposes new approaches to worker protection in the digital era including continuity in wages, ongoing training, transferable skills, clear ownership of individual human capital, and portable health and retirement benefits. These would complement the traditional social safety net set up to help workers in the industrial era (Stone, 2004).

The standard business argument is the defence of free trade, a staple of textbook economics from Adam Smith on. According to this view, open markets for goods and services, capital and labour, permit efficient resource allocation as nations and regions concentrate on what gives them a comparative advantage. Jobs are lost here and there but overall productivity and wealth increases. Rather than restrict outsourcing businesses, policy makers should encourage companies and their employees to work smarter by focusing their time and energy on creativity, innovation and intelligent work. A popular version of this line of thinking is contained in the 'Cirque the Soleil model', named after the Quebec-based company whose success has come not from producing a better circus but by reinventing the circus. No longer made up of elephants and three rings, Cirque is part theatre, part ballet, part gymnastics, part sound and light show and it is pitched to adults not children. According to this view, companies should be reinventing products, exploding brand expectations, and redefining audiences. It is hard to deny Cirque du Soleil's success. Few companies can get Las Vegas entrepreneurs to build them an entertainment palace in which to perform. But Cirque's success, which has now reached near mythic status in the business press, has not created large numbers of jobs. More generally, just as some cracks have emerged in the trade unionist position on outsourcing, so too have disagreements emerged among its supporters, most notably when Nobel laureate Paul Samuelson questioned the benefits of liberalized trade and of outsourcing. The intensity of the issue was made abundantly clear when two senior economists submitted rebuttal articles to the same journal in which Samuelson's not yet

published work was to appear (Lohr, 2004; Bhagwati, Panagariya, & Srinivasan, 2004).

Each of these popular views contains a basic truth but they also oversimplify a complex process that reveals significant changes in the international division of labour. In general, outsourcing involves simply shifting work from in-house production to an outside company. This paper concentrates on foreign outsourcing of knowledge and cultural labour.

### **Outsourcing Knowledge Work is Limited but Growing**

Most outsourcing takes place within the home country with only 1 to 2 per cent of all business process outsourcing occurring internationally. The head of the Information Technology Association of America estimates that about 4 per cent of outsourcing activity is now sent offshore, but expects the figure to rise eventually to forty per cent (Koch, 2005). Although the information is scattered across business reports and surveys of business plans, outsourcing of service work is clearly a growing phenomenon (UN UNCTAD, 2004, Tables IV.3, IV.6). A frequently cited estimate is a Forrester Research report which concluded that between 350,000 and 400,000 service jobs have been lost and which anticipated a loss of up to 3.3 million by 2015 (McCarthy, 2002). However, the report has been criticized for its methodological and empirical shortcomings (Roach, 2004). In March 2005, the research firm Gartner reported that whereas only 5 per cent of IT jobs in the US are currently outsourced, by 2015, 30 per cent of such jobs in the developed world could be outsourced (McDougall, 2005). A report from the McKinsey Global Institute argued that 160 million service jobs, approximately 10 per cent of all jobs worldwide, could be moved to remote locations because they do not require contact with customers, local knowledge, or complex involvement with the rest of the business (Porter, 2005).

More solidly-grounded reports acknowledge the lack of good data but anticipate considerable growth (Mann, 2003). Most reports concentrate on the business process sector which is but one slice of the white-collar jobs that might be sent abroad. One exception is a UN report which documents the number of export-oriented foreign direct investment projects worldwide in the service sector. It found that in 2002–2003 there were 513 call centre projects, 113 shared office centre projects, 632 IT services projects, and 565 regional headquarters projects (UN UNCTAD, 2004, Table IV.7). As outsourcing white-collar work moves up the value chain, discussion shifts from transferring business process jobs to knowledge process jobs. These include credit, equity, and investment research work as well as patent filing, intellectual property and asset management. India alone is expected to need 50,000 people in each of the next five years to meet its demand for knowledge process work. In 2005 there were about 300 companies conducting knowledge process outsourcing in India, employing about 60,000 people who are chartered accountants, science graduates and post-graduates, MBAs, market researchers, lawyers, engineers, and doctors. China, which produces 400,000 engineering graduates each year, many of them in computer studies, is an

increasingly significant source of such work. Microsoft began setting up computer laboratories in China in 1998 and has expanded the use of Chinese software engineers. In 2004 General Electric opened a large research centre in Shanghai and expects to employ 1200 researchers by 2006 (Buckley, 2004). So while it is hard to assess the future prospects for outsourcing with great precision, the trend toward expansion in numbers and in movement up the job ladder is clear. One expert offers this sober conclusion:

The bottom line, as I see it: We're largely flying blind in assessing the current and prospective magnitude of this important transformation in the US labour market. My gut instinct tells me that this trend—like most IT-enabled developments in the past decade—is likely to proceed at a much faster pace than the consultants believe. (Roach, 2004)

The US imports about \$5 billion annually in software from India and cost is the major driving force (Economic Policy Institute, 2004). About 70 per cent of firms surveyed on why they send service work abroad identify savings in labour costs and from consolidating activity in a handful of specific foreign locations (UN UNCTAD 2004, p. 25). The United States is the primary originator of this activity with two thirds of all export-oriented information and telecommunications projects, including 60 per cent of all call centre projects (p. 26). Documents made public in 2005 report that IBM plans to lay off up to 13,000 workers in Europe and the United States and increase its payroll in India by over 14,000 (Lohr, 2005). Of special significance is the company's announcement in November 2005 that it would be establishing an Indian outsourcing company to design high-end chips, the first such centre outside IBM's own walls to produce its Power Architecture chips (Rai, 2005b). In August 2005, WashTech reported that Hewlett-Packard planned to eliminate 14,500 jobs in the United States and began the process of having workers in Colorado Springs, where it planned to eliminate 5,200 jobs, train their replacements to carry out service work in Mexico. US firms position themselves in Asian markets by purchasing local firms. In 2003 and 2004 major purchases of Indian companies were made by many of the most important American high tech companies, including Hughes (Tenet Technologies), GE (Engineering Analysis Centre of Excellence), Perot Systems (Vision Healthsource), and IBM (Dasksh eServices).

Outsourcing is also carried out to strengthen management's position in labour disputes. For example, in 2005 the Telus Corporation, Canada's second largest telecommunications provider, locked out 11,500 employees across western Canada represented by the Telecommunications Workers Union. In preparation for the lockout the company set up call centres in India and the Philippines to which it sent operator and customer service work. Moreover, the company, which expanded its operations beyond its base in British Columbia, hired an Indian subsidiary to carry out a major part of the technical work to integrate Telus's national services.

American businesses have also taken advantage of US immigration laws which permit bringing in skilled technical workers on a temporary basis when the federal

government determines that there are insufficient US workers. Organizations like WashTech maintain that companies use this system of H-1B visas to import low wage labour which not only lowers the wage bill but it also trains foreign workers who return home only to continue to work for the company in its outsourcing operations. As one business executive admitted:

They're using it as a purely temporary means to bring in rank-and-file employees who will work for less money. They're not even bothering looking for American workers. This is pretty rampant in the IT sector in particular. These workers then gain experience in the US on the latest technologies, interfacing with customers, and then they are able to take that back to their home country. (Holstein, 2005)

There is considerable evidence of outsourcing media work, though much of it is anecdotal. Reuters has taken the lead in the news business by moving jobs to India. In 2005 it announced that fully ten per cent of its workforce, some 1200 to 1500 jobs, were on the way to Bangalore. Most of these jobs involve sorting stories for distribution over Reuters' numerous wire services (Timmons, 2004). About 50 of the jobs are in editing and writing. Reuters also plans to move its photo editing desks from North America to Singapore (Chepesiuk, 2005). Hollywood has also outsourced many of the jobs that once fed the southern California economy, with animation work going to Asia and film production to Canada (Elmer & Gasher, 2005). There are also accounts that document the start of outsourcing in education, particularly the private tutoring business. Companies like Growing Stars and Career Launcher in India charge American students \$20 per hour for tutoring, far less than the \$50 or more charged by companies based in the United States. In fact these companies demonstrate their flexibility in the 'homework outsourcing' business by offering American parents the choice of Indian or more expensive American tutors, all of which takes place over the internet (Rai, 2005a).

### **Outsourcing from Developed to Developed Societies**

To the surprise of some, the recipients of most outsourcing of knowledge work are developed countries in Europe and North America. In 2002–2003 over half the foreign call-centre projects went to developed countries with Ireland, Canada and the United Kingdom in the lead. In 2001 the total market for all offshore services was \$32 billion and fully a quarter of that total was accounted for by Ireland alone. Developed countries offer some cost advantages for US firms but also a supply of well-educated, skilled labour that is particularly important as technology extends the process of expanding the range of exportable services up the knowledge chain. Call centres require good communication skills and some knowledge of the culture of an exporting country's market. This helps to explain why Canada, which provides some, but not a significant, cost advantage, is an important source of labour for American call centre firms. Indeed, French-speaking and bilingual regions of Canada provide jobs for French companies as well. But education and skill are even more important

for more demanding occupations that are increasingly exportable such as software engineering, architectural design, financial analysis, diagnostic radiology, and legal services. While some of these jobs are going to India, many more are heading to Ireland, Canada, Israel, the UK and Europe. So while India and increasingly China are singled out as the bad boys of outsourcing, it is Canada, Ireland, Israel and other places that have taken the bulk of the knowledge industry jobs.

We are observing a global dynamic that is more complex than the standard view that jobs get shifted from high to low wage regions. Jobs move everywhere, and precisely where they go depends on a variety of considerations some of which, like language, skill, and education, move jobs within the developed world or from places like Canada which receives them from the United States and then moves them on to India. As an executive for a Boston-based software outsourcing company puts it, 'In some cases we use Canada as a front end to India. We find that this takes away the issues people have with India' (Austen, 2004).

### **India Takes a Lead**

The emphasis on India and China may be overplayed today, but this may not be the case in the future. Estimates, admittedly contested on methodology grounds, indicate that over three to four million service jobs may shift from the United States to less developed countries by 2015 with two million in the financial services industry alone (McCarthy, 2002). Consider the outsourcing of legal work, one of the major areas of knowledge processing labour. We are beginning to observe the shift of legal services work to India with about 1300 Indian workers providing services for US lawyers generating about \$52 million in annual revenue. Although there is concern about confidentiality issues, revenue is expected to reach about \$1 billion in 10 years. So while the numbers remain small (there are about 1 million US workers employed as lawyers or paralegals), the savings in labour costs (Indian law firms charge one third of their American counterparts), allow for significant potential for expansion.

One of the more interesting findings is that lesser developed countries are not just sources of low wage work, dependent on dominant first world powers, but are beginning to take a leadership role in the outsourcing process. The India-based transnational company ICICI OneSource Ltd. provides both local and outsource services including customer service, complaints resolution, and telemarketing from call centres in India. But it also does market research and analysis from its Chicago office. In 2005 ICICI acquired a US firm outside Buffalo, New York that handles 'late-stage' credit card collections or bills that are long in arrears for US credit card firms. While several Indian firms have established a US presence in recent years, the decision to acquire one appears to be a first. Initially retaining the 500 American employees and naming the company's president as its head of global collections, ICICI OneSource began the process of integrating American operations into its international business which is of great interest to the ICICI Group, its Bombay-based parent company and a major global finance company. The significance of an Indian

multinational using the president of an American company it has just acquired to serve as its global bill collector should not be lost on those who see outsourcing as little more than an extension of American neo-colonialism. The company is making the move partly because it wants to strike deals with US and Canadian firms to provide outsourced services from its Indian locations and also from the US and Canada. According to the company's vice-president of sales for Canada, that country's French language capability, talent and culture gives it an advantage to service the Canadian bilingual market, as well as the US and parts of Europe (Galt, 2005). The border location of ICICI's first outright US acquisition gives the company easy access to the Canadian market, a particularly important consideration for some outsourced work like late-stage bill collection which benefits from an understanding of local conditions.

At about \$13 billion a year, revenues from Indian information technology services are double those of China, which is growing but whose firms are just too small to win deals with the top international firms. Now large Indian companies like Infosys Technologies and Wipro Technologies, each of which have more than 35,000 employees, are planning to acquire Chinese companies to expand operations and establish a base in a key economy that will enable them to play an even bigger role in global decisions about outsourcing. Deals like this are even more likely, and more of a challenge for China, now that the WTO has forced it to phase out rules requiring joint ventures before foreign firms can do business in China.

In another important move, India's largest information technology services provider, Tata Consultancy Services, the first Indian firm to surpass \$1 billion in annual revenues, has established a base in Vancouver, the better to compete with Canadian firms for US outsourcing business and to train tech workers for its international customers. Vancouver follows Toronto, Montreal, and Ottawa as the fourth Canadian city for Tata, and perhaps its most important because of the proximity to the Seattle information technology cluster and, especially, of course, to Microsoft's headquarters in nearby Redmond, Washington. In the company's own business lingo, Vancouver provides Tata with the 'near-shore optics' that will enable it to more easily capture business in the United States. In a further reversal of the typical scenario, Tata has signed an agreement with Simon Fraser University located in the Vancouver area, whose computer science students will do internships with Tata and develop software for the company. With 8,000 employees in North America and plans to aggressively pursue business globally, Tata belies the image of India as the low-wage dumping ground for dominant US firms (Fong, 2004). Even a leading US trade union, the Communication Workers of America, contends that working conditions in Indian call centres are better than comparable conditions in the United States (see <http://au.news.yahoo.com//05208/3/sz34.html>). Admittedly, there are numerous reports of long hours, low wages, poor working conditions, and oppressive management, and these fill accounts of high tech work in India (Dutt, 2004; Kumar & Verghese, 2004; Nandgaonkar, 2005; Sinha, 2004). But its leading companies have also learned well how to operate as global leaders in the knowledge labour arena.

Some have suggested that the great irony in contemporary outsourcing is that Asia is finally taking economic revenge over three hundred years after its development was stymied by the West (Monbiot, 2003). Britain's industrialism succeeded after it destroyed the manufacturing capacity of India. For two centuries of colonial subjugation, India was forced to provide raw materials for Britain's industry but was prohibited from producing finished products that might compete with those of the UK. Now, after centuries, the flow of jobs has reversed, and India's knowledge sector is growing at the expense of Britain and other countries in the developed world. But as Mike Davis points out in his powerful book *Late Victorian Holocausts*, this is more tragic than ironic and revenge may very well be an appropriate word because in the last half of the nineteenth century, during the first major wave of globalization, British capitalism combined with climate change to kill between 30 and 60 million people in India and China in famines profoundly deepened by a free market ideology that refused traditional means of helping the sick and dying.

### **The End of the End of Geography**

ICICI's move into the American heartland and Tata's into the Vancouver market are evidence of another key and little-noticed dimension of the outsourcing issue. In spite of 'end of geography' promises which have promoted what amounts to a minor industry in myth-making, place still matters and culture still counts (Mosco, 2004). ICICI's decision to acquire a Buffalo firm and use it to expand bill-collection operations in North America acknowledges the importance of location and culture. According to the company's head of North American operations,

For instance, late-stage credit card collection, basically those accounts that are 120 days to 180 days overdue, should be done from a US location, not from an offshore location. (Galt, 2005)

This is principally because employees located near their market would be more aware of information on local conditions such as plant closings or generally high unemployment rates that would influence the success of the collection process. Similarly, Tata's choice of a Pacific Northwest base acknowledges that, even though information moves at the speed of light, successful companies have to physically locate in or near the centre of their business activity. Just as Microsoft has to be physically located in Bangalore to take advantage of an important cluster of high tech activity in the global economy, Tata needs to be in Vancouver. Additionally, Tata's action demonstrates the importance of culture in the knowledge industry. One of the primary reasons why Ireland, Canada and Israel have been key participants in the outsourcing industry is that their language and culture are close enough to the major knowledge industry firms to make them reliable locations for the work, even when they are not the lowest cost alternative. Similarly, Tata locates in Vancouver for what it calls the optics, by which it means not just the appearance of being a Western firm but the opportunity to absorb and also be absorbed by the culture of one of high

technology's major regions. Companies are now exploring South Africa as a source of outsourcing work. Even though that country is more expensive than some of the prime low wage targets, for years it has provided the base for many multinational firms and so it has a 'home' feel. The universality of English and the additional political credit received for creating jobs in Africa are also factors (*The Economist*, 2005a).

It is correct that companies are increasingly turning to India and China to outsource work, including business and knowledge processing jobs, and low cost labour does make a difference. But that is only a very simplistic explanation of a very complex process. Consider a nearby source. When General Electric, which owns NBC, bought the Mexican Spanish-language network Telemundo, it began outsourcing television production from Mexico, where Telemundo was based, to Miami, which has become a centre for Spanish language productions once primarily done in Latin America.

### **Crisis, Opposition and Resistance**

In the US, the percentage of wage and salary workers who were union members in 2005 was 12.5 per cent. According to the US Department of Labour's Bureau of Labour Statistics, this was down from 12.9 per cent in 2003 and 12.7 in 2004. The union membership rate has steadily declined from a high of 20.1 per cent in 1983, the first year for which comparable union data are available. The figures for private sector members are even lower, about 7.8 per cent, compared with 36.5 per cent of government workers. Two occupational groups—education, training and library occupations, on the one hand, and protective service occupations on the other—had the highest unionization rates in 2004, at about 38.5 and 37 per cent respectively. The first group of workers is centrally located in the knowledge industry and represents one indication that there is potential for union growth in this rapidly expanding sector (US Bureau of Labour Statistics, 2006). The situation is marginally better in Canada, where in 2005 30.7 per cent of workers were union members, an increase from 30.4 per cent in 2004 (Bédard, 2005). According to a 2004 government report, 72 per cent of Canadian public sector workers and 18 per cent of employees in the private sector were union members. However, union density is also down in Canada from 35 per cent of workers who were union members in 1990 (Statistics Canada, 2004).

Admittedly, we need to place these numbers in historical context because union density rates were at these low levels in the 1920s only to bounce up to highs in the 1930s that were maintained into the early 1950s. As late as 1932, an eminent American labour economist, speaking to a meeting of the American Economics Association, reflected on the American Federation of Labour's loss of 40 per cent of its members and pronounced that technological change made it nearly impossible for the union movement to regain its earlier strength (Clawson, 2003). Furthermore, although union density is declining, the absolute number of union members is

growing with overall expansion of the workforces in both the United States and Canada.

Resistance to outsourcing is taking a multiplicity of forms and one important source of resistance emanates from the West, particularly because of changes taking place in trade unionism and in worker associations spun off from major unions, especially in the communication and information sectors. These are intended to address the general crisis facing organized labour, but are specifically part of the process of fighting the loss of jobs, particularly knowledge industry jobs, to outsourcing abroad. In the United States, several media unions, including the International Typographical Workers Union (ITU), the Newspaper Guild, and the National Association of Broadcast Employees and Technicians (NABET), have joined the Communications Workers of America (CWA). The model of a convergent union (or what the CWA likes to call itself 'a trade union for the information age') the CWA represents workers employed in telecommunications, broadcasting, cable TV, newspaper and wire service journalism, publishing, electronics and general manufacturing, as well as airline customer service, government service, health care, and education. Canada's largest communication workers union, the Communications, Energy and Paperworkers (CEP) has pursued a similar pattern. The CEP merged with many of the Canadian units from the ITU, Canadian units from the Newspaper Guild, and Canadian NABET. Its members work in pulp and paper mills, telephone companies, newspapers, radio and television and are also employed as graphic artists, hotel workers, computer programmers, truck drivers and nurses. Moreover, the Telecommunications Workers Union, which primarily represented telephone workers in British Columbia, was able to extend its jurisdiction over telecommunications workers in the province of Alberta because the Canadian labour regulatory body, the CIRB, determined that technological and industry convergence were best represented by one merged union. Each of these unions has taken a leading role in the struggle against outsourcing with the CWA particularly active in developing a presence in the high tech sector primarily through guild-like associations of information technology workers. In essence, converging technologies, converging jobs, and converging companies have led workers to come together across the knowledge industry (McKercher, 2002).

This convergence strategy has not always been successful and the film and video industry provides an important example. One of the keys to mobilizing against the increasingly integrated video and film industries, encompassing mainly television and Hollywood, is to bring together unions representing both sectors, just as companies like Disney and Fox have used their merged power to control their respective employees. Without a unified workforce, these companies can more easily move outside the United States to shoot television series and feature films in Toronto and Vancouver. They are also better able to dictate the terms of contracts on how revenues from multiple uses of the same film or television program are to be distributed. Specifically, it would mean bringing together the Screen Actors Guild (SAG) and the American Federation of Television and Radio Artists (AFTRA). But all attempts have

failed, most recently in 1999 and 2003, in very close votes. Moreover, in 2005 SAG elected to its leadership a group of people committed to keeping the union independent.

In Canada, attempts to build closer ties among its major telecommunications unions have also not been especially successful. Setting up the National Association of Communication Unions created formal federation links between the CEP and the Telecommunications Workers Union. But perhaps because the latter has a history of radicalism (it once took over and operated the telephone exchanges of Vancouver during a strike action) and because the TWU has eschewed the convergent union idea, the two unions have not worked closely together.

In 2005, the merger issue heated up in the United States when, in the wake of the big Republican victory in the 2004 general election and continued decline in union density, major unions in the AFL-CIO threatened to pull out unless the federation permitted significant new mergers and other organizational changes. Specifically, the fastest growing major union in the United States, the Service Employees International Union, demanded that the federation consolidate several of its member unions and shift funding from its own research and political activity to grass roots organizing. Holding out the threat of withdrawal, the SEIU was backed by the powerful Teamsters Union. The AFL-CIO proposed a compromise but was not successful and several unions left the federation to form their own Change to Win Coalition comprising 5.4 million members committed to stepped up union organizing.

A second response is the expansion of social movement unionism into the knowledge worker occupations particularly through the formation of worker associations that provide benefits without formally negotiating collective agreements. They are more evident in the United States than in Canada, though there have been some Canadian initiatives, such as the Association des Travailleurs du Multimedia du Quebec, but these have not received a great deal of support. Video game workers at the French division of the multinational video game company Ubisoft have also organized an association known as Ubifree. Worker associations are also more prominent among part-time permanent workers or so-called permatemps who are especially difficult to unionize because they typically work for an employment agency not for a high tech company. They have grown up in places like Silicon Valley in California, where fully 40 per cent of workers are employed in non-standard ways, and in the Pacific Northwest which is dominated by Microsoft. These areas gave rise to the term 'Permatemp' or permanent temporary worker, so named because permatemps work full time but on hourly payment contracts that contain practically no benefits or overtime pay. Among the goals of these associations are portable benefits for the highly mobile workforce, lifelong training, job placement, counseling, and offering health care plans to workers who are not eligible for employer paid benefits.

Two types of such associations feature significantly in the knowledge sector, those that represent technology-intensive workers and those that represent primarily content producers. Arguably the leading example of the former is WashTech, an

offshoot of the CWA in the Seattle high tech industry which was formed by disgruntled Microsoft permatemps who won a court case against the company by claiming that drawing workers from employment agencies allowed the company to avoid standard benefit payments. (van Jaarsveld, 2004). One of the greatest difficulties that organizers face in the high tech industry is that many of them do not formally work for the high tech company itself but for firms like Manpower which provide high tech firms with workers. What helped forge WashTech was Microsoft's use of its lobbying power with the government of the state of Washington. With no opportunity for workers to have a say, the state government ruled that Microsoft could pay straight time hourly wages instead of time and a half for overtime work to permatemps. WashTech emerged to fight this and other issues, now most notably, outsourcing. WashTech includes a variety of skilled workers including programmers, editors, web designers, systems analysts, proofers, testers and engineers who aim to win higher pay, health benefits, vacation entitlements, access to retirement plans, discounted stock options, and workplace training. In the course of its organizing activities, WashTech found a secret Microsoft database on employee performance that it was able to get into and inform its members. It also found contract documents dating back to 2001 cementing deals to outsource high end software architecture to Indian firms, that Microsoft hoped to keep secret. WashTech has been successful at Microsoft, helped by its association with research advocacy groups such as the Centre for a Changing Workforce and its online site Techsunite.org which provides information and online organizing for high tech workers. WashTech failed to organize disgruntled workers at the online bookseller Amazon.com but with the help of the CWA succeeded in an organizing drive at the wireless company Cingular. Today WashTech is especially involved in fighting outsourcing of tech jobs to places like India and China and has been successful in convincing some state legislators to stop outsourcing government tech work.

Like WashTech, Alliance@IBM was also formed by the Communication Workers of America and, also like WashTech, fought to win benefits denied temp workers from IBM. The company has been notorious for resisting concerns about toxic chemicals in the workplace and Alliance has been particularly active in fighting occupational safety and health cases before the courts. It has also been successful in winning some formal representation for workers at both Manpower and IBM.

The producers of content have also been active in building worker associations. Working Today is an advocacy group representing independent freelancers, consultants, temps, and contingent workers based in New York, particularly in the area known during the high tech boom as Silicon Alley. It has been particularly successful in providing its members with basic health insurance. The Graphic Artists Guild represents web creators, illustrators, and designers who work to improve employment conditions and also to intervene in policy disputes over copyright, taxation and other important intellectual policy issues. The Creators' Federation represents freelance writers and is credited with winning an important case requiring publishers to obtain freelancers' approval before putting their work on a data base.

Additionally, the 5000 member National Writers' Union in the United States provides model contracts, advice on bargaining with publishers and benefits for people without insurance. Internationally, we have also seen the growth of umbrella organizations for high tech workers led by Union Network International, a Geneva-based organization formed in 2000 from a merger of four union federations spanning commerce, finance, telecommunications and media. UNI is one of the central nodes in a global network of resistance to outsourcing.

A primary reason for the rise of worker associations in the high tech field is that established trade unions have simply not been successful in their organizing drives. Nevertheless, some of the old line unions did meet with success in the heyday of the dotcom boom when unions like the United Food and Commercial Workers successfully organized dotcom workers in the online delivery services of supermarkets like Peabody's and Albrittons. Moreover, the AFL-CIO has been successful in building a membership organization, Working America, that supports workers with 800,000 due-paying members across the United States who agree to pay an annual fee and pledge to cooperate with unions in their political and organizing campaigns. Its founding director, Karen Nussbaum, is notable because she created the first organization of women office workers in the 1980s with a group called Nine to Five. Working America holds some promise if only because it is growing at a rate of 20,000 members per month. The Service Employees International Union has also created an online membership organization called purpleocean.org. For many of these organizations, it remains to be determined whether they can move beyond having a presence on the web to use it for genuine organizing activities.

Supporters see the worker association movement as a new form of unionism (or a new version of the old guild model) that makes use of new technology to reach workers who have little experience with unions. They see it as a way of bringing into the labour movement people who do not necessarily want to be part of a trade union movement and it also recognizes that formal collective agreements do not mean as much in a world of accelerating worker mobility. Those who disagree see the new associations as providing little hope for the future. Since they are by and large not directly involved in collective bargaining, worker associations offer few, if any, guarantees for wages and working conditions. For critics, they are evidence of the failure to organize unions in the rapidly growing knowledge sector and since these jobs embody the workplace of the future, it is not hard to conclude that there is little hope for genuine trade unionism. After all, when the most prominent of the worker associations in the high tech industry, WashTech, can only count about 450 due-paying members after five or so years of organizing, it is not easy to take consolation in the view that thousands have signed on to its web page. Whereas supporters see worker associations as a new start toward rebuilding the labour movement, perhaps by reinventing the old guild model, critics view them as little more than organized labour's last gasp.

Resistance is also growing from outside the developed world. One of the more noteworthy developments is based in India and operates through the New Trade

Union Initiative, an organization that brings together about 100 labour unions across that country. In December 2004, the Initiative sent a delegation to the United States to meet with trade union and worker association leaders in nine cities to discuss common strategies for dealing with outsourcing. This is an important development because it is the first step toward bridging the fundamental divide between nations losing and gaining jobs respectively. Indian trade unions support the creation of new jobs in the high tech and services sectors but are especially concerned about working conditions and the sustainability of such jobs. As one visiting labour leader put it,

Jobs are going to India not because of the wage difference but because these jobs are unregulated. There are no laws in India about minimum wage or the maximum number of hours workers can work. And multinational companies are taking advantage of that. . . . People are working 16-hour days and often nights, at five times the intensity of the American workers who do the same job. (Dutt, 2004)

Not unreasonably, they see the growth of a high tech presence in China and elsewhere in Asia, often facilitated by Indian firms, and worry about just how long high tech expansion will last. As another put it, 'It's a question of building new strategies. Why not build a global framework of contracting' (Dutt, 2005). In a sign that Indian resistance is achieving some success, the *New India Express*, a leading English-language daily, published an editorial calling for the end of trade unions and strikes. In response to a general strike that saw 60 million workers walk off the job, the newspaper declared:

Perhaps the time has come for the Congress to get its act together and actually implement some neo-liberal policies. It could begin by banning trade unions and strikes and freeing India of this scourge forever. (30 September 2005)

Building a global framework will not be easy to construct but there are signs that China itself may force the issue as labour unrest there is on the rise. Workers in China staged some 57,000 strikes and protests in 2004. Moreover, labour reform training centres have opened up across the country and cadres of knowledge workers trained in the law and experienced in the workplace are carrying out worker training and arguing cases before the courts (Roberts, 2005).

Organizing has also taken place through initiatives that bring together international labour federations and workers in places that have been major recipients of outsourced jobs. For example, UNI has supported the work of the IT Professionals Forum of India in its activities to protect the interests of workers in the business processing outsourcing sector from unjust labour practices. Public meetings and organizing drives have already taken place in Bangalore and Hyderabad. Styling themselves more along the lines of guilds or movement-like organizations such as WashTech rather than traditional trade unions, these organizations see themselves as better able to represent workers in the information technology sector.

Resistance may grow in significance, particularly when coupled with what appear to be mixed results from outsourcing. Specifically, one basis of trouble on the horizon

for the outsourcing movement is the less than enthusiastic results of recent assessments. According to a 2005 report of the Conference Board, 'fully half of all off-shoring operations are destined to fail' and it cautions firms against rushing in without careful planning (Koch, 2005). A survey by Bain & Company concluded that firms are 'outsourcing more and enjoying it less'. In particular, it found that although 82 per cent of large firms in Europe, Asia and North America are making some use of outsourcing firms, and 51 per cent are outsourcing offshore, almost half say that their outsourcing does not meet their expectations (*The Economist*, 2005b).

### **Conclusion: Political Economic and Cultural Significance**

In conclusion, we have come a long way from the affirmative vision of Daniel Bell's early map of the post-industrial society and the even more mythical visions of the dotcom boom. It is uncertain just how the practice of outsourcing will grow over the years. Facile predictions based solely on the strategic plans of high tech firms are far from reliable. Outsourcing is multifaceted, one vector in an increasingly complex international division of labour involving far more than simply the transfer of service jobs from high to low wage nations. Much of the outsourcing activity takes place within the developed world and in the chains that link developed to less developed countries. Companies indigenous to the developed world are flexing their muscles in unexpected ways that call into question traditional views about how outsourcing works. Furthermore, more than just technology and wages are in play. Place matters and culture counts, perhaps more than ever. If the attack on the World Trade Centre represented the end of the end of history, then the dotcom bust rang down the curtain on the end of geography. Moreover, convergence is not just a technological phenomenon nor simply a euphemism for corporate concentration, it is both of these, but it also applies to movements that would resist outsourcing, including established unions in North America, new forms of work organization in developed and less developed countries, and in the networks that link them, assisted by global federations of IT workers. These factors make prediction much less certain, but come closer to explaining the complex dynamics of outsourcing and to developing policies and practices to deal with it.

What about the wider political economic significance of outsourcing? The bulk of the evidence suggests that outsourcing is one, admittedly major, step in the deepening and extension of global capitalism. The accelerating movements of labour worldwide follow the circulation of capital and do so in ways that challenge simple notions of dominant and dependent nations. Deep inequalities persist among nations but even those suffering some of the most extreme consequences of poverty and colonialism contain major participants, including indigenous players, at the leading edge of global capitalism. The world is not comprised of smooth peaks and valleys of power, nor is it, as Thomas Friedman's (2005) popular book contends, an increasingly flat world or even the 'shiny blue marble' that environmentalists like to envision. Rather, a study of

outsourcing suggests a complex and shifting political topography whose dominant force remains the spread of capital and the commodification of labour.

What about the cultural consequences? On the one hand, it supports a smoothing out of cultural differences. Indian call centre workers who receive training in 'Western' forms of English as well as Western cultural practices (from sports to shopping), provide evidence that outsourcing inevitably drives the spread of Western culture. But the expansion of Indian and other non-Western firms into the Western heartland of the United States suggests a recognition of cultural differences that is not easily surmountable. So too is the ruling by the French government that call centre workers operating abroad have to identify the country in which they are based. Now workers in Morocco, Senegal and Tunisia have to identify where they are located when they speak to customers in France. Other jurisdictions are setting up similar requirements, adding a new dimension to 'identity politics' in a digital world. To conclude that place matters and culture counts is to determine that cultural geography is, at the very least, lumpy. For firms to take advantage of new markets, they not only have to train their own workforce to understand and deal with different cultures, they have to adapt to cultural differences even if that means relocating. Advances in telecommunications and computing have overcome some important geographical differences, but the movements of firms worldwide suggest a recognition of technology's limits and the need to adjust to cultural differences.

If the world is neither flat nor easily divided between mountains and valleys, then the political consequences are likely to be as complex and, at times, as strange, as the topography. Western workers both resist and welcome outsourcing depending on whether they are losing or gaining jobs. Workers in the less developed world welcome outsourcing because it tends to make jobs available but are less supportive when, as is often the case, their jobs contain none of the regulatory protections that limit hours, set a minimum wage, and provide adequate occupational safety and health standards. The result is a flurry of new forms of workplace resistance which challenge traditional trade unions and give rise to new forms of labour organization, as well as to new forms of global labour collaboration. Since this activity increasingly involves the knowledge, information and media sectors, communication scholars would benefit by paying closer attention to this new form of 'the labouring of culture' (Denning, 1998).

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