Globalization and the Service Workplace

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The articles in this volume were part of a workshop on globalization and service work that took place at the Peter Wall Institute for Advanced Studies at the University of British Columbia in Vancouver, Canada. In attendance were scholars with an interest in these questions and with interdisciplinary perspectives and diversity with respect to their countries of study. Participants came from Canada, the United States, the United Kingdom, China, South Korea, and Australia and were at various points in their academic careers. A broad array of disciplines were represented, including geography, industrial relations, anthropology, sociology, law, gender studies, and human resource management. The scope of industries studied consisted of health care, call centers, hotels, and restaurants, and the countries studied included India, China, Africa, Canada, the United States, South Korea, and Australia. Ron Hira from the Rochester Institute of Technology, a leading expert on outsourcing, was the keynote speaker for the workshop, and Steven Frenkel from the Australian School of Business, a leading expert on the service workforce, concluded the workshop by identifying the themes that emerged from the presentations and discussions.

This special issue of the American Behavioral Scientist has three goals. First, we present empirical findings that develop a deeper understanding of how global competition is reorganizing service work and its implications for job quality in the service workforce. Second, we examine the changing capacity of employment, labor, and social policies to regulate service work and shape outcomes for the service workforce. Third, we investigate how traditional forms of collective representation (e.g., unions) are responding to globalization in the service sector.

Conceptualizing Globalization’s Effects on the Workplace

Global competition is reorganizing work in many sectors, including the large and growing service sector in advanced economies. The service sector encompasses work that involves the provision of services to customers (e.g., business services, banking,

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health care, tourism). The globalization of markets is restructuring service work as it offers firms the opportunity to relocate work. Firms relocate service work either by subcontracting it to other firms within the same country, a process referred to as domestic outsourcing, or by subcontracting service work through international outsourcing, which involves transferring jobs to firms elsewhere in either advanced economies or, more commonly, to firms in developing economies (Aron & Liu, 2006).

Despite the pervasiveness of these trends, relatively little is known about whether national institutions—including unions and labor and employment laws—are still meaningful as technology facilitates the seamless transfer of work from one geographic location to another. Legal institutions face challenges trying to protect workers employed by multinational corporations with the ability to transfer work across national boundaries. Beyond institutions, not much is known about how the reorganization of service work is affecting working conditions—such as wages, job security, and mobility—and labor market outcomes for the service workforce.

Global economic competition, and the corresponding restructuring of contemporary workplaces, presents huge challenges for our understanding of the world of work. To date, scholars in numerous fields ranging from management to sociology are wrestling with these questions, albeit from dramatically different perspectives. On one hand, proponents of global economic competition view the option for firms to source materials from the lowest-cost providers as a primary benefit of globalization (Santos, Doz, & Williamson, 2004). On the other hand, critics of globalization point to the implications for labor as firms move jobs to developing countries in pursuit of the lowest production costs available (Frenkel & Scott, 2002; Locke, 2003; Locke & Ramis, 2007).

Regardless of the position one takes on the implications of globalization, there is agreement that major changes are taking place in the world of work. The exposure of local labor markets to global competition raises the question of whether national institutions (e.g., labor and employment law, unions) remain relevant in a world where national boundaries are becoming less meaningful for multinational firms. It is unclear what forms of old and new regulation will emerge from this process. Missing from current debates is interdisciplinary engagement about how globalization is affecting the service workplace—a vital activity to foster deeper thinking about future directions for research and to develop theories that take the globalization of markets into account. How is globalization affecting working conditions across countries by generating debate across disciplinary lines? This special issue seeks to deepen and broaden our understanding of the implications of globalization for the service workplace and also to provide the opportunity to generate discussion about how we study the implications of globalization for the service workplace.

The six articles in this volume address three research questions. First, to what degree is global competition affecting firm structure and the organization of work? Second, are employment and labor laws based on the traditional model of firms and work still able to improve employee outcomes in the global era? Third, is collective representation still capable of shaping management practices in response to the globalization of the service workforce?
We chose the service sector for three reasons: (a) The service sector is a paradigmatic case for examining the implications of globalization; (b) the service sector has grown to become the predominant economic sector in most developed countries, with the decline of agriculture and manufacturing as major employers; and (c) the service sector includes a range of industries that are being affected by globalization to varying degrees. Indeed, some types of service jobs, such as call center work, are easily transferred across national boundaries (Batt, Holman, & Holtgrewe, 2009). Other types of service work explored in this volume, such as restaurant and hospital work, are less susceptible to international outsourcing. Nonetheless, the globalization of service work still has implications for job quality in such workforces.

Some consistent themes emerged from the conference. Examining these questions at the micro, meso, and macro levels from the perspective of firms, unions, and the service workforce reveals that the precariousness of the workforce employed in the service workplace is on the rise. Working conditions, especially in the areas of compensation, training, and tenure—in service workplaces—are being transformed by globalization as formerly local labor markets are exposed to global competition. Whether we examined service work that is less susceptible to outsourcing, such as restaurant work (Haley-Locke) or focused on the offshore customer service workforce (Poster), the exposure of these jobs to global competition had repercussions. The growth of nonstandard work, changes in scheduling practices, and the feminization of service work are among the consequences experienced in several countries (van Jaarsveld, Kwon, & Frost, 2009). Finally, research examined the role of government policies and regulations in changing the landscape for firms, unions, and the workforce.

The increasing ease with which jobs can be transferred from one geographic location to another means that organizational boundaries are increasingly transcending national boundaries. This forces us to reconceptualize the idea of the firm to reflect the emergence of global value chains, which consist of economic agents, including suppliers, vendors, contractors, and consultants. We examine how globalization is shaping the structure of multinational corporations and shed light on how the expansion of global competition is reshaping the business landscape.

At the same time, the restructuring of firms prompted by global competition raises questions about the relevance of existing regulations at the national level, which are based on a traditional model of the firm. It is well established that working conditions are shaped not just by business strategy or the competitive environment but also by employment and social policy and labor law (Bélanger, Berggren, Björkman, & Köhler, 1999; Dore, 1973). Previous research highlights the importance of institutions (e.g., employment regulations, unions) for shaping managerial prerogatives and improving employee outcomes (Dore, 1973; Zuberi, 2004, 2006). Less clear is whether institutions based on employment in the manufacturing sector are still relevant, given the restructuring of firms.

Beyond public policies, unions have assumed an important role in improving working conditions. In most countries, unions are national institutions, with the exception of “international” unions that represent members in both the United States and Canada.
Understanding how unions are responding to globalization is an important question for the future prospects of collective representation.

**Exploring the Impact of Globalization on the Service Workplace**

The articles in this special issue grapple with and advance our understanding of how work is changing in light of globalization. Each article in this volume offers important insights about the implications of globalization for the service workforce and highlights possible directions for future research. In investigating various kinds of service work, this special issue highlights a range of issues pertaining to the service workforce, including the ability of public policy to regulate the quality of service work and the power of a firm’s threat of outsource or offshore work.

In the first article, Haley-Locke (2011) undertakes a cross-national study of restaurant chains operating in the United States (Chicago and Seattle) and Canada (Vancouver) to examine whether differences in national-level policies (e.g., minimum wage) affect human resources policies in these service workplaces. In interviews with restaurant managers, she finds geographic and firm-based variations in working conditions that reveal the complex interactions between policy context (e.g., health insurance coverage, minimum wage) and firm responses in a globalizing economic era. Although public policies proved important for providing minimum benefits and working conditions, firms responded by reducing costs in ways that compromise job quality. For example, some firms increased their reliance on part-time workers to circumvent certain labor policies designed to protect workers with full-time hours. In this way, employer practices can function to transfer contingency and risk to vulnerable workers, even in jobs at low risk of being outsourced or “offshored.”

In the second article, Jalette (2011) uses a quantitative research design to show how the threat by firms to relocate through outsourcing or offshoring has reshaped the power dynamics between workers and employers. This assessment sets the stage for our understanding of the pressures shaping working conditions in the new economy. Indeed, it may be the case that the concessions gained from the relocation threat may be more advantageous to the employers than actual relocation. He finds, on the basis of a survey of unions representing workers in the province of Quebec, Canada, that the willingness of unions to make concessions is associated with a decreased likelihood of plant relocation. A firm’s capacity to actually relocate work was an important factor. Plants that were downwardly integrated into the production chain were also less likely to be relocated, in part because of the greater threat to disrupting production. His evidence suggests that globalization has indeed changed the power dynamics between employers and employees, giving firms much greater power to extract concessions from workers.

In the third article, Poster (2011) shifts the focus to the experience of the call center workforce in India and deepens our understanding of the actors involved in these rather complicated offshoring relationships. She discusses the ways in which various
actors in these relationships use information and communication technologies (ICTs) as a means of surveillance. Not only are ICTs used by companies to monitor the offshore workforce, but they are also used by technology vendors, outsourcing clients, American consumers, Indian shop floor supervisors, and Indian employees. Poster uses detailed ethnographic data from Indian call centers to argue that the global service production of service work can no longer be viewed in simple hierarchical manager-worker terms. Rather, the way these actors use technology symbolically represents a new relationship with new forms of control and potential for empowerment. Through the lens of call centers in India handling offshore work, Poster identifies important ways in which technology is reshaping the globalized service workplace.

In the fourth article, Strauss (2011) brings us back to an examination of what the expanding service workforce means for public policies by raising the question of whether employer pensions can survive in the wake of globalization and the expansion of the service workforce. By focusing on the state of employer pensions in the United Kingdom, she considers the ability of government institutions and unions to slow their decline and identifies the increasing need for new policies, including improved universal government-funded pensions, to match the characteristics of the workforce. Whereas the public-sector workforce will continue to enjoy decent pensions protected by unionization, Strauss points out that those employed in the private sector will increasingly be forced to subsist on a patchwork of public subsidies and safety net programs. She calls for unions and other advocates for lower-end service employers to go beyond the fight to maintain their own members’ pension benefits and to advocate more broadly for a decent universal public pension for all employees in the United Kingdom.

In the fifth article, Zuberi (2011) investigates job quality for health care support workers whose jobs have been outsourced to multinational corporations. He describes the deleterious consequences of such outsourcing arrangements in Vancouver, Canada. From in-depth interviews with 70 workers, he outlines the dramatic cuts in wages and benefits experienced by these workers, who were previously employed “in house” as part of the health care system. Even though their jobs could not be “relocated,” neoliberal reform and globalization dramatically eroded their wages, benefits, and working conditions virtually overnight. The increasing reliance on outsourcing in the new economy creates an important threat to secure living-wage jobs in the service sector. These hospital workers went from earning living wages and good benefits to earning half of their previous wages and statutory minimum benefits, while continuing to complete the same tasks. His findings reveal that these changes in employment conditions strongly affected this group of workers, mostly female ethnic-minority immigrants. With dramatically reduced wages, many now struggle to make ends meet, endure physical pain to keep their jobs, and are forced to work several jobs simultaneously.

Whereas all of the other articles in this special issue focus on the low-wage workforce, the final article considers how globalization and worker migration is reshaping even the work lives and conditions of elite service workers, such as Silicon Valley engineers. Rafiq Dossani and Ashish Kumar (2011) analyze data collected from a web-based survey administered to Chinese and Indian professional associations in
Silicon Valley. The study documents how Chinese and Indian immigrant workers participate in ethnicity-based professional organizations to complement other social networks, reduce isolation, and advance their careers. They argue that these organizations formalize what are normally informal ethnic networks and that participation in these networks provides many benefits to these workers, including complementary benefits to their participation in other ethnic- and non-ethnic-based networks. For respondents, participating in such associations was positively related to professional growth, defined by an entrepreneur’s access to startup capital or a worker’s position in his or her firm. Ethnic-based professional associations in Silicon Valley reduced social exclusion even at the higher rungs of an increasingly transnational service-sector economy. Dossani and Kumar’s findings reveal that in a globalizing economy, this elite workforce enjoys a privileged socioeconomic position yet still experiences social dislocation and social exclusion.

Building a New Understanding of Worker Precariousness

A consistent theme emerging from these articles is the increasing precariousness of the workforce employed in the service industry. Jalette reveals how even the threat of relocating work, as opposed to actual relocation, has implications for workers and the unions representing them. This precariousness influences various aspects of working conditions for the low-wage service workforce, as demonstrated by Haley-Locke, Poster, and Zuberi, as well as the high-wage service workforce, as Dossani and Kumar illustrate. Strauss’s description of the weakening employer pension system in the United Kingdom, and its disconnection from the reality of service working conditions, echoes a challenge confronting several developed economies. She identifies a space for public policy and unions to unite around a solution that would improve conditions for the entire workforce.

Together, these articles reveal that working conditions still vary across national boundaries, even when comparing the same job in the same type of service workplace. At the same time, legal institutions throughout the developed world are encountering difficulties trying to protect employees of the multinationals that are now capable of transferring work abroad. While these difficulties affect the service workforce directly, they also have an indirect effect on the broader workforce because firms can use the threat of domestic or international outsourcing as leverage with which to erode employee rights. Indeed, threats of relocation are important, but the prospect of international relocation alone does not fully account for the current shift in the balance of power from employees to employers. Privatization and outsourcing may also contribute to the deterioration of service work domestically. These findings point to the centrally important role of government, employment, labor, and social welfare policies. These institutions matter more than ever for the well-being of the service workforce in light of economic globalization.
Overall, these articles offer multifaceted insights into how globalization processes are reshaping the service sector. We hope the research findings will help to inspire further interdisciplinary research on the effects of globalization on the service sector.

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