

GLOBALIZATION, WORK AND MANAGEMENT

J.P. SINGH
INDIAN INSTITUTE OF MANAGEMENT
AHMEDABAD 380 015

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Introduction

Certain trends in the foreseeable future are irreversible. These include liberalisation of controlled economies, internationalisation of organizations and globalization of business. Of course there may be a world war and everything may start reversing, but as of now these trends seem irreversible.

Globalization

Let us briefly examine globalization and changes it is imposing on business, organizations and people.

To most people globalization means opening up of markets and reduction in tariffs and barriers to trade. In essence globalization is much larger and includes:

- * a free flow of Products
- * a free flow of Services
- * a free flow of Materials
- * a free flow of Finances
- * a free flow of Technology
- * a free flow of Manpower
- * a free flow of Ideas

In a nutshell, globalization means creation of a borderless world and an interlinked economy.

Impact on the Business World

In many ways this is happening. The following changes are propelling the world to a situation where borders are becoming meaningless.

- * There are over a million new users of internet a month, a technology that transcends all borders.
- * Products that were on display in window cases in a few developed countries are visible in the window cases across the world.
- * Services, including traditional monopolies like Insurance, Telephones, Civil aviation are threatened by competition from across borders.
- * Travel is becoming easier every day as distances collapse and shrink before high speed travel technologies. Thus more people are crossing borders than even a decade ago.
- * Countries in regions are coming together to remove visa restrictions and to issue a single joint visa facilitating cross border interactions.
- * Efforts are on to have a single currency across borders, while credit cards are becoming a universal currency.

Yet in many ways Globalization is still restricted

Yet in many ways globalization is still restricted to merely opening up of markets of developing and less developed countries to goods and services of more developed countries. This is noticeable from several factors:

- * 70% of all internet connectivity is in the US.
- * While larger material resources and products have started moving across borders, it is not true for TECHNOLOGICAL, FINANCIAL, MANPOWER, and IDEATIONAL Resources.
- * Money still moves to where there are quick profits.
- * Technology is still guarded, espied and stolen.
- * Manpower, particularly from developing and less developed countries, is still STOPPED at every border. If anything, borders have become Thicker.
- * Ideas are being guarded more zealously than ever before with the help of new international enactments on intellectual property rights.

Truly global organizations that operate around the globe are still very few. ABB, Coca Cola, Unilever to name a few. However, organizations that operate in 30-40 countries or 10-20 countries are many and are beginning to encounter the problems of operating in international environment.

So, Globalization is nonetheless here.

The Core Changes

At the core of all these changes are major technological break-through in:

- a. Satellite imaging and communication
- b. Convergence of communication, imaging and computing technologies
- c. High speed travel and transport.

No other mode of communication, including telephone and wireless have brought the world so close as the internet communication. One to one chats, group discussions, document transfers, varying from plain text letters to voluminous data, complex multi-dimensional drawing designs, motion pictures and sound signal transmission, all are possible through push buttons available together at finger tips. As a result, this mode of communication has come as a boom both for individuals and business entities.

Convergence of audio-visual and computing technologies has opened up new vistas and one can foresee homes equipped with sets consisting of add-on block of television, telephone, computer net and audio equipment all interlinked into one integral systems. One can even imagine, depending on technological break-throughs, other senses being similarly stimulated. Thus advertisements may come not only with Visuals and jingles but along with aroma, simultaneously enabling booking of one's orders, be it dinner, household goods or fabrics on the same integrated push button system.

Although no further breakthrough has been made in the wheel, increase in motor powers and reduction in resistance now ensure that more people can travel using much lesser time than ever before in history. One can once again foresee a day when surface travel will replace air-travel in short and medium distance hauls.

Changes at Work

All this is affecting people, work and organizations. Some of the trends in jobs, organizations, and their environment include:

* Demise of conventional jobs

Jobs like stenographers are vanishing as more and more managers find it easier to type the letters direct on the PC and mail them through internet rather than back and forth movements of drafts. Similarly, there are several other traditional skills required in an organization which are becoming redundant thus altering the nature of manpower and skills in an organization. A high speed typing skill, for example, has become as important for a CEO as it is for an entering graduate.

* Temporary employment: Temporary employment has become a permanent feature of work. In a way, a new class of employment has emerged - the permanently temporary employment, in fields as far apart as the fast-food chains and the educational institutes. While developed countries recognized this and have left these jobs to students and migrant community on hourly wage basis, many countries, India included, with archaic wage and employment laws are yet to respond to this change.

* Managerial jobs also under threat

With the advent of computerization many more persons can be supervised by a single manager than was the case in past. With the free flow of data and availability of support systems for crunching data into categories, sub-categories and sub-sub-sub categories etc. it is possible to oversee 5-10 times more jobs/offices/branches individually than was possible in the past. The impact of this is visible through organizational reengineering and delayering of hierarchies primarily at the managerial levels.

Thus what is being threatened is the very core of the managerial principle of span of control which traditionally assumed the limit of supervision for a manager between 5-7. Today it is not unusual to see a manager overseeing 40 to 50 accounts or data flow and communication from a variety of sources. Banking, retail chains and several other similar industries have yet to take note of this.

* Integration of Information Technology in work

When computers were introduced, they were meant for large government departments and business corporations. Their sale was primarily on lease as even big corporations hesitated making major investments, while leasing was a simpler, easier decision. Today a personal computer can be easily classified in the office equipment category. Even connectivity is a telephone line away. This is bringing about a major change in the way work is done and the skills needed to complete the work. Additionally, it is connecting people inside and outside the offices that makes both travel and personal contact unnecessary. With such major changes in office work, changes both in the concept of space and furniture became imperative.

* Changing concept of work space

What computers have done to the hierarchies in organizations, mobile phone and ease in travel/transport are doing to the work space. Thus it is possible to carry out work from a mobile post in many more fields than was possible earlier. As a result, the need for office space is reducing in several areas. The list of jobs like that of a resource mobilizer, insurance agent, plumber, sales person etc., is rapidly increasing that no more need a fixed space or an

office and can be handled with the help of a pager or a mobile phone coupled with the transport, be it a bicycle, moped or an automobile. As a result, the concept of space is changing from fixed use to flexible use.

* Changing concept of office/factory furniture

With space being freed from traditional use, flexibility in usage has taken another step. Thus, organizations are beginning to invest in flexible-design furniture that allow alternative arrangements at a short notice. This has not only given a new fillip to use of alternative raw materials and designs for making furniture, it is also altering the business per se. Thus, the new generation of aeroplanes are being designed to permit alteration of total interiors within hours, including shifting of pantry and toilets from one place to another. Similar flexibility in the space use within buildings is not likely to lag behind. One can only imagine as to what will it do to hotel industry and various public use buildings in the coming decades.

* Gradual Elimination of conveyor belt

In some ways even conventional conveyor belt is threatened with the revival of assembly at home. Interestingly, the impact is not merely limited to assembly of components and low tech jobs. Many semi-skilled and highly skilled jobs are similarly beginning to be handled from home. This is forcing re-examination of the traditional division of tasks into tiny elements and reverting to integrated meaningful tasks. Further, it is bringing the family back into focus as a work unit. In a way the developed world is witnessing what has been happening in developing countries for a long time wherein employer delivers work materials at home and picks up the finished products once or twice a week. Computer hardware assembly and other screw-driver technology tasks are fast shifting from the factory buildings to houses.

* Emergence of new time based opportunities

Internet and new communication technologies have resulted in development of new opportunities that are based on time difference in various zones of globe. Thus it is possible for a company located thousands of miles away to look into the computers of a user company and service their maintenance. This is not just a dream and is actually happening wherein companies based in India are offering a guaranteed response time in computer software maintenance during the dead hours of the Western world.

Forex and capital markets around the globe have similarly undergone a major change with some exchange being open at any given hour. Many developing countries have yet to realize this as they are still struggling with four to five hour banking and capital market operation. While 24 hour banking and business is becoming a necessity, business and trade continue to operate under archaic laws governing hours of work.

* Emergence of new information based opportunities

Armed with data storage, retrieval and crunching capabilities new opportunities are emerging based on data and information. Hitherto literature survey for a Ph.D. dissertation used to take anywhere from one to two years. Today, based merely on the data storage and retrieval systems, it is possible not only to list the entire literature for a given field, but also access abstracts with mere 2-3 commands. That search can be altered and completed within minutes to encompass any combination of words comes as a bonus. Similar opportunities are

opening up by adding analysis features to the stored data and is giving fillip to new information based business.

* Emergence of Distance Learning Opportunities

Advent of information technologies has done to education and learning what JIT did to materials management in the world of manufacturing organizations. Thus learning is available on flexible time basis in easily digestible capsules and in a variety which was unimaginable even a decade ago. This is threatening not only the way education is imparted but also the nature and management of educational institutions. Traditionally, education required personal presence of the teacher and the taught. Now with new technologies not only is this changing, but the universities have started offering programmes in corners of the world where ordinary reach would have been difficult. Thus one can become a Harvard graduate not only sitting anywhere but also while on the move.

* Increasing pace of Product / Process Replacement

With technological innovation growing by leaps and bounds products/technical process replacement is fast assuming a pace that is leaving both people and organizations in a daze. As a result several traditional money spinning organizations are suddenly finding themselves up against new competition giving them very little response time. This is also resulting in replacement of jobs as each new technological improvement is aimed at reducing the number of people required for job completion. This has brought forth not just the issue of preserving jobs, re-training and new skill acquisition, but also the issue of creation of employment opportunities for those in the threatened sphere.

* Changes in the union agenda

Faced with threat to the traditional jobs and closure of units, the focus of union demand has changed from wages and benefits to protecting jobs. As a result, even in the west where few powerful unions had started dominating national economies, a phase of responsible and responsive unions has started. Other economies will find similar developments as changes start making their impact.

* Changing Value of work

While there are rapid changes at work, and work is becoming more stressful, leisure is becoming an industry in its own right. As a result more and more people are once again beginning to ask as to why do we work and what is the value of work vis-a-vis leisure. The resulting introspection is once again bringing philosophical questions to the fore.

* Use of values as a new element in competition

While in the face of globalization and liberalization, traditional tariff barriers are coming down, new non-tariff barriers are coming up against the flow of goods and services. These new barriers are usually value based, and rely on the intervention of international agencies of the UN and other global/regional trade cooperation agencies. Thus, new elements are entering trade and competition which keep the scales tilted. As markets become globalized, values and use of social concerns is becoming the new element in protection of markets.

Resultantly concerns like bonded labour and child labour are increasingly being used to protect home market from flow of inexpensive but quality goods from developing countries.

* Add to quality - concern for environment

Traditionally competition in the market place has been on the basis of price. Quality, which to the consumer was a part and parcel of the product or service purchase was re-invented lately and it became a new element in competition. While TQM has been the slogan in the current decade, fresh concerns with regard to environment has newly been added, seeking not only ecomarking of environment friendly products for use of raw materials, but also for the manufacturing process and its residual waste.

* Shifting location of polluting industry

This concern for environment, which started small, has transformed itself into a worldwide movement resulting in a large market for environment related and pollution control technologies. The pollution control equipment business is estimated to reach 375 billion dollars by the end of this year and is further set to rise by 50% each year for the next few years. As a result countries have started shifting the polluting industries to new locations resulting in a major shifts in the job markets around the globe.

* Shift in the Economic development model

The development of national economies which started with land cultivation resulting in the agricultural economies, later shifted to industrial economies, has now made a second shift from industrial to service economy. Somewhere a realization has dawned that services provide more jobs per unit of capital employed than the industry. As a result, in a world considered to be short of capital but long on labour, inventing services to earn a living and spreading services across borders has become a lucrative proposition. Economists are, as a result, beginning to realize that motivation and creativity can replace capital for growth and developments and nations have started examining services as a major vehicle for their development.

* Emergence of Information Economy

New opportunities that started emerging based on the use of data as a key resource rather than materials, have brought a shift from products and industries to services and information. Thus a special subset of service economy is emerging in the form of information economy. Thus, sitting in clean environments and in the comfort zones a whole new set of services is emerging that provide people with comparison information and opportunities not available earlier. Thus, all kinds of comparison are being made that were neither considered necessary nor feasible earlier, leading to the onset of information economy.

* Dawn of Interactive age

Mankind, over time, has passed through several ages, starting with the stone age. Few inventions have truly transformed the human race. These include invention of wheel for transport and use of symbols for transforming oral messages into written communication. Interactive technologies today are once again bringing mankind to the dawn of a new interactive age. Thus, countries and corporate entities are forced to adopt universal languages. Thus, ABB, the Swedish-Swiss combine decided to adopt English as its corporate language. This is encouraging other corporate businesses to follow suit. Convergence of

technologies is similarly opening up possibilities of major avenues of cooperation between mega-corporations with a reach that transcends not only national borders but also continents. Such movement towards a universal language in the world, though small yet strong, raises hopes of a new level of cross country communication between people and governments that may actually bring about ecumenism and cooperation across borders.

THE EMERGING ISSUES

Purpose of a review is to identify issues that are a pointer to the challenges ahead. These include:

- * **Creation of new productive work opportunities**
Newer technologies are moving relentlessly towards fewer jobs and reduced levels of employment. This poses a challenge to nations and societies for creation of new work opportunities. While political response has always been to create more jobs (for same work), the productivity and efficiency requirements of the business world does not permit this. Governments, instead must focus on creation of additional productive work rather than continuing with age old thesis of creating jobs for sake of alleviating poverty.
- * **Ensuring acquisition of new skills.**
A major challenge ahead lies with the business and corporate world in face of the faster pace of evolutionary change and quicker pace of skill redundancy. While phrases like learning organization and agile organization are helpful in focusing attention on training and human resource development, the crux of the issue is ensuring continuous learning on the job. Most organizations are designed to keep utilization level of human capabilities rather low. This is particularly so in the worker and lower managerial jobs, which in turn becomes a habit and a right. The challenge is to provide for intellectual growth on the job and design organizations that allow for both new skill acquisition and creative growth of human potential on the job.
- * **Developing New Management Knowledge**
While organizations struggle with utilization of human potential, managements must simultaneously experiment with newer approaches and practices. Management is a discipline where practice precedes theory, unlike the physical sciences where theory building precedes practice. With passage of time, we are in danger of treating past management practices as sacroscent. The challenge before business organizations and management schools is to generate new management knowledge as it struggles with new technologies and newer dilemmas.
- * **The Re-engineering of education**
For far too long, we have treated learning as equal to education and education as equal to degrees, diplomas and certificates. In the process, universities and educational institutions have become inflexible, lethargic and often cut-off from the industry and business. It is a sad commentary on the existing educational systems that university graduates come out as trainees for the business world after five to seven years of higher learning. Something is, therefore, sadly missing in the process that should link up education and Institutes of Learning with work, industry and society. The problem in reality is much deeper and pervades all other disciplines of higher education including technology education. This requires a review and re-alignment of education to society in a manner that makes educational institutes quick, responsive, flexible and employment relevant.

- * Framing of New Laws replacing the old
Nations have a habit of keeping laws on its books that have not only far outlived their utility, but have actually become an obstructive force. This is also true of laws that govern both education and management of enterprises. A review that replaces old laws with new that are in tune with the changing times are needed. Similarly, the law making and implementation agencies too, need to become more responsive to the emerging scenario and fast pace change.

The pace of societal change varies from time to time, often alternating between evolutionary and revolutionary change. Currently, we are in a phase wherein not only is a revolutionary change occurring, but also a simultaneous evolutionary change with increasing pace. Such times need special responses and make it imperative that we as individuals, firms, industries and nations re-assess the past and set newer agendas ahead.

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