

Globalization and the Future of Work

Yuko Ogasawara

1. Introduction

With the advancement of global competition, corporations are increasingly becoming a worldwide enterprise, producing and selling products in multiple, strategically-selected countries. Such globalization of corporate activities involves not only developed but also developing economies. Industrialization of Asian countries besides Korea, Taiwan, and Hong Kong, growth of market economy in former Soviet Union and Eastern European nations, and successive establishment of factories by foreign capital in China are some of the recent developments that furthered the progression of global competition¹⁾.

Multinational corporations in Japan, United States and Europe are building local production sites on a large-scale in China and other developing countries and re-importing products produced by local workers to home countries. Workers in Japan, United States and Europe are thus forced into direct competition with workers in developing countries. Of course, it is not only production that is becoming global. Distribution and clerical work are also being integrated and divided on a worldwide scale. For example, the transfer of software development, call centers, accounting and legal businesses overseas is causing much debate in the United States.

One of the major forces advancing the globalization of economic activities is the innovation in information and communication technology. Computer network connects the world in time and space like no other way, making economic activities borderless and ceaseless. Business continues for 24 hours, because when the market in one's home country closes for the day, it opens across the ocean.

In this essay, I will examine how globalization will affect the future of work. The focus will be on workers in developed economies, although it will be maintained throughout that how paid labor is structured in developing countries has no small influence on paid labor in other parts of the world. I will begin by a discussion of recent trends in global competition and new communication technologies and then move on to an examination of arguments that stress how globalization will revolutionize work. I will look at how workers are being freed from traditional careers in organizations and are provided with unprecedented flexibility in the time and

place of work as well as life course trajectory. Next the effects of global competition on deregulation and the rapid spread of nonstandard work will be analyzed. I will conclude by discussing the implications of such bipolarization of workforce in advanced industrial countries.

2. Global Competition and New Communication Technologies

The number of Internet users in Japan increased almost threefold in just five years from 27.1 million in 1999 to 79.5 million in 2004 (*Joho Tsushin Hakusho* 2005, Somusho). At the end of 2004, among those who used the Internet at home, as much as 62 percent were users of broadband, including cable Internet, DSL (digital subscriber line), and FTTH (fiber to the home). Similarly at the end of 2004, more than 98 percent of firms employing over 300 workers used the Internet, as did 82 percent of offices with 5 or more workers.

Japan is of course not an exception to the rapid diffusion of computer and the Internet. ITU (International Telecommunications Union) estimates that the number of Internet users worldwide was 687.6 million at the end of 2003. This is almost a seventy fold increase in just ten years from approximately 10 million in 1992. Toward the end of 1990s, the stock price of the Internet-related businesses skyrocketed, giving rise to a phenomenon widely known as “net bubble.” The spread of computer and the Internet, however, is not uniform across countries and regions. Large disparities in the usage of electronic communications exist, creating a “digital divide” between rich and poor areas of the world.

The advancement in information technology has brought a profound change to the way work is structured. Garson (1988) was one of the first to note that the spread of computer usage would revolutionize work in offices just as industrial revolution and the subsequent adoption of scientific management had changed work in factories. The popular study *The McDonaldization of Society* (1993) by Ritzer followed, in which the author explored the efficiency, calculability, and control of new forms of rationality made possible to a large extent by work processes managed by computer²⁾. Ritzer’s main argument is the irrationality of rationality that is spreading with an accelerated force around the world.

The new information technology is not only responsible for changes in how people work within factories and offices. It has also revolutionized the way in which people *relate* to factories and offices. Let us turn next to how new forms of employment and careers that are independent from organizations are being created in the age of global competition.

3. Independence from Organizations

Pink’s *Free Agent Nation* (2001) crystallizes, perhaps beyond any other work, the revolutionary changes that are occurring in people’s work and lives in advanced industrial countries. Free agents are independent workers who are “free” from the bonds of a large organization, because they serve multiple clients and customers instead of a single employer. They are “agents” of their lives and futures, because they tailor their working lives to their own needs and desires. Pink contrasts free agents to the Organizational Man who was the emblematic

figure of the American society in the second half of the twentieth century, as described by Whyte (1956). While the Organizational Man gave the institution loyalty in return for security, free agents give reciprocal allegiance to teams, colleagues, clients, or customers and obtain security via diversification of human capital investment in several clients or projects instead of a single firm.

Free agents are also different from the Organizational Man in that they control their own schedule rather than handing over that control to a boss or institution. Free agents can apportion their work hours within a day or a week as they like. They can also arrange their year in accordance with their preference and means rather than following the uniform fifty-week work and two-week vacation time frame. In short, free agents reject the uniform values, rules, and structure of traditional work. Pink estimates that there are about 16.5 million soloists or freelancers, 3.5 million temps, and 13 million microbusinesses, making the total number of free agents in the United States approximate 33 million. This accounts for about one in four American workers.

According to Pink, one of the most important ingredients that make free agency possible is the availability of inexpensive, houseable means of production. While the means of production for the Organizational Man used to be expensive, huge, and difficult for one person to operate, free agents can own the means of production thanks to the spread of cheap computers, cell phones and other wireless handheld devices, and ubiquitous connections to the Internet. Pink calls this technological innovation “digital Marxism” (2001, p.51).

Pink is not the only researcher that links the advancement of information technology to the proliferation of new forms of employment. Malone and Laubacher coined the term “e-lancer” in 1998 to denote an electronically connected freelancer. As with free agents, the fundamental unit of work for e-lancers is not the organization but the individual (Malone and Laubacher, 1998). Malone explains:

Tasks are not assigned and controlled through a stable chain of management, but rather are carried out autonomously by independent contractors. These freelancers join together into fluid and temporary networks to produce and sell goods and services. When the job is done—after a day, a month, a year—the network dissolves, and its members become independent agents again, circulating through the economy, seeking the next assignment (Malone 2004, pp.74-75).

Although the practice of using outside workers to accomplish a particular task is not new, it is Malone and Laubacher’s contention that it has rapidly become a large business and will continue to grow owing to the falling transaction costs of organizing temporary teams. New communication technologies make it far easier to find, select, and work with outside workers for a project.

E-lancing is an efficient and flexible way of conducting business, because companies do

not have to employ a large number of specialists. They can instead assemble a project team whenever there is a need for it. They can also seek workers with the most fitting skills and competence for the task from around the world rather than make do with whoever happened to be employed as a staff at the time. From the workers' point of view, e-lancing provides them with far greater autonomy and freedom than was possible as employees of an organization. They are free to choose when, where, and how to work. They can work intensely for some time, take time off from work, or alternate working hard with relaxing.

There are of course drawbacks to e-lancing. Because laws in many industrial countries are designed on the assumption that people hold full-time, lifelong jobs in a single firm, freelancers typically lack support structures. For example, health insurance and pension schemes are often employer-based, leaving many independent workers without social security coverage. The tax system can also penalize freelancers by preventing them from deducting various costs that employees of an organization can claim to do. In addition, for some freelancers getting paid by the hour or task instead of drawing a regular salary becomes a pressure so that far from taking time off for other activities, they find themselves working all the time. In order to provide similar benefits traditionally associated with jobs within a company, Malone suggests creating guild-like associations of the Middle Ages. Such associations can take care of workers' needs for financial security, health care, socialization with and recognition by peers, as well as training (Malone, 2004). They will replace the security and services provided by the traditional employment contract without infringing on the freedom and autonomy of freelancers.

It is not only work outside the company that is changing; the career within the organization is also taking a new form. While the traditional career used to unfold within a single firm, the new one increasingly encompasses several employment settings. It is in this sense that Arthur (1994) called the new career "boundaryless" as opposed to the bounded or organizational career. Besides moving across the boundaries of multiple firms, the boundaryless career implies that validation as well as marketability for workers is obtained from outside the current employer and that networks and information are vital for the purpose of securing them.

One of the most important implications of the shift toward boundaryless career is that workers are called on to take responsibility for their own career development. When people do not expect to be employed by a single firm, they can no longer count on their employer to direct them from assignment to assignment, but must instead plan for themselves what skills, training and experience they should acquire and when, where, and how to gain them. It becomes totally up to the worker to think about and plan a career. Such shift of responsibility for career development from employer to the individual opens up new possibilities to allocate time within days and weeks as well as over the life cycle according to one's preference.

Boundaryless career clearly gives workers more flexibility and freedom to develop a career, but it could also lead to problems of self-definition and normlessness. Whereas in the traditional employment arrangement, workers' goals were typically set by their boss, peers,

or organization, it must now be determined by the workers themselves. Moreover, many of the factors that helped people to experience psychological success in an organizational career will no longer be available. Job security, steady increase in the level of income, upward mobility, and status derived from one's position or from an employer will become hard to come by in a boundaryless career. Workers will be forced to devise other—and possibly their own and original—criteria to measure their occupational success. Authur and Rousseau explain this in the following way:

The emerging new meaning of *career* emphasizes that people create meanings out of life experiences to build a sense of psychological success. People may also format their same life events differently in constructing their resumes. Disconnecting a career from status and hierarchy dislodges the assumptions behind career success. Careers are now improvised along with the work flows in which people participate, and success has its own meaning for each improviser (1996, p.372, emphasis in original).

The authors also claim that psychological success and personal identity will increasingly become integral to one's personal and family life. How boundaries between work and personal lives begin to blur with the growing independence from an organization will be examined next.

4. Redistribution of Time between Work, Education, and Family

As workers become more independent from an organization, they become at the same time less constrained by institutional time systems. This is obvious for freelancers who work from home; they do not have to struggle to reach their office, day care center or school every morning and then rush back in the evening. Performing housework, assisting children with homework, or taking care of the sick can be done more easily between interval of work if one works at home. Pink (2001), therefore, contends that free agency allows workers to *blend* work and family rather than balance them. Fletcher and Bailyn (1996) likewise argue that the new form of employment can accommodate and benefit from shifting work and family priorities.

Equally important is the claim that work will increasingly be combined with education and that education will be extended into later life rather than compressed into the youth age. This is because workers gain more freedom to construct life paths for themselves, and that such individualization of career paths allows more time for learning during the middle of life.

Under the linear life plan offered by an organization, one's middle age was a time for work and not for learning. In contrast, freelancing and boundaryless career allow flexible life scheduling. With the increasing opportunities for occupational change that non-organizational career provides, the desire for learning and re-learning during mid-life will intensify. Alternating time for work and training has the advantage of alleviating financial problems of schooling. In addition, work experience can guide and enrich educational plans and goals. For these reasons, Best (1980) maintains that the education-work-retirement lockstep will gradu-

ally break away, making it possible for workers to pursue various alternative life patterns.

A similar argument has been put forth by Horning, Gerhard and Michailow (1995) in their examination of the new relations between work and time. Based on interviews with people who chose to reduce their working hours by 25 to 50 percent, the authors locate “time pioneers” who reject becoming appropriated by the rigid working hours imposed by an organization. Time pioneers value their own ideas of how to organize their work. They also strive to keep their future horizons open instead of having it foreclosed by their employers. Time pioneers succeed in introducing more flexibility into their working time by the careful consideration of priorities in life. For example, they are determined to make economies in keeping with the reduction in their income and gear their consumption accordingly³⁾.

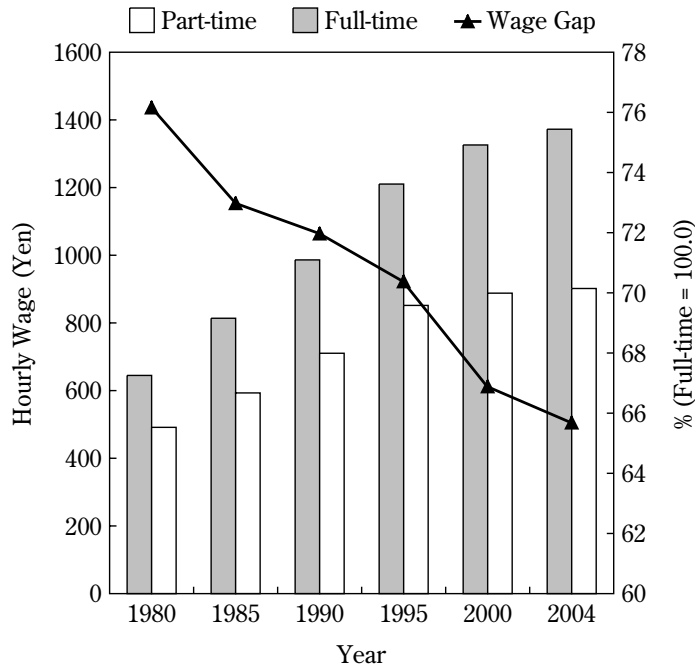
As Horning, Gerhard, Michailow and other authors suggest, new employment arrangements necessitate workers to take charge of their life. They are responsible for collecting information, weighing advantages and disadvantages, and selecting among myriad of alternatives concerning their choice of clients and customers, jobs, schooling, training, and work and vacation schedules. Do all workers have the capacity to make such decisions? What happens if they make a wrong choice? In other words, haven't the authors who stress the bright side of flexible work arrangements painted an unduly rosy picture? It is to this subject that I will now turn to.

5. Bipolarization of Workers

The reason why flexible work arrangements are gaining force is not only because workers find them attractive; employers have increasingly come to realize that the arrangements are advantageous for them as well. What are the reasons for employers to outsource workers? Although one is that outsourcing enables firms to procure the most qualified talent and necessary skills from the global labor market whenever necessary, other reasons have more to do with cost reduction. Outsourcing cuts personnel cost by employing workers only for a specific project. It also allows companies to adjust for the fluctuation in the level of demand. In short, some firms are reducing the number of full-time employees and relying instead more on outsourcing in order to withstand the pressure from global competition.

Working full-time without a fixed employment term is no longer the norm. During the 1990s, non-standard work such as employment for a fixed term, temporary work, and independent contracts rapidly increased in many industrial countries. Some of them are professionals with expertise that clients seek from around the globe as described variously as free agents, e-lancers, and boundaryless careerists by Pink (2001), Malone (2004), and Arthur (1994). But the majority, of whom many are women, have not had the chance to cultivate any such skills and suffer from low wages, unstable employment, and lack of security.

The situation is particularly serious in Japan with its characteristic part-time employment. Many part-timers in Japan have almost the same duties as fulltime workers. Some work as managers and professionals. Quite a few work as long hours as full-time workers, and even

Figure 1. Trend in the Wage Gap between Female Part-time and Full-time Workers

Source) *Basic Survey of Wage Structure*, Ministry of Health, Labor and Welfare

put in overtime. A number of them are asked to relocate just like full-time employees. Lastly, a large number of them are employed by the same employee for an extended period, some even over ten years. In short, part-timers in Japan do not differ from full-time workers in many aspects. One of the largest differences between them, however, is their wages. Female part-time workers are paid only about 65 percent of female full-time employees, and the gap has been increasing in the last 25 years (Figure 1).

When employees become independent from organizations, they can no longer expect firms to provide them protection they had been given before. Some workers have competitive skills that make such protection unnecessary, but the majority does not. The disparity between those in strong and weak positions within the labor market is getting larger under deregulation. How to achieve flexibility and at the same time provide the necessary security for all workers is increasingly becoming a problem that requires urgent attention.

6. Summary

Globalization of economic activities and new communication technologies have enabled many workers to become independent of an organization. These independent workers, variously called free agents, e-lancers, and boundaryless careerists, enjoy the level of flexibility unavailable to the traditional Organizational Man. Not only do they have the choice of clients and customers to serve, they can decide when and where to work and for how long. They can

plan the day, week, month, or year as they wish as long as they have the means. In fact, they can design their whole work life for themselves. Unbounded by organizational imperatives, they are free to interweave work, family, personal life, and education as they feel fit.

However, not all workers enjoy such flexibility. For the majority of non-standard employees, flexibility has been forced onto them by employers rather than chosen. Many work part-time or for a limited term because firms find it advantageous to limit the number of standard employment and thus contain personnel cost. These non-standard employees typically suffer from unstable employment, low wages, and lack of social security.

In order to maximize the positive effects of globalization on the future of work and minimize its negative effects, we must put an end to the increasing bipolarization of workers and achieve the balance between flexibility and security. Guarantee of equivalent hourly wage for all workers with jobs comparable in worth regardless of the length of work hour or employment terms is one such way. Another is to ensure the right for non-standard workers to change their status to that of a standard worker when they so desire. Flexibility, in other words, must be sought in a way that does not come at the expense of security.

(Professor, College of Economics, Nihon University)

Notes

- 1) For an excellent study of the globalization of production and how it crafts the modern identities of local workers in Barbados, refer to Freeman (2000).
- 2) In his new edition of *The McDonaldization of Society* (2000), Ritzer expands his earlier discussion on societal changes that relate to McDonaldization and particularly on globalization. His focus is on whether each local culture can successfully modify McDonaldization to fit local realities, or whether McDonaldization is so powerful that it overwhelms local cultures and leads to increased global homogeneity.
- 3) For discussion of how the change in patterns of consumption can bring about change in the way work is arranged, refer to Dominguez and Robin (1999).

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