

Migrating jobs?

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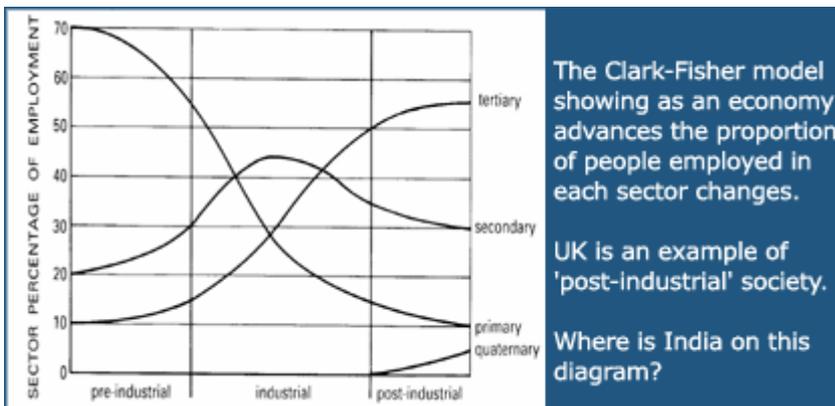


UK insurance company Norwich Union is to move some 2,350 jobs from the UK to India.

This process is sometimes called 'off-shoring'. It is estimated by the company that operating costs in India are 30-40% lower than the UK. This follows similar announcements by BT and speculation that 'National Rail Enquiries' call-centres will move to India. Unions (groups who, traditionally, are formed to protect their labour force) estimate that up to 200,000 jobs in the finance sector could migrate from the UK to countries that offer cheaper labour costs. The company said that of the jobs created in India, around 15% would be call centre roles, with another 85% of staff doing 'back office' work such as processing UK insurance claims.

First there was deindustrialisation...

These changes have come just as geographers and economists were getting to grips with the concept of manufacturing deindustrialisation! All western nations have shown sustained decline in industrial (especially manufacturing) employment and / or output since the 1960s, accelerating through the 1970s and 1980s. Exhaustion of raw materials, rising labour costs at home and the saturation of some markets led to massive cutbacks over 2,000 plants closed in Liverpool between 1979 and 1981 for example! State support for struggling industries became harder to come by after the oil crisis of 1973 and after the conservative election victory of 1979. Politicians, economists and geographers all agreed that the future lay with the service industry.



Then came Tertiarisation...

This decline of manufacturing has traditionally been demonstrated by Clark-Fisher's sector-growth model showing the shift in the proportions employed in different sectors of industry as a region develops. In a pre-industrial society, the majority (over two-thirds) work in primary industry with a small proportion in secondary and tertiary work. Manufacturing comes to dominate during the industrial revolution. De-industrialisation brings about the rise of the post-industrial society, dominated by service (tertiary) sector work, or so we have been told. The majority of British people are now tertiary workers and this general trend has been called Tertiarisation.

So what do we call this?

Are we at the stage of 'de-tertiarisation' already? And if so, what kind of work will people do? Call centres and back offices have been cast as the saviours of many communities in previously industrial areas that were hardest hit by the collapse of manufacturing during the seventies and eighties. We have seen 'decentralisation of back office' functions in the UK from London to areas such as the North East and South Wales. Now developing countries with pools of labour able to handle such tasks are the favourite for relocation. The fear now exists that more and more of these tertiary jobs will 'run away' too.

AS/A2 exam tips

When looking at new location models for industry this could be an example of how, increasingly, as distance and transport costs become less important, labour requirements and their costs dictate the location of an industry. It shows a good example of the latter stages of a company's growth through globalisation: rationalisation means an internationalised company concentrates activities in the best locations. Even some profitable activities may be closed down because their activities can be represented in lower cost locations. This globalisation is being driven by plummeting communication costs, creating new ways to organise firms at a global level. Countries such as India are becoming more 'competitive' in service and financial sectors because they are able to provide a high quality, highly-skilled work force at a fraction of the cost of a semi-skilled work force in the UK.