Economy, Business, Branding, Outsourcing and Globalization

written by Manoj Khanna | May 3, 2003

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Today there is a lot of debate about the pros and cons of outsourcing, especially in the IT sector. But outsourcing is something which has been happening for quite a while – better to say quite some decades now. But recently the things have gone unbalanced, the global IT bubble burst few years ago, and the other industries have taken a set back in revving the things as they could. The following is an interesting write up which I found recently, it dates back to couple of years ago, but it still raises a few questions and brings to light some known and unknown facts to the common all of us:

The dominant characteristic of the economies of the industrialised West in the last decade has been the gradual process of de-industrialisation. Increasingly, corporates are closing down large plants, laying off workers with secure permanent jobs and outsourcing production outside national borders. In the countries where production centres have moved, the labour is usually non-unionised and temporary. Thus, for western corporates and multinationals, such a system minimises the risks and liabilities and maximises profits.

According to Ms. Klein, in 1977, 45,000 United States garment workers lost their jobs. She points out these factories closed down not because they were doing badly but because they could do better by outsourcing.”Companies that were traditionally satisfied with a 100 per cent mark up between the cost of factory production and retail price have been scouring the

globe for factories that can make their products so inexpensively that the markup is closer to 400 per cent," she writes.

Outsourcing production has coincided with the growth in temporary jobs in the West. What are now called "Mcjobs" are often the only option for thousands of young people coming into the job market. Fastfood chains, shopping malls, chain bookstores and music stores all employ people on a temporary basis, sometimes paying less than the minimum wage. According to Ms. Klein, the number of part-timers in the U.S. has tripled since 1968. Of course, those providing temporary jobs actively discourage unionism and even penalise it.

These part-timers, young and old, also live in a world where manufacturing things has been replaced by branding. You do not buy canvas shoes anymore, you buy a brand. You do not brush your teeth with toothpaste anymore, you use a brand. You do not wear a shirt, trousers, underwear, socks anymore, you wear brands. Ms. Klein calls this the "new branded world" where the nature of the product has ceased to matter, it is the brand that does. She quotes Mr. Hector Liang, former chairman of United Biscuits, saying,"Machines wear out. Cars rust. People die. But what live on are the brands."

But why should branding lead to alienation? To quote Ms. Klein again: "Since many of today's best-known manufacturers no longer produce products and advertise them, but rather buy products and 'brand' them, these companies are forever on the prowl for creative ways to build and strengthen their brand images. Manufacturing products may require drills, furnaces, hammers and the like, but creating a brand calls for a completely different set of tools and materials. It requires an endless parade of brand extensions, continuously renewed imagery for marketing, and most of all, fresh new spaces to disseminate the brand's idea of itself."

Thus brand marketing has invaded every part of life in these

countries. Even toilets in colleges are plastered with advertisements selling a brand. Everywhere you look, you have brands staring down at you. The entire sides of buildings have been sold for brand promotion. All this is apart from television, radio, newspapers, magazines, buses, taxis, trains – all carriers of brand messages.

The response to this onslaught of brands on people in the West has been a movement called "adbusting" which has taken various forms. From magazines that parody brands to guerrilla actions that deface brands or hack sites of corporates, all these have been signs of protest.

Through the 1990s, media exposes about the manner in which certain brands, like Nike, were actually produced in other countries also led to both consumer resistance and revulsion with the branded world. Stories of child labour, sweat shops using young women, poor wages and terrible working conditions appeared regularly in the western media. The products being churned out in these factories in developing countries were the leading brands in the West. People began demanding that corporations must be held accountable.

Other forms of protest in the last decade include the Reclaim the Streets (RTS) movement where groups suddenly appear unannounced on major roads or even highways and hold a "spontaneous" rave party or demonstration. In cities like London, on the last Friday of every month, the streets are full of people on bicycles under the banner of Critical Mass. They are registering their desire for a clean environment, better public transport and fewer private cars. The common theme in this type of protest was "reclaiming" what is "not 'ours', as in 'our club' or 'our group', but ours as in the people. All the people" (from a Toronto RTS leaflet).

These expressions of protest are also part of a much more coordinated effort by environmental groups world-wide, human rights groups, those fighting for workers' rights and peace

groups on a range of issues. The internet and e-mail have greatly facilitated such coordination across continents.

The anti-globalization protests, in a sense, provided all these disparate groups an opportunity to come together and register their protest on issues that are organically linked.

Writing in The Guardian, Mr. Jeremy Rifkin suggests that these are "the first stirrings of a cultural backlash to globalization whose effects are likely to be as significant and far-reaching as were the revolutionary movements for political democracy and market capitalism at the end of the 18th Century". He calls it a new "civil society politics".

One can agree or disagree with this prediction but one thing is certain: the number of people questioning the new globalize world economy is growing. The nature of the protests might change, given the type of violence seen in Genoa. The targets in future might not be such meetings – the WTO is holding its next meeting in Qatar to ensure that Western protestors are kept out – but could be specific corporations that symbolize the global economy.

What is important for us here is to pay heed to some of the questions raised by the protestors. Who profits and who loses in "the new branded world?" What is the real value added to our lives by the proliferation of brands? Is the consumer really king or are all of us becoming pawns in a huge "branded" game? Do we really want a world where rice, flour, vegetables, fruit, pens, ink, paper, clothes, shoes, … disappear from our vocabulary and we are left only with brands? …

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