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Offshoring Tradable Standardized IT Services: Social Factors and Ethical Frameworks

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Abstract

Globalization of standardized IT services has made offshoring a common practice for multinational corporations. This annotated bibliography presents an analysis of selected literature published from 2004 to 2013. Literature defines *offshoring* and identifies social factors and ethical frameworks to consider related to offshoring standardized IT services (specifically call center and IT data management activities). When viewed within Rawls' Principles of Justice (in Lamont, 2013), factors include codes of conduct, family connections, and national religious holidays.

Keywords: IT business processes, offshoring, standard processes, task management

Table of Contents

Abstract..... 3

Introduction.....Error! Bookmark not defined.

PurposeError! Bookmark not defined.

AudienceError! Bookmark not defined.

Significance.....Error! Bookmark not defined.

Research Questions.....Error! Bookmark not defined.

Reading and Organization Plan PreviewsError! Bookmark not defined.

Delimitations Error! Bookmark not defined.3

Definitions 15

Research Parameters 17

Search Strategy.....17

Documentation Approach 19Error! Bookmark not defined.

Evaluation Criteria Error! Bookmark not defined.8

Reading Plan.....Error! Bookmark not defined.

Organization Plan..... Error! Bookmark not defined.1

Annotated Bibliography..... 22

What are the identified ethical and social factors related to standardized IT Services?..Error!
 Bookmark not defined.2

How is ethics being defined in this context 39

**What are the specific tradable IT service activities most impacted by offshoring, related to
 call center standardized jobs? 54**

Conclusions..... 72

Theme 1 – Specific IT Tradable Service Activities Most Impacted by Offshoring 73

Theme 2 – Identified Ethical Frameworks Related to Tradable Standardized IT Services..... 74

Theme 3 – Identified Social Factors Related to Tradable Standardized IT Services 76Error!

Bookmark not defined.

References 79

Introduction

Problem Area

Offshoring refers to the delegation of specified value chain activities to one or more foreign provider(s), often for the purpose of lowering cost (Benito, Dovgan, Peterson, & Welch, 2012). As the information service industry becomes more economically feasible, and global competition increases, the scope of tradable services has vastly expanded, resulting in an increase of offshoring activities (Karmarker, 2004). *Tradability* is the property of a good or service that can be sold in another location distant from where it was produced. A good [or service] that is not tradable is called non-tradable (Wikipedia, 2013).

The practice to *offshore* refers to the relocation of a business process from one country to another by a company —typically an operational process, such as manufacturing, or supporting processes of tradable skills ranging from lower-skilled manufacturing jobs to those requiring higher levels of skill and education (New York State Department of Labor & Empire State Development, 2010). Since 1992, the US has seen offshoring practices rise. In 1986, service exports were \$128.9 billion, while service imports were \$110.7 billion and by 2006, service exports had nearly tripled, to \$386.3 billion, while service imports more than doubled; reaching \$283.7 billion, demonstrating the gaining momentum to offshore (Moncarz, Wolf, & Wright, 2008). Kanakamedala, Kaplan, and Moe (2006) state that the growth of a globally-interconnected economy allows U.S. companies to increasingly move domestic business operations and tradable services abroad especially to developing countries with lower labor costs. As noted by Criscuolo and Garicano (2010), this causes a disproportionate impact on lower skill occupations and those occupations that are more tradable.

As globalization of standardized IT services become common practice, more and more companies will come under scrutiny for their corporate behavior (Monga, 2007). With wage differentials of the labored skill force from countries like India or China making it more attractive to offshore, transparency of managerial decisions are needed as corporations continue to meet stakeholder's demand to be competitive in the world (Gordon & Zimmerman, 2010). Friedman (2005) states that on a macro level, while offshoring may provide "unknown opportunities for economic and social prosperity, security and freedom, others see India as a source of cheap labor, and this form of modernization as ultimately leading to even greater inequality" as businesses continue to exploit their competitive advantages (as cited in Cohen & El-Sawad, 2006).

Purpose

The purpose of this annotated bibliography is to identify social and ethical factors to consider related to offshoring standardized IT services (specifically call center and IT data management activities) as these are noted in selected literature. Karmarker (2004) describes three categories of tradable services which represent typical offshore activities: (a) simple standardized processes such as those often found in retail banking, (e.g. billing) and data management, (e.g. call center telemarketing); in other words, a service is commonly described as offshorable if "it can be sent down a wire (or wireless)" (Kletzer, 2007, p2); (b) business processes that are relatively straightforward but tailored to customers' needs; and (c) complex standardized processes, such as credit analysis, technical research, content management, software development, routine medical diagnosis, and tax preparation. These tradable services make the practice to offshore more attractive as the degree of wage differentials significantly lower operational expenses by taking advantage of lower labor costs (Kanakamedala et al., 2006).

Audience

The audience for this annotated bibliography is primarily professionals in the standardized IT tradable services industry, including IT workers and managers of IT services who need to be aware of the increasing trend to offshore and the potential impact to the IT workforce. Individuals who work in occupations that are domestically vulnerable to offshoring may manifest concerns and bitterness from potential job losses, primarily the disproportionately lower skilled occupations and more recently the tradable skill sets such as IT standardized services (Criscuolo & Garicano, 2010). As noted by Dickerson (2004), with the global proliferation of tradable services, lost occupations and tradable skills in information technology (IT) operations could have as many as 50 percent of IT operational jobs lost to offshoring.

Significance

As offshoring becomes a phenomenon in the globalization of tradable services, the social and ethical responsibilities of corporations are to be considered (Shultz, 2011). According to (Lamin, Livanis, & Robertson, 2010), an individual is expected to have a well-developed moral imagination and moral reasoning to engage in ethical behavior. However Schultz (2011) raises the question of whether transnational corporations are not obligated to the same ethical responsibilities as individuals. While there has been much written about the expansion of offshoring among transnational corporations, there has been little written on the ethics of offshoring and the social responsibilities of companies who offshore; the predominant viewpoint instead is on corporate stockholders and the responsibility to sustain profitably and growth of a corporation (Lamin, Livanis, & Robertson, 2010.)

Identifying ethical and social factors. The Principles of Justice (including the notion of distributive justice) introduced by the philosopher John Rawls in 1971, is used to define ethics in

this context. Rawls introduced the Principles of Justice in 1971 to govern economic frameworks that impact the fairness of basic human rights and liberty; Rawls describes arguments about the morally preferable frameworks through the concept of *distributive justice* (Lamont, 2013).

According to Rawls, (as cited in Shultz, 2011) the Difference Principle “permits diverging from strict equality so long as the inequalities in question would make the least advantaged in society materially better off than they would be under strict equality” (Lamont, 2013, para 2).

Gordon and Zimmerman (2010) believe that the perceived relationships between offshoring skilled workers, and which professions or occupations are impacted, come with implicit ethical and social obligations. For example, when Rawls’ Difference Principle (Lamont, 2013) is applied to offshoring, the distribution of wealth can be viewed as a condition of financial disparity between the greater economic powerhouse (corporations who offshore) and the workers who work for lower wages. From this perspective, one of the ethical factors to consider related to offshoring could be described as *economic redistribution of labor* (and wealth); this factor is assumed to occur in a system where all parties are free to share in the benefits and burdens of the exchange (Duffey & Failor, 2013). Schultz (2006) takes a different view and believes that this is simply not the case, as economic burdens are borne by some people in favor of increased profits for some corporations (p. 96). Businesses may claim that offshoring benefits everyone by increasing profits, which allows businesses to reinvest and grow the economy and hire more workers. However, corporations are under no obligation to offset job losses with domestic hiring, thus augmenting the job loss phenomena for skilled employees with tradable occupations (Schultz, 2011).

Ramesh (2004) sees cultural identity in the new economy as precarious, linking it to what he sees as the increasing instability of workers' sense of who they are: "Agents, especially

those who work on voice processes, are forced to live as Indian by day and westerner after sundown" thus leading a double life - an 'authentic', Indian, daytime life, and a phony, western, night-time one (2004, p. 496). Other social considerations to offshoring are the discontinued entitlements to national religious holidays as offshore employees adhere to the social calendars of their western employers, and precarious working hours leading to a diminishing communal and personal life (McMillan, 2006). Yahya (2011) believes that the elevated turnover rate is alarming, as the resulting social problems and psychologically stressed employees are tainting the shiny gloss of off the industry as offshoring continues to lead corporations into the next revolution.

Research Questions

Main question. What are the identified ethical and social factors that could be considered by US corporations in relation to offshoring tradable standardized IT services (specifically call-center and data management activities)? (Gordon & Zimmerman, 2010)

Sub questions.

- How are ethics and social factors defined in this context? (Lamin, Livanis, & Robertson, 2010)
- What are the identified ethical factors related to tradable standardized IT service?
- What are the identified social factors related to tradable standardized IT services?
- What are the specific tradable IT service activities most impacted by offshoring, related to call center standardized jobs? (Karmarker,2004)

Preview of the Reading and Organization Plan

Reading plan preview. Creswell (2009) notes that a systematic fashion is commonly used for conducting a literature review for organization and planning. There are many different

forms and methodologies that can be applied to a literature review in a reading plan, but through the use of the conceptual analysis described by Busch et al. (2005), this plan identifies the research question, and approaches the process by decoding text into manageable content categories. The full reading plan used to apply conceptual analysis to code and identify themes contained in the references included in this annotated bibliography is presented in the Research Parameters section of this paper.

Organization plan preview. A thematic approach is used to organize the structure and presentation of the annotated bibliography (University of North Carolina, n.d.). The references are organized within the Annotated Bibliography section of this document into areas aligned with themes aligned to the research question and its subsequent questions: ethical and social factors (a) defining of ethics and social factors in reference to offshoring (Lamin, Livanis, & Robertson, 2010), and (b) specific tradable IT services (Karmarker,2004).

Delimitations

Time frame. The literature chosen for this annotated bibliography is published between 2004 and 2012. It is more relevant in this study to examine literature that provides the most current perspectives on offshoring. Offshoring has been in practice for the past 40 years, started in the late 1970's when Jack Welch (highly regarded CEO for GE) stated that public corporations owe their primary allegiance to stockholders, and thereby should seek lower costs and maximize profits by moving operations wherever is cheapest (Anonymous, 2011). However a more recent examination of tradable skills bears more significance when focusing on the tradability of skilled labor to offshore because perspectives and the skilled labor force have changed through the years (Anonymous, 2011).

Focus. This study focuses primarily on tradable skills and occupations that are vulnerable to offshoring as described by Karamarker (2004). This study also focuses on the ethical and social considerations that accompany business process outsourcing as identified through the literature research. In this study, *ethical factors* are framed by the ideas that fairness of basic human rights and liberty are governed by morally preferable frameworks through the concept of *distributive justice* (Rawls, as cited in Lamont, 2013), and *social factors* are framed by the ideas of facts and experiences that influence individuals' personality, attitudes and lifestyle (BusinessDictionary, 2011).

Type of sources. Literature is selected from books, journals, academic, and professional association web sites primarily accessed through UO library resources. Articles from professional journals add another perspective from the industry and provide examples for reasons for offshoring and the social and ethical considerations to offshore. Other reference sections show other literatures found through some of the main use of databases, which give insight to the topic, but were not cited in the annotated bibliography.

Definitions

The following definitions are derived from the selected references in this annotated bibliography. They are included in this annotated bibliography for clarity of the contexts selected in the literature reviews.

Business process outsourcing - practice of aligning business processes and services around the needs of the customer (Seebach, 2013).

Difference principle – used to justify inequality if the greater expectations of a representative man work out to the advantage of the least advantage (Rawls, as cited in Shultz , 2011)

Distributive justice - concerned with the fair allocation of resources among diverse members of a community (Rawls, as cited in Shultz , 2011)

Economic redistribution of labor – refers to the way total output, income, or wealth is distributed among individuals or among the factors of production (such as labor, and capital) (Wikipedia, 2012)

Ethical factors – issues and factors of moral aspects (Lamont, 2013).

Ethics – a well-developed moral imagination and moral reasoning to engage (Lamin, Livanis, & Robertson, 2010).

Information revolution - the growing economic, social and technological role of information (Wikipedia, 2013).

Lower skill occupations – standardized services, routine processes in business operations (Karmarker, 2004).

Offshoring - refers to the delegation of specified value chain activities to one or more foreign provider(s), often for the purpose of lowering cost (Benito, Dovgan, Peterson, & Welch, 2012).

Outsourcing - A practice used by different companies to reduce costs by transferring portions of work to outside suppliers rather than completing it internally. (Investopedia, 2011)

Social & cultural responsibilities - economy as precarious, linking it to what he sees as the increasing instability of workers' sense of who they are (Ramesh, 2004).

Social factors - the facts and experiences that influence individuals' personality, attitudes and lifestyle (BusinessDictionary, 2011)

Tradable skills - firms delivering standardized services using simple processes (retail banking, data management, telemarketing, billing (Karmarker, 2004).

Research Parameters

Search Report

This annotated bibliography is designed to identify literature that proposes ethical and social factors to consider related to offshoring skilled resources (specifically call center and data management positions), and recognizes those skilled resources most affected. The bibliography is organized around three main steps as described by Engle, Blumenthal and Cosgrave (2011) to inform the reader of the relevance and accuracy of intended literature: (a) establishing a search strategy, (b) developing evaluation criteria, and (c) executing a reading and organization plan. According to Bell and Frantz (2009), this method is chosen for analysis in tallying specific concepts identified in the selected literature, initially processed through the guidelines (as cited in Emery, 2012, p. 22-23) utilizing these set of criterions: (a) relevance, (b) currency, (c) quality, (d) objective, (e) authority, and (f) coverage (Emery, 2012)

Relevance. In this section, an evaluation is completed to determine the relevancy of the literature selected to answering the main and sub questions of the Annotated Bibliography.

Currency. Limited to works published between 2004 – 2012 for this study.

Quality. The quality of work are filtered for: (a) the literature's organization, (b) descriptive headings, (c) grammar, (d) spelling, (e) inclusion of documented sources, and (f) overall clarity of the writing.

Objectivity. Author objectivity and authoritative sources are filtered for answers to the main questions.

Authority. The author's credentials are reviewed through the readings of their bibliographic details and the publisher's reputation.

Coverage. References selected are compared with collective literatures for similar themes, approaches, and commonalities in this literature review.

Literature Collection Criteria

Literature is selected from books, journals, academia articles, and professional association web sites primarily accessed through UO library resources. The published articles included in this annotated bibliography are given priority as credibility is more noted (Creswell, 2009). Academic literatures through database search engines such as Google Scholar, EBSCOHost, JSTOR, Ethnic News Watch, and MIT press provided theoretical and practical guidance based on findings of published literature and case studies. Article and professional journals add another perspective from the industry and provide examples for reasons for offshoring (Bell & Frantz, 2009).

The initial research relies upon the UO library search engines, primarily using key words such as offshoring and ethics in the articles and database sections. Key databases such as JSTOR, EBSCOhost, Ethnic News Watch, and MIT press returned literatures that are vital to this study. Upon searching through these results, the most relevant articles of offshoring and the ethics to offshore were chosen as the bases for the annotated bibliography in providing a more concise exposition to the process of researching (Engel et al., 2011).

Preliminary Search Terms

- Ethics of corporations to offshore
- Occupations effected by offshoring
- Impacts to workers
- Offshore
- Ethical make up of offshoring

- Western influence to offshore industry

Refined Search Terms

- Tradable occupations
- Corporate Social Responsibility
- Labor conditions
- Social considerations and factors to offshore
- Employee hours to workers in India
- Employees handling of influx of jobs from overseas
- Code of conduct from Transnational corporations

Documentation approach

The approach to the literatures searched mainly relies upon a web- based process. Archiving and maintaining a systematic link to researched papers, journals, articles, and thematic papers are recorded by creating new web folders and organizing the selected literature into their thematic sub folders as favorites utilizing Google Chrome as the main browser.

Evaluation Criteria

Keywords are derived from a more narrowed search criterion in establishing delimitations for constricting the search results to tradable services and ethical considerations of offshoring. It is important to have well-established criteria to be able to select appropriate literature. The references are selected for this study if they meet the following parameters: (a) they include cited references, (b) they are relevant to the key words used, (c) they provide examples and reasons for offshoring and any impacts or ethical references to offshoring, and (d) the author is recognized as credible in the subject matter for offshoring (Creswell, 2009, p. 32-33).

Reading and Organization Plan

Reading plan. The purpose of a reading plan is to assist the researcher by providing a thorough approach to analysis of the literature included in the Annotated Bibliography. The plan assesses and processes the literary content into contextual identified themes as outlined by Busch et al. (2005). In utilizing the conceptual analysis approach, the research questions are addressed in each reference through the following eight steps as described by Busch et al. (2011):

- *Level of analysis* – selected references are coded using key words and phrases relatable to the research topic. Key words such as offshoring, ethics, social responsibilities are identified (a full list of definitions are referenced in Section #3) to address the concepts embedded in the research questions.
- *Quantity of concepts* – in this reading plan, the following four key concepts are aggregated to address the research questions: (a) how ethics and social factors are defined in this context? (Lamin et al., 2010), (b) the identified ethical factors related to tradable standardized IT service, (c) the identified social factors related to tradable standardized IT services, and (d) the specific tradable IT service activities most impacted by offshoring, related to call center standardized jobs? (Karmarker, 2004)
- *coding for existence or frequency* –thematic elements are coded by existence, meaning that each identified instance is reviewed in relation to context and unique instances are recorded. Frequency (i.e., the number of time an instance appears) does not pertain in this study.
- *distinguishing concepts and rules for coding* - in addition to the initial set of key words, other text within the chosen literature is included when analysis of the context reveals an alignment to address factors pertinent to the research questions.

- *irrelevant information* - in this study, blogs, opinions, assumptions, and trending contents are not included.
- *coding process* - a thorough reading is initiated to enable identification of concepts and categorization of the selected references based on the aforementioned approach. The grouping and classifications are then referenced by research questions, and the primary thematic categorization is recorded in bold text for easy future identification.
- *concluding analysis* - after completion of the coding process, the results are analyzed using the conceptual analysis process by Busch et al. (2011). Results are organized by the identified major thematic elements, according to the organizational plan below.

Organization plan. Upon completion of the reading plan and becoming immersed within the selected results, information is organized thematically (University of North Carolina, n.d.). Initially, selected key references are organized by themes in the Annotated Bibliography section of this document. Then the objective of presenting the thematic issues is met through illuminating key social and ethical factors to offshoring, presented in the Conclusion. Four central themes are developed to address the primary concepts in this study: (a) how ethical and social factors are defined in this context? (Cohen & El-Sawad, 2007; Gordon & Zimmerman, 2010; Lamin et al., 2010; Lamont, 2013; Monga, 2007; Schultz, 2000), (b) identified ethical factors (Rawls, see Lamont, 2013; Schultz, 2011), (c) identified social factors (Benito et al., 2012; Blinder, 2006; Criscuolo & Garcicano, 2010; Egels-Zandén & Hyllman, 2007; Ramesh, 2004; Venkatraman, 2004), and (d) IT service activities that are impacted by offshoring (Bhagwati & Blinder, 2009; Dickerson, 2004; Karmarker, 2004; Kanakamedala et al., 2006; Kletzer, 2007; Moncarz et al., 2008; Seebach, 2013; Williams, 2003; Yahya, 2011).

Annotated Bibliography

The purpose of this annotated bibliography is to identify social and ethical factors to consider related to offshoring standardized IT services (specifically call center and IT data management activities) as these are noted in selected literature. Annotations consist of four elements: (a) the bibliographic citation in APA format; (b) the published abstract; (c) a description of the credibility of the reference; and (d) a summary of the relevant content, related to the research questions addressed in this study.

The main research question addressed in this study is: What are the key ethical and social factors identified that could be considered by US corporations in relation to offshoring tradable standardized IT services (specifically call-center and data management activities)? The following selected key references are organized into categories, aligned according to the sub questions:

- How are ethical and social factors defined in this context?
- What are the identified ethical and social factors related to tradable standardized IT service?
- What are the specific tradable IT service activities most impacted by offshoring, related to call center standardized jobs?

What are the identified ethical and social factors related to tradable standardized IT services?

Babin, R., Briggs, S., & Nicholson, B. (2009). Corporate social and environmental responsibility in global IT outsourcing. *MIS Quarterly Executive* 8(4), pp. 123--132.

doi.10.1145/1995376.1995387

Abstract. Today, corporate social responsibility (CSR) is a priority item on the agenda of almost every business organization. Not surprisingly, leading GITO providers have embraced it, and ongoing research at the University of Manchester suggests that

some buyers and providers of GITO are gaining competitive advantage from the implementation of CSR projects.

Summary. In today's global transnational economy, Global IT Outsourcing has increased in its business value from \$220 to \$250 billion, and estimated to increase 6-9% at annum rate. With this development, more businesses have focused their agendas on societal factors that make corporate social factors (CSR) a priority to the added value chain. This article states the importance of integrating CSR into every aspect of social, political, and economic activity, and provides three recommendations which corporations can follow and meet social factors to increase the use of CSR: (a) contribute to good causes, (b) comply with global CSR standards, and (c) engage in collaborative CSR activity. In complying with the recommendations, corporations have reported beneficial outcomes such as creating strong business and social values in the outsourcing relationship and for the communities in which they operate. Through CSR a common set of values are built with like-minded organizations where businesses can share something in common. Overall, collaboration on CSR projects has been shown to build a greater level of trust and mutual understanding to the business value of GITO.

Credibility. Ron Babin is an assistant professor and associate director at the Ted Rogers School of IT Management at Ryerson University in Toronto and a doctoral candidate at the Manchester Business School, U.K. Steve Briggs is the head of Strategic Partnerships at Co-operative Financial Services (CFS) in Manchester, U.K., where he has managed several major outsourcing relationships, and is also a director of the U.K. National Outsourcing Association. Brian Nicholson (brian.nicholson@manchester.ac.uk) is a senior lecturer at Manchester Business School and has been involved in teaching,

research, and consultancy projects in the broad area of global outsourcing of software and other business processes since 1995. Articles submitted to the MIS Quarterly Executive are reviewed by an editorial board.

Bain P., & Taylor P. (2008). United by a common language? Trade union responses in the UK and India to call centre offshoring. *Antipode*, 40(1). pp. 131-154. doi: 10.1111/j.1467-8330.2008.00567 Retrieved from:

<http://web.ebscohost.com.libproxy.uoregon.edu/ehost/detail?sid=427f8fe4-0916-43e4-9dfd-963eea90d33c%40sessionmgr110&vid=1&hid=118&bdata=JnNpdGU9ZWZWhvc3QtbG12ZSZzY29wZT1zaXR#db=rh&AN=29436328>

Abstract. The offshoring of business processes from the global North to low-cost countries of the global South has grown spectacularly in the current decade. Self-evidently, transnational relocation presents considerable challenges for organised labour since it suggests both a ‘race to the bottom’ in respect of pay, conditions and workers’ rights and wholesale redundancies in the developed economies. This paper examines the specific case of the migration of call centres from the UK to India and trade union responses in both geographies. Informed by theoretical developments, insights and evidence from diverse disciplines and literatures, the authors concur particularly with Herod’s conviction that union strategies to counter TNCs should not be counterposed between ‘organising globally’ and ‘organising locally’ and that ‘organising at both scales simultaneously may best serve their goals’. Following reflection upon the nature of the call centre and consideration of important contradictions in the offshoring process, we present evidence of UK union responses ranging from the nationalistic, even xenophobic,

to the internationalist, and conclude that membership mobilisation on a principled basis has been key to the limited successes unions have achieved. The paper also evaluates developments in India and the emergence of an embryonic organisation UNITES which is attempting to organise its call centre and business process outsourcing (BPO) workforce. We conclude by considering the gap between the potential and the reality of effective internationally coordinated union activity.

Summary. The tsunami of overseas migration of call centers has generated widespread media commentary, political attention, and trade union concern as offshoring is perceived as a genuine risk. The authors note that industry leaders reject trade unionism on the grounds that it is not needed because the (Business Process Outsource) BPO industry (a) already promptly addresses the grievances of their workers, and (b) the wages are good. They also state that BPO's believe unionization will: (a) damage industry growth and job security by undermining the confidence of clients to offshore, and (b) agents may face employer hostility. These perspectives embody what is known as a "race to the bottom" in respect of workers' pay, conditions, and rights, "whipsawing", and concession bargaining seems unavoidable for the agents working. The paper examines the specific case of the migration of call centres from the UK to India and trade union responses which impact the social well-being of agents.

Credibility. Professor Philip Taylor is Co-Organiser of Critical Labour Studies Conference, Co-Editor of Work, Employment & Society and lectures at Department of Human Resource Management, University of Strathclyde, Glasgow, UK. Peter Bain was a lecturer of the Department of Human Resource Management, University of Strathclyde,

Glasgow, UK. Antipode is a peer-reviewed academic journal and includes a related website/blog that covers the field of critical geography.

Benito, G. R.G., Dovgan, O., Peterson, B., & Welch, L.S. (2012). Offshore outsourcing: A dynamic, operation mode perspective. *Industrial Marketing Management*, 42 (2013) pp. 211-222.

Abstract. Based on a case study of the Danish company SimCorp and the development of its operations in Kiev, Ukraine, we analyze offshore outsourcing in a broader, longitudinal foreign operation mode context, and how it may contribute to mode change in the host country over a certain span of time. SimCorp had outsourced part of its software development work to two Ukrainian companies. The case study approach allowed us to explore the dynamic processes in depth. The study shows that involvement in the foreign market generates learning in various forms that provide a foundation for eventual mode development or change—beyond outsourcing specific learning. At the same time, restrictions on 3rd parties', that is, independent vendors' access to confidential client data, as well as protection of specific investments in human assets, may eventually become a driver for mode change, as in the SimCorp case, to ensure more effective control of the foreign operation. Finally, the case study shows how outsourcing can be used proactively as a springboard to deeper and changed operation mode activities in a foreign market.

Summary. This article focuses on the relationship of SimCorp and its outsourcing partners, which illustrates the dynamics to offshore. It gives an illustration of how outsourcing has become a springboard for embracing change in today's foreign operations. The article takes a deep dive into SimCorp's business decisions to offshoring

their department of software development and the overall impact to societal changes in their ever-growing dynamic environment. The offshore outsourcing phenomenon is explored by intertwining the firm's other modes of operation in the host country as it seeks to develop foreign operation modes in the host market, or other markets including the home market, as part of firm internationalization. The case study also explains the motives for offshoring and its managerial and operational challenges to the host country as societal impacts becomes a factor to offshoring. In its study, the most challenging aspect identified is the operational mode for change. In the case study of Simcorp, key interactive dynamic factors emerged as influential changes: (a) learning, (b) control, (c) partner relationship, trust, and mutual adaptation, (d) HRM issues and confidentiality requirements, (e) mode change, and (f) sequential internationalization. In conclusion, the offshoring activity encapsulates much more than the act to offshore itself.

Credibility. Gabriel R.G. Benito is Professor of International Strategy at the Department of Strategy and Logistics at BI Norwegian Business School. His research agenda currently focuses on strategies and structures of multinational enterprises. His research has appeared in many books and journals, including Journal of International Business Studies, Industrial Marketing Management, Journal of Management Studies, Journal of Business Research and Journal of Economic Geography. Olesya Dovgan is Business Consultant in SimCorp A/S, Denmark. She holds a Master Degree in Economics and Business Administration (concentration in International Business) from Copenhagen Business School. Her Master's thesis research was about the use of real options in offshore outsourcing operations. Her research interests are revolving around global sourcing strategies and sourcing as means of international mode development. She is

fluent in Russian (mother tongue), English, and Danish. Bent Petersen is Professor of International Business at the Department of Strategic Management and Globalization, Copenhagen Business School. His current research interests include global sourcing, firms' internationalization processes, foreign operation modes, and value creation logics of service firms. Over the last fifteen years he has published widely in IB-journals, such as *International Business Review*, *Management International Review*, *Journal of International Management*, and *Journal of International Business Studies*. Lawrence Welch is a Professorial Fellow in International Marketing at Melbourne Business School, University of Melbourne. His current research interests include internationalization processes, foreign operation modes, and the effect of language on the management of multinational corporations. He has published in a wide range of books and journals, including the *Journal of Management Studies*, *International Journal of Research in Marketing*, *Industrial Marketing Management* and *Journal of International Business Studies*. Articles submitted to *Industrial Marketing Management* are peer reviewed.

Cohen, L. & El-Sawad, A. (2007). Accounting for 'Us' and 'Them': India and UK customer service workers' reflections on offshoring. *Economic & Political Weekly*, 42 (21). pp. 1951-1957. Retrieved from: <http://www.jstor.org/stable/4419637>

Abstract. What are the implications of globalization on constructions of identity? This paper is based on an in-depth case study of a financial services company operating in the United Kingdom and Mumbai. It explores how ideas about British and Indian employees were constructed in our data, and how respondents accounted for the ways in which relationships between Indian and UK employees were enacted in this organizational context.

Summary. The case study demonstrates the ethical framework of relationships between two culturally diverse races: India and the Brits from the United Kingdom and their social interactions. Multiple surveys were handed out, and responses described at length the extent to which they manage, or fail, to work together to get their jobs done. This study depicts a stark distinction between the emerging class of workers in India and those in more traditional Indian employment sectors. It is within this context that debates on the cultural dimensions of offshoring continue rise. The article points to (a) the daily routine of work, (b) the emotional labor in dealing with customers - inevitably involving a "cultural transformation" that Indian agents need to undergo to get their jobs done, and (c) the lack of confidence their UK counterparts have for them.

Credibility. Dr Amal El-Sawad is an Associate Professor of Human Resource Management at Zayed University, Abu Dhabi, United Arab Emirates. Amal worked in the UK as a HRM practitioner in both the public and private sectors including, for some years, at IBM. She was a Lecturer in Human Resource Management at Loughborough University in the UK. She is a Member of the Chartered Institute of Personnel and Development. Laurie Cohen is Professor of Organization Studies and Director of the Centre for Professional Work and Careers at the School of Business and Economics and Loughborough University. Cohen has published in a wide range of international journals, including *Human Relations*, *Organization Studies*, *Organization*, *Employment and Society*, and *Journal of Management Inquiry*. The *Economic and Political Weekly* publishes both scholarly research and information about current events from Mumbai.

D'Cruz P., Noronha E., Scholarios D., & Taylor P. (2008). Employee voice and collective formation in Indian ITES-BPO industry. *Economic and Political Weekly*, 43(22) pp. 37-46. Retrieved from <http://www.jstor.org/stable/40277519>

Abstract. The growth of the information technology enabled services-business process outsourcing industry calls for attention to employees' working conditions and rights. Can an independent organisation such as UNITES Pro (the union of information technology enabled services professionals) represent employees' interests and effectively work towards protecting their rights and improving their working conditions? A survey of UNITES members indicates that they identify with the need for such an organisation to deal with poor supervisory and managerial treatment, concerns for employee safety, grievances related to pay and workload, and even the indignities of favouritism.

Summary. The Indian information technology enabled services-business process outsourcing (ITES-BPO) industry is portrayed as providing unparalleled career opportunities and generous pay and rewards' packages for the young graduates who overwhelmingly make up its workforce. The industry states that on the rare occasions that employee dissatisfactions or grievances do arise, they can be resolved easily and timeously by management within existing company structures and arrangements thus mitigating the need for union representation.

This article defies the notion that employees are fairly represented; thus emerged the UNITES (the union of information technology enabled services professionals) to provide better support, fair labor wages, labor conditions, and equal voice for employees in the ITES-BPO industry. The primary reasons for employees joining UNITES are for improve pay, assistance in career development, and their belief in trade unions. In

relation to the notion of endless opportunities, it became evident that the ITES-BPO industry did not have their employees' [add apostrophe] interest at hand.

Credibility. Premilla D'Cruz has a PhD (Tata Institute of Social Sciences) and is a professor specializing in Organizational Behaviour (OB). He is academically affiliated with the following: Senior Visiting Research Scholar, Department of HRM, Strathclyde Business School, University of Strathclyde (May 2008) Visiting Lecturer, Cornell University (Spring 2010) Visiting Researcher, Department of HRMM, Portsmouth Business School, University of Portsmouth (May 2010), Visiting Researcher, AIAS, and University of Amsterdam (August 2011). Noronha Ernesto is a PhD (Tata Institute of Social Sciences) and specializes in Organizational Behavior (OB) as well. He also belongs to the same academic affiliates as Premilla D'Cruz and has published many papers and articles. Dora Scholarios also holds a PhD and is a professor of Organizational Behavior at the University of Strathclyde, Glasgow. She, too, has published many journals and articles pertaining to organizational behavior. Professor Phillip Taylor also teaches at the University of Strathclyde, Glasgow.

As noted on the website, EPW publishes both research in social sciences (in the "Special Articles" section) and informed comment on current affairs (in the "Commentary" section). In this manner it appeals to both the reader looking for analysis of contemporary issues and the researcher looking for new developments in their field.

Egels-Zandén, N., & Hyllman, P. (2007). Evaluating strategies negotiating workers' rights in transnational corporations: The effects of codes of conduct and global agreements on workplace democracy. *Journal of Business Ethics*, 76 (2), pp. 207-223. doi:

10.1007/s10551-006-9269-0

Abstract. Following the offshoring of production to developing countries by transnational corporations (TNCs), unions and non-governmental organisations (NGOs) have criticised working conditions at TNCs' offshore factories. This has led to the emergence of two different approaches to operationalising TNC responsibilities for workers' rights in developing countries: codes of conduct and global agreements. Despite the importance of this development, few studies have systematically compared the effects of these two different ways of dealing with workers' rights. This article addresses this gap by analysing how codes of conduct and global agreements both independently and interactively affect workers' rights. We do this based on a qualitative study of the Sri Lankan operations of a Swedish TNC in Sri Lanka, and on interviews with union and NGO representatives actively involved in codes of conduct and global agreements. Our results indicate that global agreements independently address all the aspects included in codes of conduct, while also addressing additional, more process-oriented aspects of workers' rights. Hence, on their own, global agreements seem to comprise the superior approach to promoting workers' rights. Furthermore, our results indicate that promoting codes of conduct has negative interactive effects on global agreements. Based on these results, we argue that the current focus on codes of conduct is counterproductive for the promotion of worker's rights.

Summary. Codes of conduct and global agreements are main focuses for the promotion of worker's rights as social factors are impacted by transnational corporations who continue to grow their business processes offshore. The existing research has only started to explore the implications of this change for how workers' rights are governed around the globe. This paper addresses the gap by outlining an agenda for future research into

the transnational governance of workers' rights. It illustrates through empirical studies that global agreements are more productive to serving worker's rights than that of codes of conduct through the use of four different research categories as follows: (i) micro (i.e. the implications of the changes for the tools used to operationalize workers' rights governance and on an intra-organizational level), (ii) meso (i.e. the implications of the changes on an inter-organizational level), (iii) macro (i.e. how to understand what types of transnational industrial relations systems are reemerging), and (iv) interaction (i.e. the interaction between the emerging transnational and existing national industrial relations systems). In discussing transnational workers' rights governance, researchers must, for example, be able to understand codes of conduct, consumer pressure, the IFA trend (International Framework Agreement mainly discussed in the business ethics literature), labor unions, industrial action, and national industrial relations systems. This case study illustrates and deciphers the need for understanding transnational codes of conduct to proactively and genuinely have an effect on global agreements.

Credibility. Niklas Egels-Zandkn is a PhD student at the School of Business, Economics and Law, University of Gothenburg, Sweden. His areas of research are international business and corporate social responsibility, especially in relation to multi-national corporations in developing countries. He has previously published in *Journal of Business Ethics*, *Business Ethics: A European Review*, *Business Strategy and the Environment*, *Journal of Corporate Citizenship*, *International Journal of Ethics*, *Journal of Current Issues in Globalization*, and *Journal of Current Issues in Finance, Business, and Economics*. The *Journal of Business Ethics* discusses ethical issues related to business, from a wide variety of methodological and disciplinary perspectives.

Ramesh, B.P. (2004). 'Cyber coolies' in BPO: Insecurities and vulnerabilities of non-standard work', *Economic and Political Weekly*, 39 (5) (Jan. 31 - Feb. 6, 2004) (pp. 492-497) *January 31* (<http://www.epw.org.in>).

Abstract. Based on a case study of call centre agents, the paper discusses the insecurities and vulnerabilities of labour in the new economic order, which is characterised by atypical norms of work and work organisation. These insecurities include high attrition rates, increased stress at work and erosion of worker collectivity. The emergence of a new genre of workers, with distinct features and differently conceived identity, enables the firm to draw and maintain a 'productively docile' workforce within the changed frames of work organisation and human resource management.

Summary. This case study illuminates the concern over labor rights in the new economic order as offshoring continues to rise. It probes into the working conditions of employees and questions the high attrition rate that is consistently growing in the labor workforce. Through empirical studies and utilizing specific data sets, Ramesh is able to typify and depict actual working conditions which affect the social environment of the offshored labor pool. Despite the fact that work in Business Process Outsourcing(BPO) is characterized with innovation, flexibilities and freedoms, at the core, it denotes a relatively inflexible form of work organization. Ramesh sees cultural identity in the new economy as precarious, linking it to what he sees as the increasing instability of workers' sense of who they are: "Agents, especially those who work on voice processes, are forced to live as Indian by day and westerner after sundown" thus leading a double life - an 'authentic', Indian, daytime life, and a phony, western, night-time one (2004, p. 496). This inconsistency has resulted in the creation of distinct features and differently

conceived identity eroding even the basic rights at work. The challenge of the researchers, here is to delineate and explore the insecurities and vulnerabilities, which are so veiled in the organizational logic of the firm.

Credibility. Dr. Babu P. Remesh is Associate Professor at the School of Interdisciplinary and Transdisciplinary Studies (SOITS), Indira Gandhi National Open University (IGNOU), New Delhi. At IGNOU, he also coordinates GLAD@IGNOU (Group on Labour and Development, IGNOU) and the Masters Programme on Labour and Development. He is also working on designing a Post Graduate Diploma in Industrial Relations, Labour Law and Workers' Rights (Anonymous, 2013). As noted on the website, EPW publishes both research in social sciences (in the "Special Articles" section) and informed comment on current affairs (in the "Commentary" section). In this manner it appeals to both the reader looking for analysis of contemporary issues and the researcher looking for new developments in their field.

Upadhyaya, C. (2007). Employment, exclusion and 'merit' in the Indian IT industry. *Economic and Political Weekly*, 42(20), pp. 1863-1868. Retrieved from <http://www.jstor.org.libproxy.uoregon.edu/stable/pdfplus/4419609.pdf>

Abstract. The Indian information technology industry is often represented as providing employment opportunities to a wider cross section of society than has been the case with other professional and white collar jobs. However, available data suggest that the social composition of the IT workforce is more homogeneous than is often supposed, in that the workforce is largely urban, middle class, and high/middle caste. The processes of exclusion that operate in the educational system and in recruitment, as also the ideology

of "merit" in the context of elite opposition to reservation, create this relative social homogeneity in the IT workforce.

Summary. This paper focuses on the demographics of the skilled labor force in India. As previously depicted, most offshored jobs were filled by a wider cross section of the Indian society, but that is not the case as Upadhyia attempts to illustrate in this study. In her findings, the middle class Indians who are employed as software engineers come from middle class, educated families negating the wide opportunity given to all Indians as suggested by the offshoring opportunities. Taking parents' education and occupation as a proxy for socio-economic class, Upadhyia's survey of software professionals in Bangalore found that 80 per cent of their fathers had graduate degrees or above, while only three respondents (out of 132) had fathers with less than secondary schooling (SSLC) level education, and 84 per cent of the fathers in the sample were engaged in occupations that are usually identified as "middle class". These findings should not be surprising for given the pattern of inequality of opportunity in education that prevails in the country, any occupation that requires a high level of education and training - especially such a highly competitive one as IT - is bound to draw on the more privileged sections of society. The IT workforce is drawn mainly from this section of society, and by providing new and lucrative employment opportunities it is in turn contributing to the reproduction and consolidation of middle class/upper class domination.

Credibility. Carol Upadhyia, a social anthropologist, is Professor in the School of Social Sciences. Prof. Upadhyia is Co-director of an international collaborative research programme entitled 'Provincial Globalisation: The Impact of Reverse Transnational Flows in India's Regional Towns', and is Co-Anchor of the Urban Research and Policy

Programme at NIAS. She is co-editor (with A. R. Vasavi) of *In an Outpost of the Global Economy: Work and Workers in India's Information Technology Industry* (Routledge, New Delhi, 2008), and (with Mario Rutten) *Small Business Entrepreneurs in Asia and Europe: Towards a Comparative Perspective* (Sage, New Delhi, 1997). She has published several papers and book chapters on the Indian middle class, work culture and employment issues in the software industry, caste and class formations in Coastal Andhra, the history of sociology in India, and land rights and adivasi politics in Jharkhand. Prof. Upadhyya holds a doctoral degree in social-cultural anthropology from Yale University, and previously taught sociology at the Post-Graduate Department of SNDT Women's University in Mumbai (Anonymous, 2013).

Yahya, F.B. (2011) India and its maturing BPO IT sector. *Journal of Asian and African Studies*, 47(6) 620. doi: 10.1177/0021909611426236 Retrieved from <http://jas.sagepub.com.libproxy.uoregon.edu/content/47/6/620.full.pdf+html>

Abstract. Business process outsourcing (BPO) has become a key component of any global business model. One of the main BPO hubs in the world is India with its large pool of relatively-skilled human capital and lower wages. However, the BPO industry in India is maturing and facing constraints and challenges to further expansion. Some of these constraints include lack of employable talent, social norms, increasing operational cost and breaches of security in handling clients' confidential data. This paper aims to examine Indian BPO companies' aim to mitigate and resolve these constraints to growth. Some of the possible solutions to tightening labour market and increasing operational costs included recruitment and relocating BPO companies to tier two and three cities.

Summary. This article examines the constraints to growth and the social and economic impact of the Business Process Outsource and the IT-Enabled Services (BPO/ITES) sector, especially the call centers, on society in India. Salaries for the call centre workers, known as agents, are structured around incentive based performance measures and adherence to predefined parameters. This structure alters the spending patterns and social interaction of these agents, illuminating some of the main social and psychological problems. Some social problems encountered include: (a) working in a high pressure environment to meet targets, (b) working night shifts, (c) mixing with the opposite gender (agents from more rural areas and remote areas may not have mixed freely with the opposite gender), (d) inability to maintain contact with family members, and (e) living in a unreal world because of the need to assume a fake identity and persona at the call centers (Srivastava, 2007). Yahya reports from his findings that these social problems often result in significant psychological stress, and wipe the shiny gloss off the industry. Two specific impacts on the agents are noted: (a) increasing consumerism, and (b) altering the agent's social habits.

Credibility. Dr Faizal bin Yahya is a Research Fellow at the Institute of Policy Studies. Prior to joining the Institute of Policy Studies he was an Assistant Professor in the South Asian Studies Programme, Faculty of Arts & Social Sciences, National University of Singapore. Concurrently, he was a Visiting Research Fellow at the Institute of Southeast Asian Studies from 2008 to 2009 (ISEAS). He has also served in the Ministry of the Environment and Water Resources (International Policy) and the Ministry of Foreign Affairs (MFA) as a Foreign Service Officer. He was a member of the Singapore Delegation to the United Nations General Assembly (UNGA) in 1998 and was

also involved in multilateral meetings dealing with environmental issues such as climate change and transboundary hazardous wastes. Some of his research interests include human capital, social capital, multicultural and societal issues. He attained his PhD in Economics in 2000 from the University of Sydney, Australia and was an Australian Overseas Post graduate Research Scholar from 1994 to 1998 (Anonymous, 2013).

Journal of Asian and African Studies is a peer-reviewed journal of area studies recognized for consistent scholarly contributions to cutting-edge issues and debates.

How is ethics being defined in this context?

Aruru, M., & Salmon, J. (2007). Medical and pharmaceutical outsourcing to India: Ethical considerations and policy implications. *Journal of Pharmaceutical Finance, Economics and Policy*, 16(3), 43-65. Retrieved from:

<http://web.ebscohost.com.libproxy.uoregon.edu/ehost/detail?sid=e241ada6-58f2-4393-bd1d-254dd7ba8cef%40sessionmgr114&vid=1&hid=127&bdata=JnNpdGU9ZW hvc3QtbGl2ZSZzY29wZT1zaXRl#db=eoh&AN=0968767>

Abstract. Globalization of business is driving many firms to search for skilled labor and innovative low-cost, locations. India, with all of these, is one of the most attractive outsourcing destinations with significant outsourcing in the IT and telecommunications sector over recent years. Armed with a fairly successful pharmaceutical and biotech industry, contract manufacturing and research organizations, and highly skilled professionals, India has now become a hotbed for medical and pharmaceutical outsourcing activity, including R&D, manufacturing, human clinical trials and radiology.

This paper examines and compares various outsourcing activities, and analyzes their sustainability with added emphasis on security, privacy, and human rights' issues.

Summary. India has become the premiere destination for outsourcing/offshoring labor activities for these primary reasons: (a) it is the second largest English speaking population in the world, (b) it offers round the clock operations, (c) it offers the reduction of labor costs, (d) there are supportive government policies, and (e) there is a supportive infrastructure. The growth of businesses offshoring has given rise to the importance of sustaining an ethical and political guideline to ensure the safety of Indian workers. In this study, concerns over security (confidentiality is an issue since India does not yet grant protection) and ethics emerged. This led to the proposed requirement of India to build a strong ethical framework for the public good. The World Health Organization (WHO) is increasingly supporting improved ethical standards and review processes for research involving humans. The authors believe that reconciliation of varying perspectives in terms of distributive justice (fairness in allocating resources) and responsibility (fairness in duties and rights to take action) will not come easy for the developing world.

Credibility. Meghana Aruru, PhD Candidate, Department of Pharmacy Administration, College of Pharmacy, University of Illinois-Chicago; and MBA., Stuart Graduate School of Business, Illinois Institute of Technology. J. Warren Salmon, PhD, is affiliated with Department of Pharmacy Administration, College of Pharmacy, University of Illinois-Chicago. The Journal of Pharmaceutical Finance, Economics & Policy is peer reviewed and is an open resource for colleagues to come together to share their research findings.

Gordon, C., & Zimmerman, A. (2010). Fair shares: A preliminary framework and case analyzing the ethics of offshoring. *Science and Engineering Ethics*, 16(2). P325-353. Retrieved

from:

<http://web.ebscohost.com.libproxy.uoregon.edu/ehost/pdfviewer/pdfviewer?sid=d014652f-3a7f-43da-ac6c-a5c451e4163d%40sessionmgr114&vid=2&hid=125>

Abstract. Much has been written about the offshoring phenomenon from an economic efficiency perspective. Most authors have attempted to measure the net economic effects of the strategy and many purport to show that “in the long run” that benefits will outweigh the costs. There is also a relatively large literature on implementation which describes the best way to manage the offshoring process. But what is the morality of offshoring? What is its “rightness” or “wrongness?” Little analysis of the ethics of offshoring has been completed thus far. This paper develops a preliminary framework for analyzing the ethics of offshoring and then applies this framework to basic case study of offshoring in the U.S. The first section of this paper following this introduction discusses the definition of offshoring. The second section shifts to the basic philosophical grounding ethical concepts and standards. The third section develops a template for conducting an ethics analysis of offshoring. The fourth section applies this template using basic data for offshoring in the United States, conducting a preliminary ethical analysis of the phenomenon in that country, using a form of utilitarianism as an analytical baseline.

Summary. In this article, Gordon and Zimmerman define the framework for ethics in relation to offshoring business operations. One definition refers to ethics as standards of behavior, and a conception of right or wrong conduct (Post et al. *2002*). This is fine so far as it goes, but the authors ask: what are the sources of “right” and “wrong?” Two basic roots of right and wrong from which ethical philosophy stems are: (a) Greek thinking referencing Plato, Socrates, and Aristotle’s thought in particular, and (b) Christianity -

expanding the different ethical theories with fundamental western ethical beliefs (Russell *1975*). Four philosophical aspects are explored in reference to the ethical theories: (a) teleology, (b) deontology, (c) virtue, and (d) consequentialism. The authors describe the usefulness of these ethical theories to businesses - specifically offshoring. It is stated that such ethical implications can be divided into either (a) stakeholder views of business (that businesses have obligations to both their shareholders and their major community participants, however manifested), or (b) moral obligation views, which are more deontological like anyone else when faced with moral dilemmas and called to 'do the right thing.' The process of an ethical analysis of offshoring is posited to have five basic elements: (a) choice of an ethical standard, (b) definition and articulation of offshoring as a process in and of itself and the entity undertaking that process, (c) definition and articulation of the way in which the process is implemented, (d) definition and articulation of the outcomes generated by the process, and (e) application of the ethical standard to points (b)–(d) to judge whether each is "good" or "bad." The case study sketches out a framework for ongoing ethical analysis for offshoring.

Credibility. Cameron Gordan is a faculty member of the Department of Business and Government, University of Canberra, Bruce, ACT, 2601, Australia. Professor Zimmerman is the Area Coordinator for the International Business (IB) program at the College of Staten Island and advises all IB majors at City University of New York, and is co-author of three books on international marketing, *Business to Business Marketing Management: A Global Perspective*, (Thomson/Southwestern, U.S. and London, 2005), *Essentials of Export Marketing*, (AMACOM, 1985) and *The Economics of Counterfeit*

Trade (Springer/Kluwer 2009). *Science and Engineering Ethics* is a peer reviewed journal.

Greenfield, Jr. A., Norman CS., and Wier B. (2008). The effect of ethical orientation and professional commitment on earnings management behavior. *Journal of Business Ethics*, 83(3), pp. 419-434 Retrieved from:
<http://www.jstor.org.libproxy.uoregon.edu/stable/25482387>

Abstract. The purpose of this study is twofold. The first objective is to examine the impact of an individual's ethical ideology and level of professional commitment on the earnings management decision. The second objective is to observe whether the presence of a personal benefit affects an individual's ethical orientation or professional commitment within the context of an opportunity to manage earnings. Using a sample of 375 undergraduate business majors, our results suggest a significant relationship between an individual's ethical orientation and decision-making. Further, participants with higher levels of professional commitment seem to be less likely to engage in earnings management behavior and less likely to behave opportunistically. These results have the potential to add to our understanding of certain behaviors in entry-level personnel and should be of interest to managers, practitioners, academicians, and researchers.

Summary. The case study examines ethical behaviors in a contextual setting, and illustrates the impact of an earnings management system. An earnings management system implicitly influences how decisions are made by managers. The individual's ethical ideology and the level of professional commitment are altered as managers are observed. One primary example is the behavior of altering financial reporting to shift debt to offshore holding companies to inflate income (such as the case with Enron). This

case study focuses on the earnings management system, and observes whether the presence of personal benefits affects an individual's ethical orientation within the context of an opportunity to manage earnings. The research suggests a significant relationship between an individual's ethical orientation and decision-making as ethical orientation mediates the impact of personal benefits on the decision to manage earnings.

Credibility. A. C. Greenfield, Jr. is works in the Accounting Department, University of Texas at Permian Basin, 4901 E. University, Odessa, TX, U.S.A. Professor Carolyn Strand Norman is a Chair member of the Department of Accounting at Virginia Commonwealth University, and has published several articles in Journal of Business Ethics. Benson Wier is a Professor of Accounting in the Accounting Department, and holds PhD from Texas Tech University. He has also published several articles in the Journal of Business Ethics. The Journal of Business Ethics is a peer-reviewed journal.

Lamin A., Livanis, G., & Robertson, C.J. (2010). Stakeholder perceptions of offshoring and outsourcing: The role of embedded issues, *Journal of Business Ethics*, 95(2), pp. 167-189. doi: 10.1007/s10551-009-0353-0

Abstract. We contribute to the study of offshoring and outsourcing by examining how stakeholders' ethical evaluations of these decisions are influenced by both their roles and the issues embedded within the decisions. Although offshoring and outsourcing have been studied from a transactional perspective, the moral issues embedded within these decisions can profoundly affect how the organization is perceived by outside stakeholders. First, we contend that investors use different moral paradigms compared with consumer stakeholders, as a result the stakeholder role an individual occupies

significantly influences their ethical evaluation of offshoring and outsourcing decisions. Next, we examine whether embedded issues of product quality and information security increase the moral intensity of offshoring and outsourcing decisions, thereby negatively influencing ethical evaluations. Using vignettes, we find that respondents viewed either offshoring or outsourcing less favorably than relocation. Surprisingly, respondents viewed offshoring with data security risks more negatively than offshore outsourcing with quality risks, suggesting that the issue of information security has a greater moral intensity than the issue of product or service quality for both consumer and investor stakeholders. Thus, we show that that embedded issues play a significant role in stakeholders' ethical judgments of business decisions such as offshoring and outsourcing.

Summary. This case study examines important operational issues (such as quality and information security) and notes that ethical evaluations of the same organizational decision differ across stakeholder paradigms. An individual's stakeholder role impacts the evaluation of the offshoring/outsourcing decision. Investors and consumers view and see decision making differently – and it is argued that investors will view the offshore/outsource decision more favorably than consumers. Investors utilize a profit maximization lens to improve profitability and firm competitiveness, whereas consumers are concerned about the impact of the decision on product safety, service quality, and data security. Both perspectives consciously influence the ethical evaluation for offshoring. This article seeks to analyze the fluid characteristics, such as stakeholder role in influencing moral reasoning. This article details additional ethical issues, such as product quality and data security concerns, which manifest themselves more strongly with the decision to offshore/outsource. Business ethics scholars view the issues of

quality and data security as ethical issues because they argue that firms have an obligation to keep customer information in confidence as well as ensuring product safety. Investors and consumers do not have parallel objectives and so according to the authors, it is understandable that their moral offshoring/ outsourcing decisions vary.

Credibility. Chris Robertson is a Professor of International Business and Strategy at Northeastern University's College of Business Administration. Anna Lamin holds a PhD and is Assistant Professor of Strategy at Northeastern University. Grigorios Livanis holds a PhD in Firm Theory and Management, and is an Assistant Professor of International Business and Strategy. All three authors have prior publications and articles in journals such as *Journal of Business Ethics*, *Journal of Agricultural and Applied Economics*, *International Review of Economics and Finance*, and etc. *The Journal of Business Ethics* is a peer-reviewed publication.

Lamont, J. (January 2, 2013). Distributive justice. *Stanford Encyclopedia of Philosophy*. Retrieved from <http://plato.stanford.edu/entries/justice-distributive/>

Abstract. For the last thirty years one of the dominant economic policies has been the cutting of the top marginal tax rates. While this policy has been partly motivated by the self-interest of high income earners, it also has had considerable theoretical support from a wide range of distributive justice theorists starting with John Rawls' *A Theory of Justice* in 1971. Rawls argued that if the incentives created by inequality maximized the position of the least advantaged then they were morally justified. There have been many variants of this position since. The most common theme of them is that incentives to work harder and innovate, although creating inequality, are morally justified

because of the greater good generated by the resultant increase in GDP. The main policy instrument available to governments to create such incentive has been the cutting of the top marginal income rates and this has been done systematically across all industrialized nations. The method of wide reflective equilibrium requires us to use the best consensus from economics in our reasoning about distributive justice. The systematic cutting of tax rates over thirty years has provided a reasonable experiment on the thesis that such cutting provides an overall increased labor supply and resultant increase in GDP. The suggestion of this paper is that a reasonable consensus can now be reached that, over the ranges of inequality and GDP that we have had over the last 50 years and are likely to have over the next 50 years, such incentives do not provide the claimed benefits. Hence, we are getting increased inequality for no compensating benefit.

Summary. Principles of distributive justice are thought of as providing moral guidance for the political processes and structures that affect the distribution of economic benefits and burdens in societies. This article provides a definition of distributive justice as the concept is used in this bibliography. It provides a clear meaning to distributive justice and its implicit implications to the economic benefits and burdens on societies. Numerous principles are analyzed about distributive justice: (a) strict egalitarianism (allocation of equal material goods to all members of society), (b) distributive principle - difference principle, (c) equality of opportunity and luck egalitarianism (distribution of opportunities), (d) welfare-based principles (primary moral importance is the level of welfare of people), (e) desert-based principles (basis for deserving), (f) libertarian principles (acquisitions or exchanges which are just in their own right), (g) feminist principles, and (h) methodology and empirical beliefs.

Credibility. Julian Lamont is Lecturer in Philosophy at the University of Queensland. He has degrees in philosophy from the University of Queensland and in economics from the University of Melbourne, and completed his PhD at Monash University in 1991. His research interests include political philosophy and economics, metaphysics, business and professional ethics, and bioethics. The Stanford Encyclopedia of Philosophy is an online encyclopedia of philosophy with peer-reviewed publication of original papers in philosophy.

Monga, M. (2007). Manager's moral reasoning: Evidence from large Indian manufacturing organisations. *Journal of Business Ethics*. 71:179-194. doi: 10.1007/s10551-006-9133-2

Abstract. Increased globalisation has also seen increased scrutiny of corporate behaviour by the communities. Clearly managers are under increased pressure from stakeholders not only to outperform their competitors, but also are expected to do so in an ethical manner. In order to act ethically an individual is expected to have a well-developed moral imagination and moral reasoning. Literature on ethical reasoning research indicates a positive relationship between higher levels of moral reasoning and ethical behaviour. This paper presents the findings of a study of the moral reasoning/moral development of managers working in large manufacturing enterprises situated in the state of Punjab in India. Kohlberg's theory of Cognitive Moral Development forms the basis of the study. Moral Judgement Interview (MIG) developed by Weber, on the basis of Kohlberg's theory was used for the study. Moral Reasoning Scores were calculated using Abbreviated Scoring Guide. More than half of the managers scored at post-conventional level of reasoning while assessing the moral dilemmas. The reasoning scores varied for the three dilemmas.

Summary. This article examines the ethical behavior that involves making judgments as to the rights and wrongs in morally complex situations. As offshoring increases, the rising numbers of corporate misconducts and failures have accentuated the need for a closer look at the issues of managerial ethics, and the deciding factors which determine an appropriate course of action. The article states that assessment of morality of various behaviors differs based on life experiences, and the values of individuals. Ethical values (including those learned in cultural, organizational and industrial environments along with personal experiences) influence how a situation is perceived. Mona further illustrates that moral reasoning is based on a definition of moral judgment - 'how a person reasons' rather than 'what a person thinks' based on Kohlberg's moral reasoning theory utilizing the six stages: (a) punishment and obedience orientation, (b) instrumental relativist orientation, (c) good boy nice girl orientation, (d) law and order orientation, (e) Social-contract legalistic orientation, and (f) universal ethical principles orientation.

Credibility. Dr Manjit Monga holds a PhD in Philosophy. She is a lecturer at the University of South Australia Business School in the School of Management, and has several publications under her belt. She has written for *The International Journal of Human Resource Management*, *The Journal of Business Ethics*, and *European Journal of Management*, and several others. *The Journal of Business Ethics* is a peer-reviewed article.

Patel T., & Schaefer A. (2009). Making sense of the diversity of ethical decision making in business: An illustration of the Indian context. *Journal of Business Ethics*, 90(2), pp. 171-186. doi:10.1007/s10551-009-0034

Abstract. In this conceptual article, we look at the impact of culture on ethical decision making from a Douglasian Cultural Theory (CT) perspective. We aim to show how CT can be used to explain the diversity and dynamicity of ethical beliefs and behaviours found in every social system, be it a corporation, a nation or even an individual. We introduce CT in the context of ethical decision making and then use it to discuss examples of business ethics in the Indian business context. We argue that the use of CT allows for a theoretically more sophisticated treatment of culture in ethical decision making and thus the avoidance of some common problems with existing cross-cultural studies of business ethics. In our discussion, we raise questions about the compatibility between management systems and processes created in one context and ethical behaviours in another.

Summary. Douglasian Cultural Theory (CT) is introduced in this article to examine the impacts of culture on ethical decision making in business, specifically in an Indian context. Patel and Schafer state that western moral philosophy holds ethical principles to be universal and indivisible, and once it is embedded, it is held to be true under all circumstances. The article also identifies several key elements that impact ethical decision making and its influences: (a) the intensity of the moral issue and influences in the external environment, (b) recognition or non-recognition of the moral issue (moral awareness or non-awareness); making of moral or amoral judgment, and (c) linear connection between behavioral intent and actual behavior. A key issue in ethical decision making relates to the way in which managers perceive and interpret information about the external consequences of business activities, and is dependent on how this information is interpreted – thus resulting in different ethical decisions to be made.

Credibility. Dr Taran Patel is an Associate Professor in the Management and Organizational Behaviour, and a Program Director at MIB (Masters of International Business) program of Grenoble Ecole de Management. Dr Patel has published academic articles in many internationally recognized peer-reviewed journals. These include ABS listed journals like *Innovations: A European Journal of Social Sciences*, and journals like *Management Decisions* and *Journal of Business Ethics*. Dr Anja Schaefer is a member of The Open University's Department for Public Leadership and Social Enterprise. She is the Senior Lecturer in Management. Dr. Schaefer has also published academic articles which include *Business Strategy and the Environment*, *Business Ethics: A European Review*, *Journal of Business Ethics*, and *Corporate Social Responsibility and Environmental Management*. The *Journal of Business Ethics* is peer reviewed.

Schultz, R. (2006). Contemporary issues in ethics and information technology. Hershey, PA: IRM Press.

Abstract. Information technology has produced new ethical challenges and concerns in dealing with issues about privacy, security, piracy and professional ethics. This book discusses these issues as well as other important ethical issues such as the outsourcing of high-level jobs and the value of IT itself

Summary. The main framework for ethical problems used in this Annotated Bibliography is derived from the work of the late philosopher John Rawls. Rawls' contribution to the study of ethics is a theory of justice rooted in the social contract theory of the Declaration of Independence and the US constitution. The book provides guidance for IT professionals as to how to address practical ethical problems related to offshoring.

Credibility. Robert A. Schultz received his PhD in philosophy from Harvard University (1971). His dissertation in ethics was under the direction of John Rawls. He was a member of the philosophy faculty at the University of Pittsburgh, Cornell University, and the University of Southern California, and taught courses and published articles and reviews in the fields of ethics, logic, and aesthetics. He regularly taught courses in database applications and design, systems development tools, and the management of information technology. He has numerous publications and presentations in the areas of database design, IT education, and the philosophy of technology. His previous book, *Contemporary Issues in Ethics and Information Technology*, was published by IRM Press in 2006. He continues to teach and publish in the areas of IT and ethics and taught an online course on this topic in the Applied Information Management Program at the University of Oregon in early 2009 (Anonymous, 2013).

Schultz, R. (2011). Update on the ethics of globalization and offshoring, 2013. Retrieved from: <http://ce.uoregon.edu/aim/ITEthics2013/DocumentC2013.pdf>

Abstract. Rawls' principles of justice apply within a society whose members share cooperative benefits and burdens. These days, they are referred to as principles of *domestic* justice. But what about *transnational* or *global* justice? When we come to consider ethical principles for globalized institutions, these domestic principles must be revised. Basically, there needs to be *two* social contracts: A *political* social contract between nations or citizen of nations; and a *global economic* social contract between participants in the global economy. The reason for this division is that a social contract is binding on those who decide on the principles. Thus it is *nations* or the peoples of nations who decide on the political principles that apply in their

dealings with each other. And it is those who share the benefits and burdens of the global economy who need to decide the principles governing that economy.

Summary. Rawl's principle of justice is illuminated in this article to analyze the principles of *domestic* justice as applied in a transnational setting, and implicitly related to offshoring. This article references two social contracts: (a) the political contract (i.e., a social contract between nations or citizen of nations), and (b) the global economic contract (i.e., the social contract between participants in the global economy). In addition to these social contracts, Shultz introduces three other global ethical principles: (a) *Political realism*: nations can be just domestically; (b) *Society of societies*: societies are bound by ethical agreements of mutual self-interest; and (c) *Cosmopolitanism*: all humans are essentially one society, and thus principles of justice applying within societies apply globally. Schultz concludes that two *global social principles* provide a better ethical theory for globalized institutions than the prior listed social contracts.

Credibility. Robert A. Schultz received his PhD in philosophy from Harvard University (1971). His dissertation in ethics was under the direction of John Rawls. He was a member of the philosophy faculty at the University of Pittsburgh, Cornell University, and the University of Southern California, and taught courses and published articles and reviews in the fields of ethics, logic, and aesthetics. He regularly taught courses in database applications and design, systems development tools, and the management of information technology. He has numerous publications and presentations in the areas of database design, IT education, and the philosophy of technology. His previous book, *Contemporary Issues in Ethics and Information Technology*, was published by IRM Press in 2006. He continues to teach and publish in the areas of IT and ethics and

taught an online course on this topic in the Applied Information Management Program at the University of Oregon in early 2009 (Anonymous, 2013).

What are the specific tradable IT service activities most impacted by offshoring, related to call center standardized jobs?

Bhagwati, J. N., & Blinder, A. S. (2009). Offshoring of American jobs. What response from US economic policy? *The MIT Press*. Retrieved from <http://mitpress.mit.edu.libproxy.uoregon.edu/books/offshoring-american-jobs>

Abstract. It is no surprise that many fearful American workers see the call center operator in Bangalore or the factory worker in Guangzhou as a threat to their jobs. The emergence of China and India (along with other, smaller developing countries) as economic powers has doubled the supply of labor to the integrated world economy. Economic theory suggests that such a dramatic increase in the supply of labor without an accompanying increase in the supply of capital is likely to exert downward pressure on wages for workers already in the integrated world economy, and wages for most workers in the United States have indeed stagnated or declined. In this book, leading economists Jagdish Bhagwati and Alan S. Blinder offer their perspectives on how the outsourcing of labor and the shifting of jobs to lower-wage countries affect the U.S. economy and what, if any, policy responses are required.

Summary. *Outsourcing* has become synonymous with loss of jobs and income in the US popular debate. In this book, the authors gloss over the popular debate on outsourcing /offshoring and focus instead on the primary traits for tradable or labored skills suited for

offshoring: (a) work that is easily deliverable through a wire (or via wireless connections), and (b) work that is classified as being impersonally delivered services, or impersonal services. Blinder persuasively argues in this issues-based debate that offshoring US service jobs to India will cause massive disruption: unemployment, falling wages, etc., while Bhagwati defends and provides evidence and arguments that Blinder has oversold and oversimplified his point.

Credibility. Jagdish Bhagwati and Alan Blinder are both world-class economists.

Jagdish Bhagwati is University Professor at Columbia University and External Advisor to the Director General, World Trade Organization and Senior Fellow for International Economics with the Council on Foreign Relations. He was named Distinguished Fellow of the American Economic Association in 2003. Alan S. Blinder is G. S. Rentschler Memorial Professor of Economics and Public Affairs at Princeton University. He is the author of *The Quiet Revolution: Central Banking Goes Modern* and other books (Anonymous, 2013).

Blinder, A.J. (2006). Offshoring: The next industrial revolution? *Foreign Affairs*. Retrieved from: http://www.vrindhaven.com/resource_center/Offshoring%20Article%20-%20Foreign%20Affairs1.pdf

Abstract. Economists who insist that "offshore outsourcing" is just a routine extension of international trade are overlooking how major a transformation it will likely bring -- and how significant the consequences could be. The governments and societies of the developed world must start preparing, and fast.

Summary. As corporations seek a comparative advantage, offshoring has become pivotal in today's market transformation. Countries trade with one another for the same

reasons that individuals, businesses, and regions do: to exploit their comparative advantages. Today, much comparative advantage derives from human effort; however, in today's modern reality, patterns of man-made comparative advantage can and do change over time. As the manufacturing industrial revolution eclipsed farming, the service industry has overtaken the manufacturing world, and jobs shifted once again approaching the third industrial revolution – the information age. As economists criticize Mankiw's minimization to the importance of offshoring, this article sheds light on the importance of offshoring and its disruptive effect on wealthy countries. Offshoring brings with it such a large quantitative change that it brings about qualitative changes.

Credibility. Alan S. Blinder is Gordon S. Rentschler Memorial Professor of Economics at Princeton University. He served on the White House Council of Economic Advisers from 1993 to 1994 and as Vice Chairman of the Board of Governors of the Federal Reserve from 1994 to 1996. *Foreign Affairs* is the leading magazine for analysis and debate of foreign policy, economics, and global affairs.

Bunyaratavej, K., Doh, J.P., & Hahn E.D. (2009). Separable but not equal: The location determinants of discrete services offshoring activities. *Journal of International Business Studies*, 40(6), pp. 926-943. Retrieved from:
<http://www.jstor.org.libproxy.uoregon.edu/stable/40262818>

Abstract. In this paper we explore the question of why firms offshore particular services to specific geographic locations. We draw on research related to the unique characteristics of services in trade and commerce, and more recent analyses of the transnational unbundling and spatial dispersion of business processes. We move beyond a simple assessment of the cost sensitivity or relative sophistication of offshoring services

and develop a typology emphasizing the degree to which offshoring services activities are interactive, repetitive, or innovative. We suggest that the location of offshoring projects will depend on the particular mix of these attributes, and test this assertion using a data set of 595 export-oriented offshore services projects initiated from 2002 to 2005 by US and UK company parents in 45 developed and developing countries. We find that offshore location choices greatly depend on these services characteristics, and in sometimes surprising ways, and draw implications from our findings for international business theory, policy, and practice.

Summary. Offshoring has garnered much attention over the last decade, and has become an industrial phenomenon in multinational corporations. In this paper, the authors draw on a three-dimensional theoretical framework that emphasizes offshoring as being: (a) interactive, (b) repetitive, and (c) innovative versus the more traditional sense of just lower wages and economic advantages to offshore. They defy and contradict the traditional belief that the main driver to offshore is simply for lower wages. With the use of a unique database, the authors state that other factors play a role for corporations to offshore such as: (a) location, (b) education, and (c) English language capability. These factors all play a role to offshore which suggests that offshoring represents a broader perspective than presented thus far.

Credibility. Dr. Kraiwinee Bunyaratavej is an Associate Professor of Business Administration at George Washington University. She holds a PhD concentration in International Business, an MBA concentration in Finance, and a BBA Concentration in Finance. Jonathan P. Doh holds a PhD in Business Administration, School of Business and Public Management from George Washington University. Dr. Gene Hahn is an

Associate Professor in the Department of Information and Decision Sciences at Salisbury University. His research interests include management decision making, Bayesian inference, and international operations including offshoring and global supply chain management. *Journal of International Business Studies* is a peer-reviewed journal.

Criscuolo, C., & Garcicano L. (2010). Offshoring and wage inequality: Using occupational licensing as a shifter of offshoring costs. *The American Economic Review*, 100(2), pp.439-443. Retrieved from:

<http://www.jstor.org.libproxy.uoregon.edu/stable/27805035?seq=3>

Abstract. The change in information technology has allowed offshorable tradable skills to increase as routine tasks are moved overseas. Recent empirical papers (e.g., Mary Amiti and Shang-Jin Wei, 2005; Runjuan Liu and Daniel Trefler, 2008; Rosario Crino forthcoming) have aimed to illuminate the extent to which this is the case, and the consequences of such changes. A finding of this literature is that offshoring hurts disproportionately lower skill occupations, and those occupations which are more tradable. This paper contributes to this body of research by utilizing a direct measure of the offshorability of the task: the legal licensing requirements on its execution - specifically focusing on occupations that need to be licensed. As a result, as information and communication technologies advance, they reduce the costs of offshoring for tasks performed by "nonmembers".

Summary. This paper proposes that with the additional costs of licensing to specific occupations such as lawyers, doctors, psychologists, and other professions the offshoring of these occupations become less attractive as it examines the differential impact of offshoring cost on wages and employment. The literature uses an empirical strategy and

measures to determine the viability of tradable skills that can be offshored by incorporating membership and non-membership licensed occupations into the datasets. As a result, their findings conclude that as offshoring of services increases, those in licensed occupations dedicated to the production of those services experience increases in demand for their occupation.

Credibility. Chiara Criscuolo has written several articles and has been a collaborator on other articles about offshoring that she is credited for. Such articles that have been published can be seen in the following journals: *The Economic Review*, *The Canadian Journal of Economics*, *The Review of Economics and Statistics*, and *The Journal of Cell Biology*. Luis Garicano is a Professor of Economics and Strategy and Head of the Managerial Economics and Strategy Group at the London School of Economics. He has two bachelor's degrees, in economics and law, from 1990 and 1991 at the Universidad de Valladolid. In 1992 he earned a master's degree in European economic studies from the College of Europe in Belgium. He also has a master's degree and a PhD in economics from the University of Chicago. He was on faculty at the Booth School of Business from 1998 to 2007, when he joined the LSE. He has additionally worked as an economist for the European Commission. (Wikipedia, 2013). The *American Economic Review* is a general-interest economics journal and is among the nation's oldest and most respected scholarly journals in the economics profession.

Farrel, D. (2006). Smarter offshoring. *Harvard Business Review*. 84 (6) p.84-92 Retrieved from: <http://web.ebscohost.com.libproxy.uoregon.edu/ehost/pdfviewer/pdfviewer?sid=e4618e90-24bd-476c-9b31-da19296b9760%40sessionmgr112&vid=2&hid=114>

Abstract. During the past 15 years, companies have flocked to a handful of cities in India and Eastern Europe for offshore service functions. As a result, the most popular sites are now overheating: Demand for young professionals is outstripping supply, wages and turnover are soaring, and overburdened infrastructure systems are struggling to serve the explosive growth. The happy news is that the tight labor markets in the well-known hot spots are the exceptions, not the rule. Many attractive alternatives are emerging around the world. According to a McKinsey Global Institute study, more than 90% of the vast and rapidly growing pool of university-educated people suitable for work in multinationals are located outside the current hot spot cities. For instance, Morocco is now home to offshore centers for French and Spanish companies requiring fluent speakers of their home languages. Neighboring Tunisia has used its modern infrastructure, business-friendly regulations, and stable, low-cost workforce to attract companies such as Siemens and Wanadoo. Vietnam offers university graduates who have strong mathematics skills; speak French, English, German or Russian; and do not demand high wages. The problems facing the hot spots, coupled with the emergence of many more countries able and willing to provide off-shore services, mean that picking a site has become more complicated. In choosing a location, companies will have to focus less on low wages and much more on other ways that candidate cities can fulfill their business needs. They will have to be much more rigorous in articulating precisely what they require from offshoring. Evaluating their unique needs on a range of dimensions and understanding how alternative locations can meet those needs for the foreseeable future will be necessary.

Summary. This article focuses on ways to offshore and choose alternative sites for multinational firms, rather than relying on a handful of cities in India, Eastern Europe, and Russia (notably Hyderabad, Bangalore, Delhi, Mumbai, Budapest, Prague, and Moscow). Escalating wages, accelerating turnover, and the maturing industry within these cities have urged companies to seek elsewhere as some executives question whether the touted endless supply of low cost talent in developing countries is drying up. Companies with operations in cities with rising costs and deteriorating working conditions are understandably reluctant to pull out because of their investment. Farrell lists five factors in procuring a location: (a) cost, (b) availability of skills, (c) environment, (d) market potential, (e) risk profile, and (f) quality of infrastructure. She suggests other means for recruiting emerging candidates within an untapped pool of talent by: (a) offering low-cost, preapproved loans for housing; (b) setting up operations in towns that are within a reasonable drive of a major airport; and (c) arranging for employees to telecommute.

Credibility. Diana Farrell is a Director, or Senior Partner, at McKinsey & Company and the global head of McKinsey Center for Government (MCG), McKinsey's center of expertise and innovation providing research, knowledge, databases and tools to support government leaders in their goal to achieve lasting performance. Diana's work has appeared in academic journals, books, and on the op-ed pages of leading international publications, and she is a frequent speaker at major US and global conferences. She is the editor of an anthology series based on MGI research, published by Harvard Business School Press, 2007. She is the co-author of *Market Unbound*, published by Wiley & Sons, 1996 (Anonymous, 2013). *Harvard Business Review* provides leaders with the

ideas, insights, and tools they need to become better managers as it is an original research-based magazine that focuses primarily on management techniques and breakthrough ideas and its primary customer segments are new managers, emerging leaders, and experienced leaders.

Kanakamedala, K., Kaplan J.M, & Moe G.L. (2006). Moving IT infrastructure labor offshore.

McKinsey on IT. Retrieved from:

<http://midmarket.epiture.net/exploreCO.aspx?coid=CO7170615153412>

Abstract. Most IT offshoring to date has involved application development rather than basic IT infrastructure services, such as network management, server maintenance, and PC support. CIOs have been uncomfortable sending these critical IT tasks offshore, so the talent pool to supply them has been slow to develop. But offshoring such common tasks is becoming more popular as skills for supplying them develop in popular offshore locations and remote-management tools mature. Executives with a track record of offshoring application development will benefit from their experience, but IT infrastructure has many peculiarities, especially in training, governance, and process and role engineering. The offshoring of IT infrastructure-machines and networks and the people who manage them has been relatively slow to develop. But this is changing as leaders show how to offshore it effectively and vendors step up to meet growing opportunity.

Summary. This article shows that the offshore IT labor skill force has been changing over the last two years, as skills for supplying those tasks improve and automation tools and more effective processes have reassured managers. Nevertheless, managers need to pay close attention to reengineering roles, transferring knowledge, and monitoring

operations in real time. Offshoring IT infrastructure has been made easier by (a) improved remote monitoring and diagnostic capabilities, and (b) the spread of remote system updates, patch management, and automated server provisioning.

Credibility. Gary is a director in McKinsey's Business Technology Practice based in Silicon Valley. He works with business and technology executives on a full range of issues and has particular expertise in IT architecture, lean principles applied to IT, cloud computing, and IT organization and governance. James M. Kaplan leads McKinsey's global IT infrastructure capability and has published several articles in *McKinsey Quarterly*. Kishore Kanakamedala works in the San Francisco Bay area and works in Information Technology. *McKinsey Quarterly* is a business magazine focusing on management and organizational theory and is peer-reviewed.

Karmarker, U. (2004). Will you survive the services revolution? *Harvard Business Review*, 82 (6) p. 100-107. Retrieved from:

<http://web.ebscohost.com.libproxy.uoregon.edu/ehost/pdfviewer/pdfviewer?sid=8e678f9c-4504-42a4-bfb6-a5471a09e240%40sessionmgr198&vid=2&hid=122>

Abstract. Of late, offshoring and outsourcing have become political hot buttons. These words have been conflated to mean that high-paying, white-collar jobs have been handed to well-trained but less expensive workers in India and other locales. The brouhaha over the loss of service jobs, which currently account for over 80% of private-sector employment in the United States, is not merely an American phenomenon. The fact is that service-sector jobs in all developed countries are at risk. Regardless of what the politicians now say, worry focused on offshoring and outsourcing misses the point, the

author argues. We are in the middle of a fundamental change, which is that services are being industrialized and the real issue then is the loss of service competitiveness.

Summary. Offshoring is at the forefront of political agendas and three factors in particular are driving the transformation: (a) increasing global competition, where just as with manufactured goods in the recent past, foreign companies are offering more services in the United States, taking market share from U.S. companies; (b) automation: including new hardware and software systems that take care of back-room and front-office tasks such as counter operations, security, billing, and order taking that allow firms to dispense with clerical, accounting, and other staff positions, and (c) self-service. As these factors combine to sweep across the service sector, executives of all stripes must start thinking about the potential impacts, just as their manufacturing cousins did a generation ago. The author advises companies to address the three R's to stay competitive: (a) realign, (b) redesign, and (c) restructure.

Credibility. Uday Karmarkar is the founder and Director of UCLA Anderson's Business and Information Technologies Project (BIT), which studies the impact of new online information and communication technologies on business practices worldwide. Dr. Karmarkar studies information-intensive industries, competitive analysis, intelligent management systems and operations and technology strategy for manufacturing and service firms. He has published over 70 articles and research papers. In addition, he was a founding editor of two operations and technology journals and an associate editor or advisory editor of several others (Anonymous, 2013). Harvard Business Review is a general management magazine published by Harvard Business Publishing, a wholly owned subsidiary of Harvard University and is published 10 times a year.

Kletzer, L. (2007). Measuring tradable services and the task content of offshorable services jobs. http://people.ucsc.edu/~lkletzer/Kletzer_Task_content_051107.pdf

Abstract. Services offshoring, the migration of jobs (but not the people performing them) across national borders (mostly from rich countries to poor ones), has received considerable attention since 2000. Fueled by the 2004 Presidential race and continued slack in the labor market, the services offshoring debate became headline material. The literature on services offshoring is expanding rapidly (see Jensen and Kletzer (2006) and Blinder (2006) for references). Despite the attention, relatively little is known about how many jobs may be at risk of relocation or how much job loss is associated with these business decisions. There are a few prominent projections, advanced mostly by consulting firms. The dominant and most widely quoted projection of future job losses due to movement of jobs off shore is Forrester Research's "3.3 Million US Services Jobs To Go Offshore" (McCarthy (2002)). Other estimates include: Deloitte Research estimates that by 2008 the world's largest financial service companies will have relocated up to two million jobs to low-cost offshore countries; Gartner Research predicts that by the end of 2004 10% of IT jobs at US IT companies and 5% of IT-jobs at non-IT companies will have moved offshore; another Gartner Research survey revealed that 300 of the Fortune 500 companies today do business with Indian IT services companies. Goldman Sachs estimates 300,000 to 400,000 services jobs have moved offshore in the past three years, and anticipates a monthly rate of 15,000 to 30,000 jobs, in manufacturing and services combined, to be subject to offshoring in the future.

Summary. In this paper, Kletzer focuses on developing measures of the occupational job tasks, activities and characteristics associated with potential offshoring. The literature

on offshoring notes that movable jobs are those with: (a) little face-to-face customer contact, (b) high information content, and (c) work process that is internet enabled and/or telecommutable. Kletzer also reports that there are more workers in tradable professional and business service industries than in tradable manufacturing industries. She notes that workers tend to possess a higher set of skills, but that significant wage differences exist. Kletzer utilizes an empirical approach to identify occupations that are tradable with the following set of parameters: (a) geographical concentration and tradability – (goods that are traded tend to be geographically concentrated), (b) classifying industries and occupations as tradable vs. non-tradable, (c) worker characteristics – (demographic characteristics such as education, age, gender and earnings to identify whether there are differences between workers in tradable service activities and those in non-tradable industries and occupations), (d) evidence on the risk of job loss and characteristics of displaced workers, and (e) tradable services occupations – details and task content.

Credibility. Lori G. Kletzer is Professor of Economics at the University of California, Santa Cruz and a Senior Fellow at the Peterson Institute for International Economics. Her current research interests include the domestic labor market consequences of increasing economic integration; the causes and costs of job displacement; differences in educational attainment, occupation, and earnings between black and white women; and the economics of higher education. This literature was published from the University of California, Santa Cruz and the Peterson Institute for International Economics.

Moncarz, R.J., Wolf, M.G., & Wright B.W. (2008). Service-providing occupations, offshoring, and the labor market. Services offshoring. Retrieved from:

<http://www.bls.gov/opub/mlr/2008/12/art4full.pdf>

Abstract. A (Bureau Labor of Statistics) BLS analysis identifies 160 service-providing occupations that are susceptible to offshoring. The Bureau of Labor Statistics (BLS) researches trends affecting the labor market as part of its Employment Projections Program. Although the BLS examines all factors affecting employment in industries and occupations, it pays particular attention to new or emerging topics. One such topic is the offshoring of service-providing occupations. In recent years, special efforts have been made to identify the occupations that may be susceptible to offshoring and to account for offshoring in occupational employment projections. This article, representing the culmination of those efforts, identifies 160 occupations considered susceptible to offshoring. These occupations are diverse in their job functions, associated educational attainment, and wages.

Summary. In this article, Moncarz, Wolf, and Wright summarize and identify 160 occupations that are considered susceptible for offshoring. They begin by identifying the characteristics that make an occupation susceptible to offshoring: (a) no face-to-face customer servicing requirement, (b) high information content, (c) a work process that is tele-commutable and internet enabled, (d) a high wage differential with a similar occupation in the offshore destination, (e) low setup barriers, and (f) low social networking requirement. They further classify occupations into Standard Occupational Classifications (SOC) in three distinct groups: (a) office and administrative support occupations, (b) business and financial operations occupations, and (c) computer and mathematical occupations. The article concludes that more than half of the 160 offshorable occupations are classified as professional and related technical occupations.

Credibility. Roger J. Moncarz is Branch Chief, and Michael G. Wolf and Benjamin Wright are economists, in the Occupational Outlook Studies Branch, Office of Employment and Unemployment Statistics, Bureau of Labor Statistics. The Bureau of Labor Statistics is published on a monthly basis by the U.S. Bureau of Labor Statistics. Issues often focus on a particular topic.

New York State Department of Labor and Empire State Development. (2010). The offshore outsourcing of information technology jobs in New York state. A report to David A. Paterson, Governor and The Legislature of the State of New York Retrieved from: http://www.labor.ny.gov/stats/PDFs/Offshore_Outsourcing_ITJobs_NYS.pdf

Abstract. With the growth of a globally-interconnected economy, U.S. companies are increasingly able to move domestic business operations abroad, especially to developing countries with lower labor costs. This “offshore outsourcing” trend cuts across all industries and occupations, ranging from lower-skilled manufacturing jobs to those requiring higher levels of skill and education, including those in the information technology (IT) sector. On August 1, 2007, New York State legislative bill A. 8284/S. 2317 was signed into law (Chapter 435). This new law “directs the Commissioner of Labor to issue or cause to be issued a report on issues relating to offshore outsourcing of information technology jobs and the future of New York State’s job market.” In response, this report was prepared by staff at the New York State Department of Labor (NYSDOL) and Empire State Development (ESD), and builds on earlier research conducted by the two agencies.

Summary. This report examines various facets and details of the offshore outsourcing debate covering the listed topics: (a) the major drivers affecting the offshore outsourcing

of IT jobs; (b) estimates of how many IT jobs in the U.S. might be affected by offshore outsourcing; (c) a comprehensive review of New York State's IT sector, including rough estimates of how many IT jobs in the state might be potentially affected by offshore outsourcing; (d) the major benefits and risks associated with offshore outsourcing; (e) a review of state and federal legislation regarding this practice; and, (f) a review of potential policy recommendations. The report notes that the impact of offshore outsourcing on the information technology (IT) sector merits close analysis, given the potential loss of millions of jobs at all wage levels and the critical contribution of the IT sector to U.S. productivity growth.

Credibility. A report to David A. Paterson, Governor and The Legislature of the State of New York. Written by New York State Department of Labor and Empire State Development. The Empire State Development is the chief economic development agency in New York State.

Seebach, C. (2013). Customer-centricity driving change for BPOs. *KM World*, 22 (1), p. S5-S5

1p 10998284 Retrieved from:

<http://web.ebscohost.com/libproxy.uoregon.edu/ehost/pdfviewer/pdfviewer?sid=b735e9ad-5f1c-4469-bf5b-f2dcffd943c1%40sessionmgr112&vid=2&hid=112>

Abstract. The article focuses on customer-centricity, the practice of aligning business processes and services around customer's needs, which drives business process organizations (BPOs) to manage and enhance their customer services. It mentions the success of the application by BPOs of workforce optimization (WFO) to their internal back-office processes. It talks on the case of a global engineering firm outsourcing its information technology (IT) help desk support.

Summary. With more emphasis placed on customer service, organizations are demanding increased visibility into their offshore processing. It is no longer acceptable for BPOs to be a black hole in the customer value chain. In this article, Seebach outlines four Work Force Optimization (WFO) criteria for business processes, designed to manage and enhance customer service experiences, especially for offshore businesses. The following criteria are included: (a) gain visibility across operations; (b) determine capacity requirements and increase throughput; (c) meet service levels and deadlines more efficiently; and (d) improve quality, compliance and reduce errors/rework. The author concludes that WFO's are a reliable way to align internal operations, shared services organizations, and third-party processing partners with a customer-centric strategy.

Credibility. Craig Seebach works with back-office clients worldwide on workforce and process optimization projects, bringing his diverse background in public accounting, financial management, planning and analysis and treasury management in the financial services industry. Seebach has experience working with customers in insurance, pharmacy benefit management, retailing, and with outsourcers of many types, helping them identify opportunities to leverage their back office staff to increase throughput, quality and processing speed. KM Magazine is a magazine, website and conference dedicated to news, trends and case studies in knowledge management, content management and documents.

Venkatraman, N.V. (2004). Offshoring without guilt. *MIT Sloan*. Retrieved from

<http://sloanreview.mit.edu/article/offshoring-without-guilt/>

Abstract. The increasingly common practice of migrating business processes overseas to locales such as India, the Philippines and China is often seen as a negative phenomenon

that suppresses domestic job markets. On the contrary, says the author, offshoring is a critical component of next-generation business design, a dynamic process of continually identifying how to deliver superior value to customers and shareholders overseas that include finance and accounting, information technology, procurement, and more. He states that before companies start moving overseas, executive management needs to be completely behind the idea and aware of all considerations involved.

Summary. Venkatraman argues for offshoring opportunities as being the next generation in business design, and argues against the perception of offshoring as a negative phenomenon. He demonstrates this argument by opposing the guilt to offshore, and appreciates offshoring as the next-generation business model. In this article, Venkatraman states that global realignment of jobs across different skill levels is continuous and dynamic and is mainly felt through the digitized business processes like order processing, billing, customer service, accounts and payroll processing, and design and development which can be carried out without regard to physical location. Venkatraman believes that offshoring is the creative and careful leveraging of new and available pools of skilled labor altering the global footprint of business operations by blurring national and physical boundaries.

Credibility. N. Venkat Venkatraman is the David J McGrath Jr. Professor of Management and the Chairman, IS Department at the Boston University School of Management. He was awarded the 2004 and 2006 IBM Faculty Fellowship for his work focusing on business challenges in the network era. His research and teaching lie at the interface between strategic management and information technology, with a particular focus on how companies position to win in a network era (Anonymous, 2013). MIT

Sloan is a business journal that evaluates and reports on new research to help readers identify and understand significant trends in management.

Conclusion

This annotated bibliography explores the social factors and ethical frameworks to consider related to offshoring standardized IT services (specifically call center and IT data management activities). Factors are identified among 30 selected references that include peer-reviewed articles, reports, theses, and dissertations. Literature is selected to support examination of three aspects of offshoring: (a) social implications, (b) ethical frameworks, and (c) jobs impacted by offshoring. The annotated bibliography is directed at professionals in the standardized IT tradable services industry, including IT workers and managers of IT services who need to be aware of the increasing trend to offshore and the potential impact to the IT workforce.

As offshoring becomes a phenomenon in the globalization of tradable services, the social and ethical responsibilities of corporations are to be considered (Shultz, 2011). This study focuses primarily on tradable skills and occupations that are vulnerable to offshoring as described by Karamarker (2004), and the ethical and social considerations that accompany business process outsourcing. For the purposes of this study, the concept of *ethical framework* is framed by the idea that notions of basic human rights and liberty are governed by morally preferable frameworks through the concept of *distributive justice* (Rawls, as cited in Lamont, 2013). The concept of *social factors* is framed by the idea that facts and experiences influence individuals' personality, attitudes and lifestyle (BusinessDictionary, 2011).

Specific IT Tradable Service Activities Most Impacted by Offshoring

Bhagwati and Blinder (2009) define outsourcing as: (a) work that is easily deliverable through a wire (or via wireless connections), and (b) work that is classified as being impersonally delivered services, or impersonal services. They insist that *outsourcing* has become synonymous with loss of jobs and income in the US.

Karmarker (2004) describes three categories of tradable services which represent typical offshore activities: (a) simple standardized processes such as those often found in retail banking, (e.g. billing) and data management, (e.g. call center telemarketing); (b) business processes that are relatively straightforward but tailored to customers' needs; and (c) complex standardized processes, such as credit analysis, technical research, content management, software development, routine medical diagnosis, and tax preparation. These tradable services make the practice to offshore more attractive as the lower labor costs may result in significantly lower operational expenses (Kanakamedala et al., 2006).

Call centers. As the information service industry becomes more economically feasible, and global competition increases, it is no surprise that many American workers see the call center operator in Bangalore or the factory worker in Guangzhou as a threat to their jobs (Bhagwati & Blinder, 2009). The emergence of China and India (along with other, smaller developing countries) as economic powers has doubled the supply of labor to the integrated world economy.

Application development. Due to improved IT infrastructure, other business process outsourcing (BPO) opportunities have arisen. There has been tremendous growth opportunity in application development such as network management, server maintenance, and PC support (Kanakamedala et al., 2006). Kanakamedala et al. state that application development has been

made easier by (a) improved remote monitoring and diagnostic capabilities, (b) the spread of remote system updates, (c) patch management, and (d) automated server provisioning. These remote management tools support the development of skills in popular offshore locations.

Customized business processes. Karmarker (2004) describes three categories of tradable services which represent typical offshore activities: (a) simple standardized processes such as those often found in retail banking, (e.g. billing) and data management; (b) business processes that are relatively straightforward but tailored to customers' needs; and (c) complex standardized processes, such as credit analysis, technical research, content management, software development, routine medical diagnosis, and tax preparation. Business process outsourcing (BPO) involves the contracting of the operations and responsibilities of specific business functions (or processes) to a third-party service provider. Customized BPO is typically categorized into back office outsourcing - which includes *internal business functions* such as human resources or finance and accounting, and front office outsourcing. The information technology-based business processes are referred to as ITES-BPO, where ITES stands for Information Technology Enabled Service (Wikipedia, 2013).

Identified Ethical Frameworks Related to Tradable Standardized IT Services

Despite the negative reception to offshoring often encountered in the popular press, Venkatraman (2004) accepts offshoring as a glimmering hope for opportunities into the next generation in business design, and argues against the perception of offshoring as a negative phenomenon. He demonstrates this argument by opposing the guilt to offshore, and appreciates offshoring as the next-generation business model. Venkatraman states that global realignment of jobs across different skill levels is continuous and dynamic, and believes that offshoring is the

creative and careful leveraging of new and available pools of skilled labor altering the global footprint of business operations by blurring national and physical boundaries.

The Principles of Justice (including the notion of distributive justice) introduced by the philosopher John Rawls in 1971, is used to define ethics in this study. Rawls introduced the Principles of Justice in 1971 to govern economic frameworks that impact the fairness of basic human rights and liberty; Rawls describes arguments about the morally preferable frameworks through the concept of *distributive justice* (Lamont, 2013) as it “permits diverging from strict equality so long as the inequalities in question would make the least advantaged in society materially better off than they would be under strict equality” (Lamont, 2013, para 2).

Gordon and Zimmerman (2010) note that the framework for ethics in relation to offshoring business operations must address standards of behavior, and a conception of right or wrong conduct (Post et al., 2002). This is fine so far as it goes, but the authors’ further question: what are the sources of “right” and “wrong?” Gordon and Zimmerman introduce four philosophical aspects in reference to the ethical theories of offshoring: (a) teleology, (b) deontology, (c) virtue, and (d) consequentialism. The authors describe the usefulness of these ethical theories to businesses - specifically offshoring – and state that such ethical implications can be divided into either (a) stakeholder views of business (that businesses have obligations to both their shareholders and their major community participants, however manifested), or (b) moral obligation views, which are more deontological like anyone else when faced with moral dilemmas and called to ‘do the right thing.’

Lamin, Livanis, and Robertson (2010) contend that investors use different moral paradigms compared with consumer stakeholders. It is here that the embedded issues increase the moral intensity of offshoring and outsourcing decisions, thereby influencing ethical

evaluations as investors and consumers view and see decision making differently. Investors utilize a profit maximization lens to improve profitability and firm competitiveness, whereas consumers are concerned about the impact of the decision on product safety, service quality, and data security. Both perspectives consciously influence the ethical evaluation for offshoring.

Identified Social Factors Related to Tradable Standardized IT Services

Today, corporate social responsibility (CSR) is a priority item on the agenda of almost every business organization (Babin, Brigs, & Nicholson, 2009). The tsunami of overseas migration of call centers has generated widespread media commentary, political attention, and trade union concerns. It is within this context that debates on the social and cultural dimensions of offshoring continue to rise.

Farrel (2006) suggests six factors necessary to support offshoring in remote locations: (a) cost, (b) availability of skills, (c) environment, (d) market potential, (e) risk profile, and (f) quality of infrastructure. She suggests other means for recruiting emerging candidates within an untapped pool of talent by: (a) offering low-cost, preapproved loans for housing; (b) setting up operations in towns that are within a reasonable drive of a major airport, and (c) arranging for employees to telecommute.

Taylor and Bain (2008) note that industry leaders reject trade unionism on the grounds that it is not needed because the (Business Process Outsource) BPO industry (a) already promptly addresses the grievances of their workers, and (b) the wages are good - creating a positive impact on the social well-being of agents. The industry states that on the rare occasions that employee dissatisfactions or grievances do arise, they can be resolved easily and timeously by management within existing company structures and arrangements thus mitigating the need for union representation (D'Cruz, Noronha, Scholarios, & Taylor, 2008). Ramesh (2004) defies

these remarks and sees cultural identity as a social aspect to offshoring, which negatively impacts the changing identities of the agents. He states that the new economy increases the instability of workers' sense of who they are: "Agents, especially those who work on voice processes, are forced to live as Indian by day and westerner after sundown" thus leading a double life - an "authentic", Indian, daytime life, and a phony, western, night-time one (2004, p 496). These perspectives embody what is known as a race to the bottom in respect of workers' pay, conditions, and rights, *whipsawing*, and concession bargaining seems unavoidable for the agents working (Taylor & Bain, 2008).

Codes of conduct and global agreements provide additional ways to address social considerations and have garnered much attention. As noted by Egels-Zandén and Hyllman (2007), the need to focus on the promotion of worker's rights as social factors is impacted by transnational corporations who continue to grow their business processes offshore. This has impacted the agents social well being as evidenced by the discontinued entitlements to national religious holidays when agents adhere to the social calendars of their western employers, and precarious working hours leading to a diminishing communal and personal life (McMillan, 2006). Yayha (2011) adds other social problems encountered by agents including: (a) working in a high pressure environment to meet targets, (b) working night shifts, (c) mixing with the opposite gender (agents from more rural areas and remote areas may not have mixed freely with the opposite gender), (d) inability to maintain contact with family members, and (e) living in a unreal world because of the need to assume a fake identity and persona at the call centers (Srivastava, 2007). Mishra (2006) states that advancement and work mobility are limited as well, and although employers try to recruit with fancy buildings, canteens, and fancier lifestyle than their counterparts of the manufacturing industry - the attrition rate overwhelmingly speaks

of the displaced concerns over social and ethical considerations to offshore. The elevated turnover rate is alarming as social problems and psychologically stressed employees are tainting the shiny gloss of off the industry (Yahya, 2011).

As a recommendation, Babin et al. (2009) states the importance of integrating CSR into every aspect of social, political, and economic activity for these agents, and provides three recommendations which corporations can follow and meet social factors to increase the social welfare: (a) contribute to good causes, (b) comply with global CSR standards, and (c) engage in collaborative CSR activity. In complying with the recommendations, corporations create strong business and social values in the outsourcing relationship, and for the communities in which they operate. Overall, collaboration on CSR projects has been shown to build a greater level of trust and mutual understanding to the business and provides agents with an outlet to voice concern over matters such as improve pay, assistance in career development, and believing that the ITES-BPO industry would have their interest at hand (D'Cruz, Noronha, Scholarios, & Taylor, 2008).

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