

## **LABOUR STANDARDS AND DECENT WORK IN GLOBAL PRODUCTION SYSTEMS: THE CASE OF IT SERVICES AND ITES/BPO SECTOR IN INDIA**

*Babu P. Remesh, M.Phil, Ph. D (Economics)*

*Associate Fellow, V.V. Giri National Labour Institute, Sector: 24, NOIDA, UP, India*

*Ph: 0120-2411533-5, Ext. 238 (O); 011-2401705 (R); 9811389095 (m)*

*E- mail: neetbabu@gmail.com*

### **Abstract**

With the advent of globalisation, cross-border flows of goods, funds, jobs and workers have accelerated dramatically. This is creating new economic and social patterns, regionally and globally. Countries and businesses are more closely connected than ever before by complex intra- and inter-firm production and distribution networks – popularly known as Global Production Systems or GPS. GPS impact upon labour markets in a variety of ways - present workers and employers with both new opportunities and challenges in reaching the goal of decent work for all. Participation in GPS has become the key to attracting investment, increasing technological capability, building industrial capacity and boosting economic growth. But, at the same time, regulation of these new production systems is weak. There is debate over whether this global market competition is creating a “race to the bottom” in labour and other standards.

In India, as in the cases of many other developing countries, the recent past witnessed a massive spread of Global Production Systems (GPS). Accordingly, many new sectors and occupations came into existence, which are networked and integrated to transnational production systems. Among these sunrise sectors, the most prominent is the IT Services and ITES/BPO Sector, which currently contributes more than 5 per cent of GDP, annual revenue of US \$ 47.8 billion and provides direct employment to more than a million workers. The boom in the employment of IT Services and ITES /BPO sector led to several transformations in the labour market and there are strikingly differing opinions regarding the performance of this sector in terms of provision of quality employment. On the one hand, industrialists and business spokesmen consider the employment in the sector superior, on account of the better work environment, higher salary structure, perks and so on. On the other hand, a growing body of literature (both research as well as discussions in public domain) suggests that these new generation occupations are strongly characterized by decent work deficits.

In the above backdrop, the proposed essay would report the findings of a recently completed research study which focused on the decent work dimensions of GPS in the case of Information Technology (IT) Services and Information Technology Enabled Services/Business Process Outsourcing (ITES/BPO) Sector in India. The research (which was carried out by the author at the National Labour Institute, NOIDA with the support of the International Labour Organisation (ILO) and Japan Institute of Labour and Policy Training (JILPT), as part of a broader programme on networking of national labour institutions.

IT Services and ITES/BPO Sector in India is closely integrated to global production systems, as most of the firms in the sector provide intermediate inputs to global producers (of final goods or services) and assume important positions in the whole production process of that particular good or services. The export oriented nature and strong dependency on offshored work, makes the sector ideally suited to examine the aspects of firm level and industry based economic upgradation, giving emphasis on the implications of global production systems in the local industry and labour market.

The analytical framework used in the essay would be that of Global Production Systems (GPS), in conjunction with the Decent Work Framework of ILO. As per the conceptualisation followed in the present study, the term GPS refers to the system of interactions between different levels of policies, institutions, firms, and social actors influencing a chain of activities required to produce and supply goods and services. Though the concept is somewhat closer to the widely used approach of global value chains, there are certain distinctions that make GPS distinct from the former. The crux of these distinctions is based on the directions and sequencing of activities in the value addition/production chain. While the global value chain analysis focus on the linear sequencing of activities that lie between production and consumption, the GPS refers to the system of horizontal as well as vertical interlinkages of different activities and actors. The concept of decent work and the associated policy agenda has marked a major intervention in the discourse on world of work since the late 1990s. 'Decent work' as conceptualised by ILO includes four fundamental components, such as: employment, workers' rights, social protection and social dialogue. Recently, there is a growing realization regarding the new challenges thrown by GPS towards achieving decent work for the workers engaged in firms/sectors, which are part of global chains. The employment aspects of domestic firms are often linked to the directions and decisions of multi national firms, which control the business as lead firms. Similarly, there are also anxieties as to whether the advent of GPS has weakened the legal and regulatory frameworks towards securing decent work objectives.

The primary concern of the essay would be to conceptualise the implications of GPS on labor standards. While doing so, special attention would be given towards assessing the impact of off-shoring on worker collectivity and trade unions (in terms of freedom of association and right to participate). Efforts would be made in the paper to establish that due to several unique attributes, the sector demands immediate attention and planning from all relevant social actors or institutions (such as government, employers' bodies and worker associations/trade unions). Special attention is given in the essay to highlight and discuss the possible policy options to promote decent work and labour standards apropos the sector.

Both secondary and primary level data would be used in the analysis. The primary data for preparing the essay was gathered through a field survey carried out in the National Capital Region – which is one of the prominent hubs of IT Services and ITES/BPO firms in the country. To supplement the data, inputs and insights from other available empirical research works and theoretical debates in the context of India's new service sector would also be integrated appropriately in the essay.