



Delocalized Employment: Implications for Regional Development

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Abstract

The paper addresses the influence of outsourcing of telemediated employment on regional development by analyzing the different types of outsourcing arrangements and their potential impacts on regions and broader globalization processes. A complex web of locational categories is needed to describe these new telemediated relationships. The case studies analyzed to derive the typology are part of EMERGENCE Canada, a Canadian research project with partners internationally, that is studying the global outsourcing and work relocation patterns that are emerging as a result of telemediated work. The globalization of labour processes that permit production processes to be separated into parts that can be done in different locations is creating “delocalization” of employment that has complex consequences for urban growth and form. It is argued here that the social and spatial relations that emerge describe a dispersal of activities away from traditional nodes and forms of activities, a reconcentration in other nodes in other ways, and a polarization and disparity based on existing inequities.

Introduction

The new geographies created by the globalization of work have precipitated a need for a re-examination of what constitutes regional development. This paper addresses the regional impact of outsourcing, or employment relocation, of telemediated work by developing a typology of telemediated relationships and their corresponding impact on regional and global patterns. While for many years now, computerization has permeated all sectors of the economy and almost every business function, it is the ability for work to be relocated electronically that is creating new complex relationships that workers have to their worksite. Telemediated work or eWork (labour that involves processing information transmitted by a telecommunications link) denotes seven broad categories of work: data processing; systems and software development and maintenance; accounting and financial management; telesales; customer services; training and staff development; and editorial and design functions. It reflects a range of work relationships from outsourcing where a firm or individual provides services to another firm in a separate location, governed by some form of contractual agreement to geographically distant intra-corporate transactions where services are provided to one branch of a firm by another branch of the same firm. While there are predictions that this new organization of work relations will “flatten” the unequal division of labour between developed and lesser developed countries (Friedman 2005), as well as between regions within countries, others cite the existing balance of power between transnational corporations and their workers, and between developed and lesser developed countries, which is reinforcing centralization of control and technologies (Huws 2003).

To understand the impact of individual corporate decisions on regional and global patterns of economic development, case studies have been conducted of telemediated employment relocation. The case studies are of telemediated employment in Canada, and from and to, the US and Asia.¹ Though much of this data derives from a Canadian

¹ A project directed by the author, EMERGENCE Canada, is examining telemediated employment relocation of firms within Canada and between Canada, USA and Asia, and is comparing these practices to ones in the EU, Australia and Asia. Funding for this project is through a grant from the Social Sciences and Humanities Research Council of Canada (SSHRC) Initiative on the New Economy Program jointly sponsored by Industry Canada. For further details see: <http://www.chs.ubc.ca/emergence/>

context, the findings have implications in other locales as the rationale for, and material conditions of, eWork have common roots. The qualitative case study methodology used investigates the quality, and describes the characteristics, of the telemediated jobs as well as identifies technological, organizational and human capital factors that facilitate and constrain the development of new forms of telemediated work. Interview schedules were developed for the source, destination, and where necessary, intermediary companies. The questions included: general characteristics of the company; motives of management; the process of relocation; organizational structure and corporate culture, enabling technologies; impacts and effects in source and destination enterprises; employment effects; consequences for labour; economic consequences of relocation; impacts on government; and organizational and human resource issues. Key informants were from management, human resources, project managers, workers, and where appropriate, union representatives and policy makers. Augmenting the qualitative data are statistics on employment trends and the extent of telemediated work in North America, the EU, Australia, and Asia. In addition, an online survey directed to both source and destination companies in the outsourcing relationship was done in partnership with a Canadian technology association that sought to quantify the telemediated employment trends within Canada.

The globalization of labour processes is characterized by profound changes in who does what work, when, where and how. ICTs (information and communications technologies) are driving these changes as they permit production processes to be separated into parts that can be done in different locations. This “delocalization” is breaking down the traditional dimensions of time and space, and the corresponding geographical movement that entails. It is argued here that the social and spatial relations that emerge describe a dispersal of activities away from traditional nodes and forms of activities, a reconcentration in other nodes in other ways, and a polarization and disparity based on existing inequities.

Global Sourcing

Worldwide telemediated employment is increasingly the source of national and international press accounts, and under the term “outsourcing” has become a topic of mainstream public concern and disputes over its merits and risks. Outsourcing can be defined as “the delegation of non-core operations or jobs from internal production to an external entity (such as a subcontractor) that specializes in that operation”(Wikipedia 2005). Outsourcing is a strategy that allows businesses to focus on their core competencies. This strategy is not constrained by borders and has global dimensions.

Businesses of every magnitude are developing strategies for “global sourcing,” the “process of identifying, evaluating, negotiating and configuring supply across multiple geographies in order to reduce costs, maximize performance and mitigate risks” (Aberdeen Group 2003). Kotabe (1992) describes global sourcing as the management of the interfaces among R&D, manufacturing, and marketing on a global basis so that a firm can exploit both its own competitive advantages and the comparative advantages of various countries. Porter (1986), among others, introduced the value chain concept to understand the management of interrelated value-adding activities of a corporation on a global basis. These activities include material procurement, technology development and engineering (R&D), manufacturing, marketing, finance, and human resources management. The global strategies introduced by corporations seek to gain competitive advantage on a global basis through the arrangement and coordination of these dispersed activities. While national boundaries have largely become insignificant to international trade, the diversity of local environments still plays an important role in both facilitating and inhibiting an optimal global strategy for corporations.

Fayerweather (1969), and others, have identified a natural tendency in a single firm toward integration and uniformity. In developing operational strategies along the value chain, counteracting forces have been basically at odds with this tendency resulting in “standardization vs. adaptation”, “globalization vs. localization”, and more recently “global integration vs. local responsiveness” (Kotabe 1992). While these countervailing forces have been present in other times, what has changed is the increasing ability and willingness of firms to integrate various activities along the value chain on a global basis

in an attempt to either circumvent or nullify the differences between the global and the local.

Since the early 1990s, there has been a dramatic growth in telemediated work, first in the U.S. and then diffusing globally. Remote customer service work (call and technology support centres), in the US grew 20 percent annually in the 1990s and now account for approximately 4 percent of total employment, or about 4 million people, 100,000 of which are home-based (US Department of Labor 2004). The growth in call centre jobs in Britain was almost three times greater than that for overall employment in the past four years (UK Office for National Statistics 2004). With computer-telephone integration (CTI) the growth of contact centres globally have increased by double digits with India, the Philippines and Jamaica being the prime benefactors.

Global sourcing is cited by Canadian corporate CEOs and business leaders as one of the most important corporate strategies for remaining competitive in terms of reducing overhead costs, increasing supply-chain efficiency and allowing for greater internal focus on core products and services (CATA 2005). This mode of industrial organization has many advantages for business, such as increased flexibility (being able to meet just-in-time delivery requirements), access to advanced technology and expertise, specialization of companies in fields of real competitive advantage, a decreased costing structure, and as a growth strategy. Cost savings is achieved by economies of scale and cost differences between regions and/or companies. Corporations who do global sourcing are striving for “seamlessness” or value chain integration in their workflow.

A complex web of locational categories is needed to describe these new telemediated relationships. “In-sourcing” refers to work that is provided on the work site by a company contracted to provide services or business functions previously done by the contracting company or government agency. “Off-sourcing” connotes offsite relocation of work to another location of the same company. It can also mean offsite outsourcing of work to a contracted company who is located in the same geographical region. “Near-shoring” refers to work that is outsourced to another country geographically close to the

location of the company and “off-shoring” is when work is outsourced to another region of the world.

In this manner, a company may decide to restructure their company so that they only provide a core of services. The rest is handled by an on-site contracted company in charge of human resources, offsite sourcing to another branch of the company in another province who provides customer support and telesales, near-shoring of training and staff development to a US company and off-shoring of software development to India. The value chain, however, does not stop there. The software developer in India may be outsourcing part of its work to one of their subsidiaries in China and the branch of the company where customer support and telesales is being handled may be subcontracting its work to home-based workers (“home-shoring”).

Table 1: Typology of Global Sourcing²

Type	Definition
Home-shoring	The provider company contracts or employs workers who are based in their own homes, as part of a virtual call centre
In-sourcing	Work that is provided on a work site by a company contracted to provide services or business functions previously done by the contracting company or government agency.
Off-sourcing	Offsite relocation of work to another location of the same company. It can also mean offsite outsourcing of work to a contracted company who is located in the same geographical region.
Near-shoring	Work is outsourced to another country geographically close to the location of the company
Off-shoring	Work is outsourced to another region of the world

² The typology was developed to deconstruct the term “outsourcing” as the various dimensions of each type have corresponding implications for employment patterns.

While media reports in North America are widespread about job loss due to global sourcing, international studies have shown that outsourcing does not necessarily adversely impact local economies. Huws, Dahmann and Flecker (2004) report that analysis of EU employment trends in the 'computer and related' sectors reveals no evidence of net job loss between 2000 and 2003. In this sector, where jobs are most likely to be affected by offshore outsourcing, with the exception of Denmark, there was net growth in all EU Member States, with no state losing employment in 'other business activities' and very rapid growth in some countries, most dramatically in the Czech Republic. The report concludes that offshore outsourcing is rapidly becoming part of normal business practice; and there are strong pressures on companies to follow suit in order to remain competitive. Nevertheless, there is a high risk of failure due to a range of factors. While the corporate cultures in North America are quite different than in the EU and global sourcing seems to be accelerating in the last few years what can be learned from the EU research is that there may be job loss in one part of the supply chain but job growth in other parts.

The process of global sourcing described in this section points to an increasing delocalization of employment opportunities. What are the consequences for regional economic development, and in turn, the impact on communities and patterns of urban growth? The following section sets the context for global sourcing in Canada and within regions in Canada.

Sourcing in Canada

The complex systems that have arisen through ICTs have advantaged some countries over others in global sourcing opportunities. The Centre for International Development (CID) at Harvard University's 'Network Readiness Index' (NRI) reveals Canada's position to be twelfth out of 75 countries (CID 2002). The NRI, an international assessment of countries' capacity to exploit the opportunities offered by ICTs, and the first global framework to map out factors that contribute to this capacity, defines network readiness as the degree to which a community is prepared to participate - or has the potential to participate - in the Networked World.

The typology developed by the EMERGENCE EU project (Huws, Jagger and Bates 2001) has categorized countries globally, and highlighted their relative level of activity in the telemediated employment or eWork economy. A number of indicators were used in order to identify national strengths and weaknesses in each country's ability to attract eWork, including: relative service sector salaries; graduate availability; language(s); time zone; telecommunications infrastructure; trust or previous contact; internet literacy; and openness to economic development. Based on these categories Canada is assessed as an "eMaybe," a country with a small population, well-developed infrastructure and human resources but often without the capacity to take on major relocated employment.

Nevertheless, Canada is in an interesting position because it acts both as a source of outsourcing work within Canada and abroad, and destination for work outsourced by international firms. However, in Canada as a whole, and individual provinces, a relatively low proportion of GDP is derived from eWork outsourcing. The total flow of outsourcing activity represents \$30 billion CAD annually; representing just slightly more than ½ percent of the global outsourcing market and backs up the assertion that Canada is a relatively small player in the world of eWork (Statistics Canada 2004a). However, growth in Canada's eWork sector is quite robust with inflow and outflow increasing by 25 and 23.2 percent respectively over a two-year period. A study, which focused on the impact of offshore IT Services on Canada's IT Landscape found that outsourcing within North America is growing at an average of 10 to 15 per cent annually (PricewaterhouseCoopers 2004). A Canadian Federation of Independent Businesses study of global sourcing trends (2000) reported that outsourcing is a business strategy adopted by nearly 80 per cent of Canadian businesses in the manufacturing and transportation sectors, as well as in certain service sub-sectors.

A 2005 study³ identified that the majority of both Outsourcers and Providers who responded to an online survey had their corporate headquarters based in Canada and that the work is staying in Canada. Almost three-quarters (72%) of outsourcers indicate that their outsourced work is done within Canada. When asked about preferred locations for outsourcers to source their work the majority also preferred within Canada or within close proximity (local or nearshore). In addition, almost three-quarters (72%) of the clients of Canadian-based providers are Canadian. The next largest client base is the US. Of the Canadian firms, more than $\frac{3}{4}$ were located in Ontario and a combined 51% of Canadian respondents reported either Toronto (21%) or Ottawa (33%) as their home base. This was corroborated by the EMERGENCE Canada case study research that has found that these activities are primarily occurring within Canada by Canadian firms or subsidiaries of firms. Another interesting trend is that offshore provider firms are establishing local offices in Canada. The size of provider companies varies by business function: for professional, scientific and technical services, companies are small, with highly skilled and specialized employees; for the service sector, companies are large, with many employees who require minimum training.

This survey captured the telemediated professional, scientific and technical services such as software development. It did not pick up the service sector component to global sourcing such as contact centres and data processing. While most of the telemediated employment relocation activity, for the professional, scientific and technical services, is clustered in metropolitan areas of Ontario, Quebec, Alberta, and British Columbia, which already benefit from large traditional business sectors, contact centres are more footloose. Shearmur (2004) in a study to identify locations in Canada where information technology enabled services (ITES) employment have recently grown found that the vast majority of this employment is located in Canada's metropolitan areas. However, he found that call centres and customer service IT-enabled outsourcing activities are growing in remoter

³ The online survey was an EMERGENCE Canada / CATA (Canadian Advanced Technology Association) Initiative that was intended to capture a broader, more collective view of the issues being identified through EMERGENCE Canada's studies. While not a statistically valid sample because the survey received only 69 completed responses, the results do mirror common trends in the case studies and those of much larger random employer surveys carried out by EMERGENCE in Europe and Australia.

areas and in rural locations. While there is a trend of “metropolisation” of most jobs, he hypothesizes that sales and service IT employment are behaving similar to lower level manufacturing employment found in the decades from the 1960s to 1980. This type of employment was priced out of metropolitan and central locations, and either located abroad, or in remoter Canadian areas (often around large cities). While locating manufacturing jobs in peripheral regions in Canada has often proved elusive because of lower costs in developing countries, the need for socio-cultural knowledge for sales and service may mean that these jobs are more durable. However, this type of employment is occurring in Canada in the context of job stagnation in these occupations and rapid job growth in the more skilled administrative and service occupations.

There is a growing reputation by US corporations that see Canada as a sourcing destination of choice. Mayo, Kido, Westcott and Yesner (2004) queried 127 U.S. IT executives regarding their sourcing decision-making processes and the results demonstrated that cost is no longer the primary reason to select an offshore supplier. Rather experience and availability of technical expertise are prime factors. Until cost savings reached 50% or higher, Canada is seen as a more favourable provider compared to an offshore option.

Notwithstanding its relative status, Canada has achieved many of the necessary preconditions for attracting and sustaining a variety of eWork arrangements across a range of economic sectors. Canada benefits from an advanced communications infrastructure and is ranked fifth in the world for broadband penetration. Canada also has the third highest proportion of internet users among the population relative to other countries – preceded only by Sweden and the United States. Moreover, most Canadian businesses are regular internet users. As of 2003, 76% of all Canadian firms use the internet, and 92% of all Canadian firms with 20 or more employees do so. Complementing this high degree of internet connectivity is a population with the necessary skills and education levels amenable to more advanced telework activities, with 55% of the total population over 15 years of age having completed some level of postsecondary education (Statistics Canada, 2001).

The Canadian government has undertaken a number of initiatives, which indirectly facilitate eWork in Canada, through enhanced internet access (Connecting Canadians Agenda). These include the Broadband for Rural and Northern Development Pilot Program, which seeks to enhance broadband access for remote communities and the Smart Communities Program, initiated by Industry Canada in 1999, which has sought to demonstrate the potential for internet use in developing new business opportunities and community initiatives (Industry Canada 2005).

Nevertheless, the assumption that telemediated employment relocation could benefit relatively cheap, rural areas has not necessarily come to pass. Though Manitoba and New Brunswick have gained some eWork mainly owing to aggressive public policies and programs in this area over the last decade, there is an emerging pattern of eWork activity within the country with three distinct groups emerging: provinces (Ontario, Quebec, Alberta and to a slightly lesser extent BC) with established business service sectors that have been able to shift activities toward telemediated services, and are capturing a larger share of the domestic and international market in outsourcing services; provinces (New Brunswick, Manitoba and to a lesser degree Prince Edward Island and Newfoundland) making gains toward increasing levels of eWork activity either through natural

competitive advantage or through government initiatives; and provinces (Nova Scotia and Saskatchewan) that seem to be decreasing their shares of both the global and domestic eWork market.

Canadian urban and suburban areas are attractive for outsourcing opportunities because of a large pool of potential workers with suitable skills (i.e., different languages) and availability (flexible working hours). However, this can lead to intense competition for staff, and operators being a scarce asset. Canadian rural areas are attractive because of a lack of alternative opportunities ensures low staff turnover. Rural areas, though, offer limited resources in terms of amount and profile of available workers and poorer technology infrastructure. There is a concentration of “high-skill” (i.e., software development, creative services) and “low-skill” (i.e., contact centre work, data processing) eWork clustered in Ontario, Quebec, Alberta and British Columbia. Growth in “low-skill” eWork in New Brunswick, Manitoba and Saskatchewan has been facilitated because of policy interventions and heavy investment in eWork infrastructure.

Dimensions of Delocalization

The case studies, “Prairiecall,” “Softech,” “Techsupport” and “Vericontact,”⁴ analyzed for this research identify a range of delocalized relationships. While the motives for delocalization of e-work identified in the case studies identify some relatively predictable factors such as: cost savings achieved by economies of scale; cost differences between regions and/or companies; availability of labour and expertise; and a high degree of digitisation of information and electronic access to it, they also include more nuanced factors that have an important bearing on locational decisions.

As the table below illustrates, “Prairiecall” is a near-shoring case study of a contact centre located in a small prairie city in Canada that is contracted to provide customer service for the wireless product of a global American telecommunications company.

⁴ Case study names are pseudonyms. The case studies were conducted for the EMERGENCE Canada project in 2004 and 2005.

The destination company is a facilities-based provider of communications services, including voice, data and Internet access. The factors that contributed to locating in Saskatchewan included a relatively well-educated population base, English speakers with very little accent, a very good telecommunications infrastructure, and the availability of a large facility that could accommodate the centre. The value of the Canadian dollar against the American dollar was also a very significant driver, as well as government incentives in terms of tax breaks and government grants for training.

There are 740 production agents, another 90 in training, and 60 managers including supervisors, a training manager, eight trainers, local resource planner, and specialists. They expect to expand to 850 production agents. Most of the staff is young with the average age of 20, with half of those women. The turnover of staff has been quite large due to the composition of the staff – young and very mobile. Locating the contact centre in the central core has been a major employment boost for Regina, with a population of 190,000.

Table 2: Relocation Dimensions

Case Study	Business Function	Source	Intermediary	Destination	Relocation Type
Prairiecall	Customer Services	New York, NY, US	Rockville, Maryland	Regina, Canada	Near-shoring
Softech	Software Development	Burnaby, BC, Canada	Vancouver, BC, Canada	Noida, New Delhi, India	Off-sourcing/ Off-shoring
Techsupport	Technology support	Scarborough, ONT, Canada	Mississauga, Ontario, Canada	New Delhi, India	In-sourcing/ Off-sourcing/ Off-shoring
Vericontact	Customer Services	Ashburn, Virginia, US	Denver, Colorado, US	Vancouver, BC, Canada	Near-shoring

The “*Softech*” case study focuses on an off-sourcing/ off-shoring arrangement to provide software development support. The contract was initiated in 2002 between the source company, a software developer, with headquarters in Burnaby, BC and the destination company located in Vancouver, BC who has offices in both Canada and India. The work is carried out exclusively in India. The source company wanted to launch new products but was constrained by their capacity to deliver. By outsourcing work in their Software Productivity Centre they could maintain their momentum and have a “fallback position.” The impetus was “improving the quality of work getting done.” They initially started with a pilot project that lasted three months and when that went well they decided to make it an on-going relationship. The company does not use outsourcing as a selling feature and most of their clients do not know of the arrangement.

The source company is a privately owned company with 141 employees including the 15 contracted employees in India and one in New Zealand. Their corporate office is located in a suburban community outside of Vancouver, BC and in an area where there are other high technology companies. The area does not have other services close by that are in easy walking distance. It has 30 customers that mainly are government agencies. They provide software solutions that include scheduling and routing for services.

An Indian entrepreneur/engineer who immigrated to Canada is a co-founder of the Vancouver/ New Delhi destination company with a man in New Delhi. In North America, there is a team of 5 people in Vancouver selling the company’s Indian services. The company in India has 80 software developers and a management team of about 10 people including the 5 people in Vancouver. The small Vancouver office is located in the downtown core.

The source and destination companies have designed it so that the Indian staff are, “just like in the building” and “incorporated into own development processes.” They work “in sync” with the workers in-house. This works well for the source company in that it allows flexibility to monitor the productivity of individual software developers in India. They use MSN Chat and e-mail to address issues within the team and phone only rarely. The bandwidth to get to the Internet is less in India, which can sometimes cause problems

but the office in India is located in a Software Technology Park, in a suburb of New Delhi, Noida, which has good bandwidth. The “in sync” relationship that the source company has with the Indian software developers means that the staff in India has to manage their time and resources in order to accommodate that relationship and that their company’s culture must be kept invisible.

“*Techsupport*” is a case study that involves a combination of in-sourcing, off-sourcing and off-shoring of technical support. The source company is a large Canadian financial institution, with a back office in Scarborough, Ontario (a suburb of Toronto), which has contracted with the destination company to maintain and relocate DOS-based applications to other operating systems since Microsoft will no longer support DOS beyond 2006. The outsourcing was instigated as a way of supplementing their staff’s knowledge of the older technologies, as younger Canadian staff does not have this knowledge. It was termed a “risk mitigation strategy.”

The destination company is a global consulting and IT services company incorporated in India with over 20,000 IT professionals, and 20 development centres in India, the USA, the UK, the UAE, Canada, Hungary, Singapore, Malaysia, China, Japan and Australia. While it is a destination firm, with the bulk of work for clients conducted in India and selected other destinations, it also performs an intermediary role, as office staff located close to clients such as the development centre located in Mississauga, Ontario (another suburb in the Toronto area) mediate between their clients and the workers in India.

There are twenty people working from the contracted company in Canada at the financial institution in an in-sourcing arrangement. Work is also conducted as off-sourcing for the financial institution at the development centre by other of the sixty workers based there. These workers are both Canadians and from India. Only one of those workers is female. The development centre is in a building purpose-built for the company in a low-density part of Mississauga. The destination company also has a small corporate office in the CBD of Toronto. Off-shoring is also done by thirty workers from the destination company in India who also work on the project. All of the workers are highly skilled with many having masters degrees. The destination company portrays their relationship

as “seamless” in terms of cultural integration of their team with the source company, and in the process of delivery and execution of their services.

“*Vericontact*” involves a near-shoring arrangement to provide live agent support services between the source company located in Virginia and Iowa, USA and a destination service provider company located in Colorado with the contract carried out exclusively by a contact centre located in Vancouver, BC. The Vancouver contact centre provides third party verification (TPV) for customer service orders made by the source company. While the source company outsources its automated TPV services to another company, the destination company in Vancouver handles all of its live TPV calls. The contract commenced in March 2003. The main criteria the source company uses to evaluate a suitable vendor are: (1) infrastructure; (2) labour costs and (3) a labour pool.

The source company is a leading US-based provider of IP services and communication solutions providing long distance services for residential customers. Its headquarters are in Virginia, but it has locations in 65 countries around the world. There are approximately 17 individuals at the source company handling the TPV contracts. The main office that manages the third party verification (live agents at automated processes, i.e. voice response/recording units) is based in Des Moines, Iowa. There are also audit monitors, however, based in Colorado and Texas.

The destination company, based in Denver, provides a complete package of contact centre outsourcing solutions on both a domestic and global basis. The company initially opened a contact centre in Austin Texas but closed it, to set up contact centres in Vancouver, BC and Brampton, Ontario. The Brampton contact centre was closed in 2004. The destination company worked with a site selector to identify and evaluate their options of where to locate a contact centre. The destination executive, in consultation with the source company, made the final decision. When they were considering different sites, the valuation of the American dollar was strong and the workforce in Vancouver was considered “exceptional”. In Vancouver, they would be able to easily recruit a well-educated, multilingual staff, and the unemployment rate of 7.5% indicated an adequate available labour force. The number of different languages spoken in the region was a key determinant in the decision to establish the call centre in Vancouver and in general, the

destination company found there to be a highly skilled labour force in Vancouver to draw from, labour costs were relatively low compared to the USA, and the technology infrastructure was in place. The destination company has also partnered with a local community organization to build and train a workforce of First Nations people. This is partly due to the fact that the founders of the company are of Native American descent but it is also in line with a general commitment to principles of corporate social responsibility. They prefer to call the work they do “partnering”, rather than outsourcing. They are “performing” in eleven languages in the centre. The contact centre is located in an office building on the periphery of downtown Vancouver that was recently industrial land. It is close to a rapid transit station.

Sixty percent of the 400 workers are women. Forty employees are Aboriginals and the majority are under 35 years old and recent immigrants from Asia and Latin America hoping to use their contact centre work experience as a steppingstone to further employment. The turnover rate at the company is between 10% and 14%, which the managers claim to be industry level. The rate varies, however, by the job and skill set. There is therefore very low turnover among the highly technical and specialized jobs but higher rates of turnover among the third party verification (TPV) agents.

The BC-based destination centre emphasizes that it has a “seamless relationship” with the source, communicating on a daily basis and working collaboratively to address issues and enhance services. The destination company is acutely aware of the fact that the source company is constantly monitoring them for quality and speed of service. The call associates receive on average of 70 calls on a 6.5-hour shift.

Delocalized Locales

The four case studies identified locational decisions based on business functions and labour composition. “Prairiecall” and “Vericontact”, both near-shore case studies of contact centres providing customer services, primarily based their decisions on the composition of the workers they needed to attract. Since customer service work need a

certain set of skills (language, etc.), but are relatively low paid, locational decisions were predicated on where they can go for those skills for the lowest wages. While this work could (and may) be sourced outside of North America, the unique capabilities of the Canadian workforce and proximity to the US for travel between the source and destination companies made the location in Canada desirable. They do not, however, need to locate in proximity to other companies offering similar services as their clients are geographically dispersed, resulting in contact centres in small cities with few other industries. Within the locale where they located they need to be near transit routes to serve their workers (predominantly low-income, low education, female, immigrant, minorities, young) but it is not necessary for them to be in the CBD as their work does not necessitate proximity to other businesses.

“Softtech” and “Techsupport”, off-shore case studies of technical support and development, while demonstrating the footloose nature of this work in that both involved sourcing to India, also was grounded in locational decisions that reflect the need to establish local presences to ensure client satisfaction. While they are destination firms, with the bulk of work for clients conducted in India and selected other overseas destinations, perform an intermediary role as an emerging trend to smooth the outsourcing process between companies originating the work, and the destination companies taking on the work. These local offices need not be in the CBD but they need to be within easy proximity of their clients. In addition, all of the companies profiled in the case studies need flexible space to expand and contract based on business priorities and employment patterns. They also have to provide amenities for their employees, especially in such industries as entertainment gaming, who are predominantly male, highly educated and mobile, and are attracted to employment opportunities that incorporate lifestyle factors.

The case studies and quantitative data reveal that the delocalized nature of economic activities results in the need to see urban growth in a global perspective in order to understand the impact on specific locales. The locational decisions point to employment relocations of corporations that are reinforcing the growth of suburban communities where land values are allowing for more flexibility in land uses. The importance of the CBD is being reduced with globalized employment relocation. A presence in the CBD is

more for symbolic purposes than a location of productive activities and the CBD is being deterritorialized (Sassen 1994). Delocalization results in fragmentation in certain locales and reconcentration in other locales such as being evidenced by the technology parks in India. This points to a network model of urban growth (Castells 1996, Sassen 1998) rather than a nodal model. The case studies demonstrate a pattern of decentralization. Locations far from the amenities of the central city are reflective of new economic patterns that do not have to have proximity to the CBD. However, there is a pattern of clustering of telemediated businesses in close proximity to each other to ensure that the broadband width required for telemediated employment is available and that there is a large pool of skilled workers to draw from.

The urban relationships described by the Chicago School of Social Ecology in the 1920s (Park 1926) have not entirely disappeared but the formerly highly centralized structure has begun to disintegrate through a number of broad macro-processes such as the rise of global city systems (Friedmann 1986), an increasing globalized division of labour (Castells 1989; Hall 1998), the changing industrial base and rise of the service sector (Hutton 1998; Yeates 1999), and shifting inner-city demographics (Bourne and Ley 1993).

Theorizing about this urban form has taken divergent paths. Garreau (1991) and Leinberger (1996) argue that the metropolitan structure is simply going through a process of reorganization that is leading to a new pattern of central places termed by Garreau, “edge cities” and by “Leinberger,” urban villages. Shearmur and Carron (2004) argue that within Canadian cities there exists a continued trend toward centralization and a form of social and physical structure that parallels the models created by the Chicago School. Dear and Flusty (1998) assert that the Chicago School model is reaching the end of its usefulness. A form of urbanism has emerged where adjacencies and distance play a much smaller role in the development of cities. Citizens increasingly have a greater affinity and connection to far flung areas of the globe than they do their own neighbourhoods. Urban land uses are defined by the needs of global capital rather than local communities creating a disjointed form of urban structure. Global industrial

restructuring is rendering the emergence of new industrial geographies that are perceived as fragmented and disjointed (Soja 2000; Dear and Flusty 1998). Graham (2001) stresses that ICTs are supporting and compounding urban polarization, within the environment of deepening liberalization, globalization and the commodification of technology. While the consequences of this globalized economic activity has been theorized differently, urban patterns have emerged that are described by a diffusion of activities throughout an urban region creating the potential for the creation of urban nodes and sub-nodes not predicated on proximity to the urban core.

Concurrent with delocalization is the striving for “seamlessness,” or value chain integration (the a-spatial dimension) and “synchronicity” (the temporal dimension). This integration furthers the delocalization process, creating a virtual space for these seamless interactions. While there are “real” workplaces where work is being conducted, it is in these virtual spaces where the work is synthesized. This has an impact on urban growth and form, furthering the de-centering and de-concentration of employment locales.

Regional Economic Development and Delocalization

Regional disparities, between countries and within countries, demonstrate the difficulty of developing regional economic strategies for the imperatives of telemediated employment. This mode of industrial organization results in increasing expectations of flexibility and mobility of labour, resulting in further employment relocation if the conditions change in a particular locale. While there is specialization of companies and regions in fields of competitive advantage, the reliance on advanced technology and global expertise offers highly unstable employment. The reasons for locating work in a particular region may vanish. Economic processes and corporate strategies that led to the relocation may lead to further reorganization threatening the employment created through relocation. The organizational and technological change necessary for relocating work may result in work organizations and information systems that make employment easy to relocate again.

Outsourcing has been associated with job losses, most acutely reported in the American press, and there are particular fears that well-paying work in advanced economic sectors will suffer most. Research to date, however, has not found such a clearly negative situation in Canada. Statistics Canada data obtained in 2004 suggests that the net impact may be more positive than negative, with service sector trade revenues showing more gains than losses through outsourcing (Statistics Canada 2004b). The impact of telemediated employment relocation on regional and community development varies by community location (i.e., rural versus urban, more remote or near / within a large metropolitan centre); community size; and the type of business activities a community wants to attract or retain. For example, companies are finding it attractive to locate contact centres in Canada in urban areas where they can find a skilled, multilingual labour force. Other companies are relocating business functions in remote regions where there is a regulatory climate and benefits that support their activities.

While outlying Canadian communities, often led by provincial initiatives, in New Brunswick, Ontario, Saskatchewan, and British Columbia are seeking call centres to enhance employment, or compensate for a declining industry it is yet to be determined if these new jobs have helped provincial and local economies. An Australian study showed mixed experiences with rural call centres (Standen and Sinclair-Jones 2003). The same mobility enabling new rural jobs increases vulnerability to relocations offshore to benefit from cheaper labour or to replacement altogether through technology advances like automated voice recognition. Those call centre jobs, which are less vulnerable to quick relocations are often centrally located, out of a need for a specific type of expertise or language capability. Nearly 70% of all call centre jobs in Australia have tended to concentrate in and around its two largest cities, Melbourne and Sydney. This metropolitan location (or at least proximity) is particularly strong among private sector activities, but less so for call centres performing work outsourced by government agencies. As a result, Australian rural policy-makers have had second thoughts about continuing to pursue these activities (and offering financial incentives) without more clarity on their longer-term local impacts.

However, professional, scientific and technical services such as software development, is in a very different position in terms of enhancing regional economic development. While outsourcing of these services does occur, it is not necessarily a threat for the Canadian economy. For example, Arora and Gambardella (2005) found that most software activity outsourced to countries with emerging industries (such as India) entails lower value-added aspects of the production process, and this will continue to be the case for quite some time. As a result, these off-shore activities do not necessarily detract from programmers doing higher-level work and firms may benefit from outsourcing more routine activities, gaining an edge on competitors and being able to grow their companies in a more carefully planned manner. Also, where higher-value software and advanced technology activities are outsourced from US firms, these tend not to be sent to offshore locations, but to “near-shore” ones within the US or in Canada. Thus for the major urban communities in Canada global sourcing can be more of an opportunity than a threat, providing specialized employment clusters.

While global sourcing affects regional development through the types of jobs gained or lost, it can also change the spatial concentration of employment. As communities grapple with traffic congestion caused by longer commutes, between residential areas and jobs no longer clustered in a single downtown, further changes in business locations may complicate efforts to manage urban growth and traffic. Outsourcing affects job location in two different, but related, ways. As noted, new technologies enable wider distribution of activities domestically and offshore. But this type of distribution also requires increasingly centralized management, resulting in the related trend of more activity clustering in a few dominant cities within a country. Moreover, many outsourcing activities involve specialized expertise, typically found in, or near, big cities. These activities may not consolidate in central downtowns or even suburban downtowns. For larger metropolitan areas, it will thus be important to ensure newly consolidated nodes do not compromise broader regional growth management and liveability goals.

Conclusion

Globalization represents a shift in the scale at which many aspects of daily life unfolds.

Telemediated delocalization has complex consequences for urban growth and form. Sweeping generalizations, however, cannot be made. Delocalization alters material and social givens, creating new options for, and new constraints on, individual and collective action.

Regardless of the complexity of the relationship, several distinct patterns emerge in analyzing the relationship between delocalization and urban space. Telemediated employment is leading to a new economic geography with increasing regional specialization in certain types of information processing activities such as call centres, data processing and software development. What is being created is an urban form of increasing hybridity with the concentration of certain urban uses and deconcentration of space in others. Telemediated delocalization enables globalized employment activities and the creation of decentralized urban patterns predicated on the temporal and spatial of these new employment activities. Employment opportunities are being created in periphery regions of urban areas. There is a diminished need for proximity of enterprises and concentration in other areas by requiring workers to be physically present in a workplace to ensure surveillance. These activities also appear to precipitate more centralized management resulting in activities clustering in a few dominant cities within a country.

While conditions do look bleak for sustained economic development in marginalized regions, global sourcing need not mean the end of effective regional and local control over economic development and livability. The discourse around outsourcing and globalization assumes a lack of agency and choice by communities and that municipalities must follow market dictates without question. This line of reasoning, without a careful consideration of broader impacts, may be contrary to a community's best interests in the long run. It is important to look beyond rhetoric and to carefully consider local economic conditions and quality of life factors, as well as global forces, when facing policy choices.

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