

Governance of the Global Economy: A Case Study of Voluntary Self-Regulation in the Business Process Outsourcing (BPO) Industry

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The global economy is currently transitioning into a market driven by developments in technology and fueled by information and transnational transactions. One outcome of this process is the outsourcing of business processes that emerged in the economies of the United States and Britain but is now increasingly ensconced in India, China Taiwan, Japan, Singapore, Australia, New Zealand, South Africa and several countries in Latin America, among others. Valued at around \$29B in 2008, the global market was projected to be worth as much as \$280B, this year (Oxford Business Group, 2012). In the Philippines, the BPO industry has quickly become one of the economic pillars generating \$11B in revenue last year and is forecasted by the World Bank to generate \$50B in profit by 2020(ibid). This industry has not only generated billions in revenue but also employs millions of people around the world. However, along with the generation of profit and employment, the BPO industry is also the harbinger of new forms of work that challenge existing labor laws, practices and processes of labor management, and state control and labor regimes. This new industry presents potential and emerging concerns for the countries that belong in its global network and it is imperative that policies and governance practices to address new labor issues are tackled.

This paper investigates policy innovations and new forms of labor regimes that respond to the demands of a global service industry where customers and clients are in the USA, operations and management are headquartered in India, and employees reside in the Philippines. What are the new systems of governance crafted, on the one hand, because of the recognition that existing and traditional laws are increasingly becoming irrelevant given the dynamics of transnational corporations; and, on the other hand, the actors involved are not within the jurisdiction of a single state. First, I present the broader economic and legal framework provided for investors by the Philippine government. This includes the incentives made available to foreign investors who seek to establish operations especially in the country's special economic zones. A critical issue this carries over is the "absence of labor organizing" (McKay 2006) that is therefore in effect for the over 638,000 employees in the Philippines. Second, I evaluate the self-regulation of transnational actors through the Industrial Tripartite Council (ITC) comprised of government representatives, labor sector representatives and BPO industry representatives, and their formulation of a "Decent Work Agenda". The ITC is a response to calls for reform and criticisms that includes: 'intense monitoring and control by the management, low wages, restrictive and repetitive work flows, poor working conditions, and compromised health and psycho-emotional well being' (National Statistics Office

2008). A “Voluntary Code of Good Practices on Decent Work+” embodies the self-regulation of actors involved. This code presents articulations and appropriations of labor management practices and relations, occupational safety and health, employment security, Human Resource and Employment development, corporate citizenship, the role of women, social dialogue and protection, and continuing labor education (CLE).