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## Project

### Newsletter 1

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## News from the project

The first **MOOS** conference was held in Paris on 10 February 2005 and hosted by the French **MOOS** partner from CFDT in Paris. The main purpose of the conference was to bring together UNI IBITS affiliates to inform them about what is at stake on offshore outsourcing. More information on the presentations is included on the event-page of the **MOOS** project website. Here are some highlights:

- Gerhard Rohde (UNI Europe) stressed that offshore outsourcing is here to stay. This means that all partners involved - managers, professionals, employees, union representatives - have to learn to deal with it. Also from the employee perspective, it is crucial to prevent failure of offshoring projects. Offshore outsourcing as a business strategy is rarely a one-off event but rather a dynamic process, involving continuous interaction between all concerned; hence human interaction and communication are crucial factors for success. To deal with offshore outsourcing, new skills are required: technical and management skills to control the organisational implications of offshoring projects and to work in a networked company, behavioural skills to deal with intercultural differences and to work in teams. For the employee representatives and for the unions, the very same skills become crucial in view of developing anticipative strategies and in order to improve international co-operation.
- Tom Machel and Philip O'Rawe explained how in CONNECT/BT an agreement with the unions on offshore outsourcing was developed and applied. The main principles underpinning this agreement are:
  - no compulsory redundancies;
  - real protection for jobs and prospects;
  - real money to fund real retraining as part of any negotiation;
  - union negotiation to cover all jobs potentially offshored – existing and new areas of work;
  - union (UNI and affiliates) access to offshored workers to recruit and organise;
  - well-organised labour in 'receiving' countries to counteract 'the race to the bottom' as a crucial aim.

The two speakers stressed how important it is to remain vigilant on the application of an agreement on offshore outsourcing and on the evolving 'relationship' between the source company and the destination company. Once activities are outsourced, a process is triggered and it is not always easy to detect how, gradually, more work is reallocated to the destination companies.

Interested in the full presentations and in the other speeches of this highly relevant conference? Look at [www.moosproject.be/events](http://www.moosproject.be/events)

## The MOOS trackers

**MOOS** wants to keep track of what is going on and to better understand the logics behind offshore outsourcing. Only then it is possible to formulate well-considered answers, to develop effective union strategies and to anticipate new developments. Completing the **MOOS** trackers is easy. These are the steps to follow:

1. You read about companies planning to outsource in newspapers, magazines, etc. You have basic information about the workforce affected and the destination of the jobs. Or you have more comprehensive information on a company project on offshore outsourcing, from your union colleagues or from employee representatives.



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2. You remember that it is important to keep track of these developments and to inform the **MOOS** project.
3. You contact your national **MOOS** partner, listed on the **MOOS** project website, to get the 'userid' and 'password', if you have not yet done so. These allow you to login on the secure part of the **MOOS** website in order to complete the **MOOS** trackers.
4. If you have mainly basic information on the offshore outsourcing event, you complete the **MOOS** tracker. This will take you about 10 minutes.
5. If you know more about the plans, the process, the impact, you choose for the **MOOS** Questionnaire. This will take more time than 10 minutes, but it is important to share your knowledge and expertise with us. If you need assistance for completing the questionnaire, you can contact your national **MOOS** partner.
6. You submit and we take care of the rest!

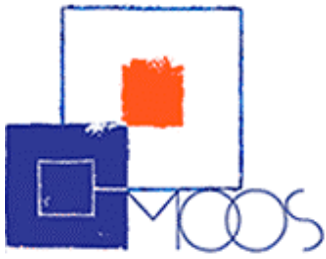
Did you know that there are translated versions of the **MOOS** trackers on the website at your disposal? We have translated the tools into German, French, Swedish, Danish and Dutch for your ease.

### Read for you

- The *Dutch Central Planning Office (Centraal Planbureau)* recently published a document on relocation of work. The CPB document mainly deals with the motives for and consequences of reallocation. It also goes into the role of government policy. The conclusions of the report highlight especially the advantages this 'globalisation' offers for the Dutch economy and labour market. The benefits of reallocation contribute to real income in the Netherlands. There are also potential costs. One concern is that reallocation towards low-wage countries lead to unemployment, especially among low-skilled workers. However, the authors conclude that this concern is practically not very relevant: in general the costs of reallocation seem modest.

Further, the report focuses on the consequences of the growth in offshoring for government policies. Given policies to improve the economic structure, specific policies to keep economic activities in the Netherlands seem as a rule not necessary. Often specific policies will not be effective either. Governments should rather concentrate on facilitating international trade in general, on innovating economic activities and knowledge infrastructure as part of 'generic' socio-economic policies, and on focusing on sectoral restructuring in view of globalised markets, rather than focusing too unilaterally on the possible job loss related to relocation of business functions. More information: Joeri Gorter, Paul Tang & Michel Toet, 'Verplaatsing vanuit Nederland. Motieven, gevolgen en beleid', CPB, 2005, see [www.cpb.nl](http://www.cpb.nl).

- The *Advanced Institute of Management Research (AIM)* from the UK published a study on the impact of 'Offshoring of Business Services on the UK economy' (Laura Abramovsky, Rachel Griffith & Mari Sako, AIM, November 2004). They conclude that business services (including computer services, professional services, research and development and others like labour placement agencies and call centers) have accounted for 50 percent of job growth in the UK over the past two decades. Now one in seven jobs in the whole UK economy are situated in business services. From the international perspective, this economic sector is of particular importance for the UK because there is a trade surplus: more business services are purchased from the UK than the UK purchases from overseas. The growing demand for these services has however come mainly from UK-based services. Outsourcing of these activities is



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dominantly a domestic trend. Nevertheless, UK firms are increasingly sourcing business services offshore and foreign firms are increasingly sourcing business services in the UK.

Although it is hard to find reliable statistics about the impact of offshore outsourcing in terms of jobs relocated abroad, it seems that potential UK job losses from sourcing business services abroad are small compared with the total job creation in business services.

- In order to investigate the difficulties to quantify outsourcing of ICT and related services, let alone predict the future growth of it, the *European Monitoring Center for Change* issued a Status Report on the subject (see [www.emcc.eurofound.eu.int](http://www.emcc.eurofound.eu.int)). The authors Ursula Huws and Jörg Flecker conclude that if future developments are to be tracked accurately in order to inform policy, then there is an urgent need for the identification of appropriate indicators and data collection instruments, and the allocation of resources for their analysis at regional, national and EU levels as well as globally. Because of the lack of reliable indicators, the current popular discourse on 'offshoring' has been characterised by a somewhat 'hysterical tone', say the authors: "On the one hand, simplistic and scaremongering prophecies foretell large-scale job losses amongst the white-collar workforce of the developed world, whilst on the other optimistic win-win scenarios are presented in which the globalisation of the market for information services brings benefits both to developed and developing countries."

In an attempt to underpin the debate with more evidence and within the limits of what is possible with the available statistics, the authors draw similar conclusions for Europe as a whole as the cited studies do for the UK and The Netherlands. An analysis of European employment trends in ICT and related services reveals no evidence of net job loss (between 2000 and 2003). On the contrary, with the exception of Denmark, there was net growth in all 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 figures confirm that growth is much higher in New Member States than in the more developed economies of northern and western Europe.

This suggests that some relocation of jobs within the EU may be taking place. This reflects the increasing propensity to outsource ICT and ICT-enabled functions, resulting in a general shift to these sectors from other parts of the economy, including the public sector. Further, it gives evidence to the fact that the EU is both a source as a recipient of outsourced employment from other parts of the world, notably the US.

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