

# MANIFESTO

## 'Stop the sell-off of high-performance work from the Netherlands'

Amsterdam, June 2012

**Invisible and stealthy changes have taken place in the Dutch labour market over the past few years. Thousands of jobs of well-educated people have been transferred to low-wage countries and, due to the Internet, a lot of their work is being 'sold off' to people at random locations all over the world.**

The Dutch labour market is on the eve of major changes. Within Dutch political circles, we – the trade unions and representative bodies active in the ICT sector – are seeing initiatives that constitute an immediate threat to the quantity and quality of high-performance employment in the Netherlands. Particularly those companies that operate at a global level are being facilitated in a variety of ways in order to optimise their operating profits and financial advantages. The transfer of increasingly higher level employment from the Netherlands to other countries can be used without constraint to give maximum satisfaction to shareholders, while employment in the Netherlands is increasingly being threatened. In the Netherlands, the threshold for companies that intend to make employees redundant is much lower than that in many other European countries. Moreover, the 'Vacatures 2011' (vacancies in 2011) report issued by the Employee Insurance Schemes Implementing Body (*Uitvoeringsinstituut werknemersverenigingen*, or *UWV* for short), shows that the number of employees who were given a permanent employment contract in 2011 dropped by 97% to about 2,000. We expect that the reduction in redundancy payments and the ongoing flexibilisation of employment in the Netherlands will further accelerate this trend. We feel that the assumption that this type of measure will actually generate more employment is a mere illusion. From experience we know that there is no chance that the ever-increasing higher level jobs that are disappearing will be replaced by sufficient other employment or sufficient and targeted investment in Dutch employees. Unemployment – especially among older, well-educated people – could actually increase considerably.

While the Netherlands is still taking stock of the impact of the deregulation of financial markets, the next deregulation has already started: the labour market. As trade unions and representative bodies, we know all too well what the situation is like for 'The Netherlands Ltd'. Over the past few years, numerous requests for advice have been submitted in the field of co-determination of our companies, whereby the loss of thousands of jobs has played a key role. And this trend is still ongoing. We are trying to remove the sharp edges of all sorts of reorganisations but can seldom stop them. We primarily negotiate about alleviating the social consequences as effectively as possible. In doing so, we seek to keep the reorganised company as healthy as possible with the best opportunities for the remaining employees. To illustrate the developments that we experience in our companies, we will discuss two elements that play an essential role for employment (within the big ICT service companies) in the Netherlands: offshoring and crowdsourcing.

## **Offshoring**

The worldwide ICT sector is setting the trend in applying technical and technological developments in operational processes. In doing so, the main target is 'faster, better, cheaper'. Companies and other civil-society and government organisations in and outside the Netherlands have already outsourced their ICT activities and departments to specialised ICT companies on a large scale. By making use of worldwide processes and employees from low-wage countries in and outside Europe, work is organised more effectively whereby companies can save on costs. As a result, many jobs have already been lost, also in the Netherlands. Initially, offshoring was a model that was mainly used for repetitive, lower qualified work. Experience has shown that, in the meantime, also high-performance and specialised jobs easily disappear through offshoring to other locations in the world.

In response to this, trade unions and representative bodies are committed to reinvesting the costs saved through outsourcing – in part or in full – in the development of new knowledge and skills and, as a result, increasing and improving the deployability of Dutch employees, for example. The idea behind this approach is that globalisation will be difficult to stop but we can try to alleviate a number of consequences. We consider keeping high-performance and innovative ICT and other work in the Netherlands of the utmost importance. The results of this approach have been limited so far. We have noted that investment/reinvestment in high-performance work is not nearly as substantial as the cost savings achieved. Worldwide operating ICT companies are mainly prepared to invest in growth markets such as 'the BRIC countries', where their short-term return on investment is highest. The Netherlands and (Western) Europe are regarded as a part of the world with major, profitable clients but not as locations where the work should and could be done. Profits flow away and employment is increasingly dropping while all that remains is mainly sales offices. This has major risks for the development of the Netherlands as a knowledge economy.

## **Crowdsourcing**

A new phenomenon whereby highly qualified work can be carried out somewhere else is called crowdsourcing. However, this does not involve innovative ways of being able to come up quickly with sound and supported solutions for social developments, as is also applied by some political parties. It involves a commercial variety that is already actively applied by the ICT sector, such as a new way of software development. It means that highly qualified work is first subdivided into a number of separate bits (modules) which, subsequently, are offered to a virtual group of individuals, the 'crowd', by means of technology. Anywhere in the world, these individuals can submit their bid for these work activities on demand and in line with previously set criteria (for example, quality requirements, price, and delivery time). The person who comes up with the best solution the quickest and at the lowest price wins the competition. Only the winner will make money, while all the other suppliers miss out on the deal and earn nothing. It is a matter of 'piecework' in its most elementary form, without a purchase commitment, whereby the strongest survive. There is nothing wrong with this, as long as the employees in the crowd come out best. However, this situation is not cut out for everybody within a global economy and, if no work comes in, their reputation may weaken and the chance of follow-up assignments will be significantly reduced. It is mainly the shareholders of large multinationals who benefit from the underlying model of earning.

Examples of organisations that offer crowdsourcing directly or indirectly include: TopCoder ([www.topcoder.com](http://www.topcoder.com)), Elance ([www.elance.com](http://www.elance.com)), Guru ([www.guru.com](http://www.guru.com)), Odesk ([www.odesk.com](http://www.odesk.com)) and Proz ([www.proz.com](http://www.proz.com)). In all cases it involves virtual marketplaces on the Internet that pick up assignments and channel them to affiliated professionals, usually in countries with significantly lower wages and poorer working conditions than those in the Netherlands and the rest of (Western) Europe. We expect that such 'crowds' and 'clouds' will have a significant impact in the near future. In the first place, they will have an impact on the Dutch ICT labour market but also on other sectors in which such solutions are being offered, including financial institutions, the pharmacy and chemical sectors, and even government organisations. The graphic and other creative sectors are already using it – for example, text, web and advertising agencies. In this respect, it not only involves software development but also consultancy, finance, marketing and HR activities. This could mean that Dutch employees in a variety of sectors, including ICT, will need to start competing on employment and working conditions more than is currently the case with, for example, colleagues in India, Malawi and South America. With offshoring the emphasis was on entire jobs that were transferred somewhere else, while crowdsourcing involves bits of work that may end up anywhere in the world and are carried out at rates that are under great pressure due to this procurement method. In this way, the risks linked with employment are extensively circumvented and are for the employee's own account. There will be no more permanent employment, training costs, pensions or care obligations etc.

A considerable number of companies have started with this form of crowdsourcing and the end of the experimental phase is in sight. Experience shows that the pace and impact of such developments are heavily underestimated by the public – and, consequently, in political circles. The assumption that only standard, repetitive work such as algorithmic activities can be transferred to other companies, countries and people is outdated. It appears that practically any type of work can be carried out by the crowd elsewhere – and cheaper. As a result, this not only applies to software development but also to project management, software architecture etc. Large ICT companies are currently busy experimenting with this phenomenon. Marketing, finance and HR jobs are often already being outsourced.

### **Measures for maintaining high-performance employment**

The chances and opportunities offered by technology in solving complex problems are unprecedented. At the same time, we consider it important that the Dutch economy and employees are given a certain degree of protection against the adverse side effects of globalisation and crowdsourcing. This is possible if, for example, the government would set a good example when outsourcing ICT and other assignments by stipulating that the work must be carried out by Dutch employees. Moreover, reinvestment of a part of the savings in the Netherlands could also be stimulating. Another important aspect is adequate legislation governing globalisation of the labour market, whereby socioeconomic and moral-ethical aspects, tax matters, data privacy and the intellectual property rights of ideas and solutions that are generated in the Netherlands should also be taken into account.

Sustainable strategies will need to be developed to keep as much high-performance work as possible in the Netherlands and to develop new work. In doing so, it may be important to increase instead of reduce redundancy payments, to further tighten instead of liberalise redundancy rules,

and to pursue an equilibrium in flexibilisation of the Dutch labour market instead of maximisation of flexible work arrangements.

We call on the Dutch politicians and the policymakers within the companies to assume their responsibilities in this matter and to continue discussions with us.

**Signatories,**

- Bob Bolte, trade union official with FNV Bondgenoten
- Huug Brinkers, trade union official with De Unie
- Joost van Herpen, trade union official for Telecom with Abvakabo FNV
- Ernst Kuntz, coordinator of EOR Bondgenoten platform
- HP Netherlands Works Council
- IBM Netherlands Works Council
- KPN Central Works Council
- Active trade unionists with KPN Corporate Market (formerly Getronics)
- Works Council and active trade unionists with NXP Semiconductors
- Océ Works Council
- Philips Central Works Council
- Alfred Eykelenboom, active trade unionist with Ericsson
- Active trade unionists with ATOS