Downsizing In The It Industry Essay, Research Paper

DOWNSIZING IN THE IT INDUSTRY

Companies are asking for more from their employees now than ever before. By downsizing and outsourcing, and otherwise changing the corporate world for their employees, Information Technology companies have fundamentally changed the relationship between the organization and its employees. Indeed, Information Technology companies are becoming more and more eager to implement a scaled-down version of their operations as a means by which to minimize expenditures and maximize profits. “You have workers that are often difficult to train when willing, but are often unwilling to really work and earn their way” (Torres C2-6).

What is the impact of such significant downsizing to the Information Technology field in general? For one thing, globalization has cast an entirely new light upon the way that Information Technology companies operate amidst a growing atmosphere of global competition. Every opportunity to cut costs and increase revenue brings a company that much closer to overpowering its industry rival. “There are good reasons to be skeptical about whether easing the way money flits around the world has brought more good than harm” (Moberg 18). While the globalization of the Information Technology industry greatly depends upon a firm’s competitive position in a particular country being significantly impacted by its position in other countries, it can be readily understood that global industry is not just a collection of domestic industries but rather a group of linked industries in which rivals compete against one another upon a worldwide basis.

“Businesses when entering foreign markets must ‘Think Globally, Act Locally,’ effectively using the concept of the international product life cycle, and improve value chain activities to sustain their competitive advantages” (Industry-Specific Competitiveness Of A Nation).

Yet another impact of downsizing in the Information Technology field is the notion of inflation. Inflation and the business cycle are two economic entities that are forever intertwined. That one cannot exist without the other’s influence is particularly pertinent when assessing how government attempts to minimize inflation along with the size of variations that exist in the business cycle. Samuelson explains why there has come to be a balance of unemployment with inflation, noting several changes that have occurred in order to achieve what economists have been forecasting for some time. Given the fact that the technological revolution has played an integral role in relation to the overall balance outcome, it can readily be argued that Samuelson places a significant amount of credit upon the companies that both create and utilize computer technology as a means by which to allow for “modest increases in labor costs without raising prices” (33).

The author also credits corporate downsizing and good fortune (subsidized health spending, cheaper imports) as giving company executives the upper hand when it comes to stabilizing the job market. This, according to the author, is what has caused the domino influence when it comes to inflation, unemployment and the business cycle. “What’s occurred in the United States is that companies have refashioned pay practices to cushion the conflict between rising wages and higher prices” (Samuelson 33). Samuelson cites a study done by economists Lawrence Katz and Alan Krueger that addresses the natural rate’s decline with regard to a variety of worker segments, including older workers, temporary help and prison laborers. In examining the economists’ findings, Samuelson is quick to point out that “estimating the natural rate involves much guesswork” (33), indicating that Katz and Krueger’s analysis is not based entirely upon factual data. The author continues on with his own assertion as to what the future holds for downsizing, unemployment and inflation, contending that even with the guaranteed existence of such business cycles, “this elevates everyone’s lifetime job prospects” (Samuelson 33).

The advent of computer technology is, in and of itself, a positive move toward society’s overall advancement, however, the impact of downsizing upon the Information Technology industry has come to represent a high price paid for such progress. The role of business in contemporary society is to advantageously encourage the interchange of commerce as a means by which to uphold economic security. Inasmuch as society is fundamentally based upon performance and profit, however, it is not unusual to find it necessary to downsize in order to maintain a presence within the Information Technology field. “Computers, like other fundamental technologies, offer certain opportunities while blocking others, thus altering the course of history in a manner not unlike the way political change can open a new path in social development at the same time it closes off many alternatives” (Mitcham 314).

The ethical approaches of purpose, principle and consequence are integral components of business social performance; itemizing these contributions finds one incorporating the interests of ethics and morality within the corporate structure, essential concepts that are often absent from downsizing efforts. “No one element can create or sustain ethical management; and weakness in one element could undermine the whole effort” (Ruin PG). The very issues of corporate social responsibility should rightly exist within every company’s infrastructure, particularly in the event of a downsizing; however, social integrity is not something that is often at the forefront of modern day business dealings (Beauchamp et al PG).

Works Cited

Beauchamp, T., & Bowie, N. E. Ethical Theory And Business.

Englewood Cliffs, NJ: Prentice Hall, 1996.

Industry-Specific Competitiveness Of A Nation And Its

Consequence On Overseas Marketing Performance: Measurement Construction And Empirical Study. National Cheng Kung University. 2 November 2000

http://somunix.uafsom.alaska.edu/ global4/chen/chen.html

Mitcham, Carl. “Technology and ethics: From expertise to

public participation.” The World & I 11, March 1996: 314.

Moberg, David. “Breaking loose: New rules for the global

economy.” In These Times, June 1999: 18+.

Ruin, Joseph Eby. “Importance of business ethics.” New

Straits Times, December 1997: PG.

Samuelson, Robert J. “Our lifetime job prospects.”

Newsweek, June 1999: 33.