Globalization: Outsourcing to Bangalore

OVERVIEW & OBJECTIVES

Technological advances in communication and the growth of the Internet have created changes in the way companies do business. Someone in Bangalore, India could answer your next phone call to a help line.

This lesson will focus on the pros and cons of globalization, especially in relation to outsourcing. Students will be introduced to their competition, watch a power point, read articles, and debate or write a position paper on globalization.

Students will be able to...
- Describe the increasing competition for U.S. jobs and the crucial role of education
- Define and provide examples of globalization
- Describe the impact of outsourcing on U.S. businesses and workforce
- Analyze the impact of outsourcing on India’s businesses and workforce
- Explain the role of globalization in the changing world economy
- Defend their opinion with supporting evidence on a final task that demonstrates their knowledge of both sides of the outsourcing issue

GRADE

8th Global Studies & 9th Geography

TIME

4-5 Days

REQUIRED MATERIALS

- Computer Internet access with projector
- Computer Internet access for students
- Purchase the episode “1-800-INDIA: Outsourcing and the Global Economy” from PBS: Wide Angle (or use identified readings)
- PowerPoint: “Globalization”
- Handouts: “Meet Your Competition”; “Venn Diagram: Meet Your Competition”; “Outsourcing Websites”; “Outsourcing Assignment”

MINNESOTA SOCIAL STUDIES STANDARDS & BENCHMARKS

(8th GRADE)

Standard 10. The meaning, use, distribution and importance of resources changes over time.
8.3.3.10.2 Describe the impact of comparative advantage, the international division of labor, and de-industrialization on manufacturing regions and commercial districts within urban areas in the United States and Canada.

For example: Decline of the Midwest as an industrial region because of the outsourcing of manufacturing, the rise of export focused garment manufacturing in China, Southeast Asia and elsewhere, the development of call centers and computer technology support services in India.

Standard 10. The meaning, use, distribution and importance of resources changes over time.
8.3.3.10.7 Analyze the role of comparative advantage in the rise of the Indian market economy in the global economic system.

For example: Large number of educated speakers of English able to work in call centers, development of manufacturing based on local capital, labor and markets, development of high-tech industry, international finance.
(9th GRADE)

**Standard 4.** People construct regions to identify, organize and interpret areas of the earth’s surface, which simplifies the earth’s complexity.

**9.3.2.4.2** Identify the primary factors influencing the regional pattern of economic activities in the United States and the world.

**Standard 7.** The characteristics, distribution and complexity of the earth’s cultures influence human systems (social, economic and political systems).

**9.3.3.7.3** Explain how social, political and economic processes influence the characteristics of places and regions.

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**SUGGESTED PROCEDURE**

**Day 1**

**Introduction**

Write GLOBALIZATION in big letters across the board. List the following countries on the board: Finland, Korea, Netherlands, Japan, Canada and Belgium (Six of the 12 countries above U.S. for college graduates). Also, write on the board: $12,209 (How much U.S. spends on educating students).

**Development**

1. Students complete the anticipation guide, "Meet Your Competition", by checking Agree or Disagree before each of the statements. (Answers for "Meet Your Competition"): 1) Agree; 2) Agree; 3) Disagree; 4) Agree; 5) Agree; 6) Agree; 7) Disagree; 8) Agree; 9) Agree; 10) Agree; 11) Agree; 12) Agree.)

2. After students have completed the anticipation guide briefly discuss their responses, especially question #3. (The United States graduates more students from college than any other country—False.) Next, have the students try to guess what the list of countries on the board means. The United States came in sixth on the list of college graduates this year below the other countries! And yet we spend more per student than the other countries on the list. Achievement must be something other than money—What is it? What does it mean for the United States?

3. Introduce the vocabulary to the students: outsourcing, call-centers, high tech, integrated technology, World Trade Organization (WTO), free trade, exploitation, developing countries, globalization, and global market.

4. Show students the power point, “Globalization”, and discuss.

5. Students work with partners to complete the graphic organizer, “Venn Diagram: Meet Your Competition”. Students use the Venn diagram to compare the U.S. with its competition, using both or either China and India for comparison.

**Closure**

Students are to write a paragraph as an Exit Slip explaining why they think U.S. students are scoring so poorly in math and science. Do they enjoy math and science? Do they seem important subjects to them? What is their favorite subject and why? How could schools increase student’s interest in math and science?
**Homework Assignment:** Students will read the article, “U.S. Jobs Going Overseas Becomes Election 2004 Issue” from PBS at [http://www.pbs.org/newshour/extra/features/jan-june04/outsource_3-10.html](http://www.pbs.org/newshour/extra/features/jan-june04/outsource_3-10.html) for an overview of out-sourcing. Students will answer the following questions: What jobs were outsourced originally? Why does outsourcing occur? What jobs are also being outsourced today? Why is India a popular destination for outsourced high-tech jobs? Why is outsourcing seen as a good idea in the U.S.? Why is outsourcing seen as a bad idea in the U.S.?

**Day 2**

1. Begin the class by doing a “Whip”. In this quick-paced strategy, each student responds to a prompt in a few words. The teacher begins by asking: Identify something you learned from your homework assignment about outsourcing. After a moment for students to think of their responses, the teacher goes around the room letting each student respond to the prompt. Students will then hand in their homework assignment.

2. Students will view “1-800-INDIA: Outsourcing and the Global Economy” (September 13, 2005) from PBS: Wide Angle available at: [http://www.pbs.org/wnet/wideangle/episodes/1-800-india/introduction/70/](http://www.pbs.org/wnet/wideangle/episodes/1-800-india/introduction/70/). If the video is not purchased, consider reading the articles and viewing the maps at the website as an alternative:
   - Essay: Offshore Outsourcing: Perceptions and Misperceptions
   - Interactive Map: Exploring India’s Outsourcing Economy
   - Map: The Global Future of Outsourcing
   - Data: India, America, and Outsourcing

3. Students will read aloud together: “Globalization: The Challenge to America” from Up Front at [http://magazines.scholastic.com/](http://magazines.scholastic.com/); September 5, 2005; pp. 12-15. (Up Front articles are accessible with free log-ins to Scholastic.) Assign questions 1-6 at the end of the article and discuss the questions as a class. As an alternative, access the same article, “Globalization: The Challenge to America”, from Free Library at [http://www.thefreelibrary.com/Globalization%3A+the+challenge+to+America%3A+computers+and+the+Internet...a0137859996](http://www.thefreelibrary.com/Globalization%3A+the+challenge+to+America%3A+computers+and+the+Internet...a0137859996). Students discuss the article, which may include the following questions:
   a. What is the relationship between the growth of globalization with the Fall of the Berlin Wall (the opening of political and economic systems of countries in Eastern Europe, Asia, and Latin America)?
   b. What technology was needed for globalization to occur?
   c. Explain whether you agree or not with the statement: “This convergence of new players on a new playing field may be the most important force shaping global economics and politics in the early 21st century.”
   d. According to the article, three gaps plague America: ambition, numbers, and education. What changes would you propose for American education?
   e. Why are you concerned or not concerned about the potential impact of globalization on your future?
   f. What should the United States do to better compete in the global economy?
   g. Why has India become successful in the age of globalization?
   h. The U.S. has lost manufacturing jobs and now it is losing service jobs to low-wage countries. Do you agree or disagree with a recommendation that Americans boycott companies that move jobs to low-wage countries?
4. Students read the transcript to “The Dying Fields” (August 28, 2007), which explains conditions in India’s rural areas in the light of globalization at [http://www.pbs.org/wnet/wideangle/category/video/watch-full-episodes/page/2/](http://www.pbs.org/wnet/wideangle/category/video/watch-full-episodes/page/2/). Students may read the article aloud to the class as readers’ theater with students taking the roles of Narrator, Fred, Urkuda Attaram, Kishor Tiwari, Vandana Shiva, Hanjari Chavan and others. Students complete a T-Chart labeled “Globalization Problems” and “Solutions to Globalization Problems” while listening or reading the article. Students write a concluding statement(s) at the bottom of the T-Chart that summarizes their opinion regarding globalization. Discuss as a class the impact of globalization on rural and urban Indians. Ask: Why would many Indians move to urban areas?

**Day 3**

1. Students will be placed in small groups to investigate globalization. Each group will use the listed website resources from “Outsourcing Websites” as well as their readings and class discussions to provide three reasons supporting outsourcing and three reasons against the growth of outsourcing. Each reason should have supporting evidence along with its source. Students will clearly explain the outsourcing issue and two positions on it using the handout, “Outsourcing Assignment”.

2. The teacher should determine whether students debate the issue or complete a position paper or have the option to select one or the other. Students will complete the outline using the handout, “Outsourcing Assignment”, stating the issue and listing the reasons with supporting evidence and sources. Directions for both tasks are similar.

You will debate the issue that includes the following:
- State the outsourcing issue and express a clear position on it
- Support your position with clearly reasoned arguments that contains information from your Internet search as well as from the articles
- Be prepared to identify the sources of your information
- Explain why you think your position on the issue is more persuasive than an opposing position
- You will complete and hand in “Outsourcing Assignment”
- The debate will occur in two days
- The class will be divided in half to debate for and against out-sourcing. Halfway through the class period you will switch sides of the debate

You will write a position paper that contains the following:
- State the outsourcing issue and express a clear position on it
- Support your position with clearly reasoned arguments that contains information from your Internet search as well as from the articles
- Identify the sources of your information
- Identify an opposing position and explain why you think your position on the issue is more persuasive
- The position paper should be word processed and no longer than 500 words
- This assignment is due in two days

3. The class has time to research and construct their documents for the debate or their position paper.
Day 4
The class has time to research and construct their documents for the debate or their position paper.

Day 5
The class is divided in half to debate for and against out-sourcing. Halfway through the class period students will switch sides of the debate. Discuss the debates with the class.

Students will meet in small groups and discuss their position papers before handing in their papers.

Assessment
- “Meet Your Competition” Anticipation Guide
- “Venn Diagram: Meet Your Competition” handout
- Exit Slip
- Homework Questions
- Class Discussions
- T-Chart of Globalization Problems and Solutions to Globalization Problems
- “Outsourcing Assignment” handout
- Debate or Position Paper on Globalization

Resources

“1-800-INDIA: Outsourcing and the Global Economy” (September 13, 2005) from PBS: Wide Angle http://www.pbs.org/wnet/wideangle/episodes/1-800-india/introduction/70/


“Globalization: The Challenge to America” by Thomas Friedman at Free Library http://www.thefreelibrary.com/Globalization%3A+the+challenge+to+America%3A+computers+and+the+Internet---a0137859996

## Meet Your Competition

*Directions*: Check Agree if you agree with the statement. Check Disagree if you disagree with the statement.

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>Statement</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>1. Education in China and India is very challenging and fiercely competitive.</td>
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<td>2. 25% of foreign students studying in the U.S. are from China.</td>
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<td>3. The United States graduates more students from college than any other country.</td>
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<td></td>
<td></td>
<td>4. China and India graduate four to seven times as many engineers as does the U.S.</td>
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<td>5. Companies are sending offices and factories to India because of their college-educated, knowledgeable workers.</td>
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<td></td>
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<td>6. All of the education systems that outperformed the U.S. in 8th-grade math were in Asia.</td>
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<td></td>
<td></td>
<td>7. The U.S. has a longer school day and more days spent in school than China.</td>
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<td></td>
<td></td>
<td>8. U.S. college sophomores are at the same level of math as India high school students.</td>
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<td>9. By 2030, China will have 200 million college graduates—more than the entire U.S. workforce.</td>
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<td></td>
<td>10. By 2020 India will be graduating four times as many college graduates as the U.S.</td>
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<td>11. Millions of young people in China and India are going after the same jobs as you.</td>
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<td></td>
<td></td>
<td>12. Educational attainment relates to economic success</td>
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</tbody>
</table>
Define and explain “globalization”:
Outsourcing Websites

CIA World Factbook:  
An authoritative source for maps, historical and statistical data, and general information about India, produced by the Central Intelligence Agency.

Bureau of Labor Statistics  
http://www.bls.gov/  
The U.S. government’s official repository of data related to consumer behavior and employment. Very helpful given the variety of conflicting statistics about outsourcing.

McKinsey Global Institute  
http://www.mckinsey.com/mgi/  
The home page of the research firm’s economics think-tank provides a variety of features covering offshoring, outsourcing, and global economic issues.

Economic Policy Institute  
http://www.epi.org/  
This economic policy think-tank for international economics focuses on effects of outsourcing and globalization on individuals rather than on the economy as a whole.

A.T. Kearney: Global Business Policy Council  
http://www.atkearney.com/gbpc/about  
The Globalization Index is a useful source of information on countries involved in the outsourcing debates.

Asia Times Online  
http://www.atimes.com/  
This is a web-only newspaper covering business, economics, and politics from an Asian perspective providing a different perspective on outsourcing than U.S. papers.

NASSCOM  
http://www.nasscom.org/  
The National Association of Software and Service Companies is a trade, research, and advocacy organization that represents the Indian information technology industry.

BPMwatch  
http://www.bpmwatch.com/  
This is an India-based compendium of links to information of all kinds on India’s role in the outsourcing industry.
Outsourcing Assignment

Definition of “Outsourcing”:

<table>
<thead>
<tr>
<th>One Perspective</th>
<th>Another Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reason #1:</td>
<td>Reason #1:</td>
</tr>
<tr>
<td>Supporting Evidence:</td>
<td>Supporting Evidence:</td>
</tr>
<tr>
<td>Reason #2:</td>
<td>Reason #2:</td>
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<tr>
<td>Supporting Evidence:</td>
<td>Supporting Evidence:</td>
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<td>Reason #3:</td>
<td>Reason #3:</td>
</tr>
<tr>
<td>Supporting Evidence:</td>
<td>Supporting Evidence:</td>
</tr>
</tbody>
</table>

My Opinion:
Globalization: Outsourcing and You

Who is After Your Job?
<table>
<thead>
<tr>
<th>Vocabulary</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsourcing</td>
<td>To obtain goods or services from an outside supplier (Example: send work to an outside manufacturer in order to cut costs)</td>
</tr>
<tr>
<td>Call centers</td>
<td>A central office where agents or workers operate banks of telephones to make outgoing, or field incoming, telephone calls for a large company or organization (Example: receiving assistance for a computer problem)</td>
</tr>
<tr>
<td>High technology</td>
<td>Technology that involves advanced or specialized systems or devices.</td>
</tr>
<tr>
<td>Globalization</td>
<td>To make worldwide in scope or application; growth to a worldwide scale (Example: &quot;the globalization of the communication industry&quot; through cell phones)</td>
</tr>
<tr>
<td>World Trade Organization (WTO)</td>
<td>An international organization based in Geneva that monitors and enforces rules governing global trade</td>
</tr>
<tr>
<td>Free trade</td>
<td>Trade between nations without tariffs or quotas or other restrictions; international trade that is free of government interference.</td>
</tr>
<tr>
<td>Exploitation</td>
<td>The act of gaining goods or services for greatest possible advantage or benefit (Examples: <em>exploitation of copper deposits</em>, <em>exploitation of unwary consumers</em>)</td>
</tr>
</tbody>
</table>
Does the U.S. spend enough on education to prepare you to compete in the job market?
Wow! The U.S. spends more than 17 other nations on secondary education (per student)
College Graduates - Worldwide

1) Canada
2) Israel
3) Japan
4) United States*
5) New Zealand
6) South Korea
7) United Kingdom

*The U.S. was first 10 years ago
College Graduates

- Educational attainment relates to economic success both within the U.S. and worldwide
- Currently the U.S. has 18% of the world’s college graduates, China has 14%, and India has 11%
- By 2020, the U.S. will have 11% of the world’s college graduates, China will have 29%, and India will have 12%
• Why do nations that spend far less achieve higher levels of student performance?

• If it’s not about the money, what is going on?

• How does this affect you?
Globalization

• Globalization is the development of worldwide integrated economies, cultures, and policies.
• The U.S. has enrolled the highest number of international students in its history during the 2012-2013 school year, especially students from China, India, & South Korea
• Chinese students are the largest group of foreign students in U.S. universities.
• There are more than 2,200 visiting Chinese scholars and students at the University of Minnesota—the largest population of Chinese students on a U.S. campus.
Minnesota-China Connections

- China is the top market for Minnesota computer and electronic products, the second largest market for manufactured exports, and a major destination for agricultural products.
- Minnesota’s top five export markets are Canada ($6 billion), China ($2.5 billion), Mexico ($1.3 billion), Japan ($1.2 billion), and Germany ($728 million).
### Table 1. Minnesota Manufactured Exports to China (including Hong Kong), 2011

<table>
<thead>
<tr>
<th>Manufacturing Industry</th>
<th>Exports (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery</td>
<td>$ 585</td>
</tr>
<tr>
<td>Computer, Electronics</td>
<td>475</td>
</tr>
<tr>
<td>Food</td>
<td>202</td>
</tr>
<tr>
<td>Paper</td>
<td>171</td>
</tr>
<tr>
<td>Misc. (incl. Medical)</td>
<td>154</td>
</tr>
<tr>
<td>Chemicals</td>
<td>135</td>
</tr>
<tr>
<td>Other</td>
<td>395</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,118</strong></td>
</tr>
</tbody>
</table>

### Figure 2. Minnesota Manufactured Exports to China, 2011

![Pie chart showing the distribution of manufactured exports to China in 2011. The largest category is Computer, Electronics with 22%, followed by Machinery at 28%, Food at 10%, Paper at 8%, and Other at 19%. Other categories include Chemicals (6%), Misc. (incl. Medical) (7%).]
Can You Define Globalization?
Globalization

- McDonaldization is an example of globalization because of the worldwide locations of McDonald’s restaurants. Although the menu may be modified based on location, the menu offerings are similar.

- https://wiki.ubc.ca/Globalization
World’s Largest Retailer

70% of Wal-Mart Merchandise made in China
Information Technology Companies in Bangalore, India

- [http://www.spacetobe.co.in/propertyDetails.php?id=480](http://www.spacetobe.co.in/propertyDetails.php?id=480)
Financial Institutions in Bangalore, India

- Includes investment banking, investment research, operations and technology.
Bangalore, India

- Bangalore is called the “Silicon Valley of India” because it is a center for India’s information technology (IT) companies.
Bangalore

- India’s 3rd largest city with over 8 million people
- Over 20 engineering colleges
- Over 500 multinational companies including:
  - Airbus
  - Boeing
  - GE
  - GM
  - Google
  - Microsoft
  - Mercedes-Benz
  - Nokia
  - Philips
  - Shell
  - Toyota
Call Centers

• A call center is an office that receives a huge volume of telephone communications for taking orders and assisting customers
Why are many call centers outsourced to India?

- College-educated
- Knowledgeable about information technology
- Highly motivated
- Highly competitive
- Speak English
- Lower wages
- Operate 24/7
- Excel at their jobs
Outsourcing

• Financial institutions including banks, insurance companies, investment firms, and credit-card companies send work to overseas locations.
• U.S., Canada, and Europe financial institutions have outsourced 80% of their work to India
Globalization Explained

- http://www.youtube.com/watch?v=JJ0nFD19eT8
- http://www.youtube.com/watch?v=5SnR-e0S6lc
Globalization Concerns

- Fallout from the new global economy!
- Profits
- Wages

We want our jobs back!

Why should we have to compete...
...with third world wages?!!

All this crazy outsourcing is killing our economy!

We need to reinstate tariffs!

Dump NAFTA!

Dump CAFTA!
NAFTA

FREE TRADE AT LAST, FREE TRADE AT LAST, THANK GOD ALMIGHTY, WE HAVE FREE TRADE AT LAST!

U.S. WORKERS
CORRUPTED AMERICA

MASSIVE LAYOFFS, UNIONS WORKERS RIGHTS

WTO

SLAVE WAGES, NO WORKERS RIGHTS

60% COTTON 46%
20% SWEAT 20% BLOOD
MADE IN BANGLADESH
Problems of Globalization

Illustrated

We got these cool hats at Niketown in Paris!

And this great shirt at the Disney Store in London.

After a great dinner at MacDonalds in Rome, we found these neat shorts at the Gap!

Great Wall...

Figure 1a

M. Wuerker
The Future?

The New Economy

- Each country does what it's best at.

**China**

Manufacturing

**India**

Software Design

**U.S.**

I'd like to take out a third mortgage on my house so I can buy more stuff.

I'll have to ask China or India for the money.

Loans
I never laid a finger on him... Honest!

He just asked me to show him what I was working on at school in China...!
No, you may not outsource your homework to India.