

Ibm and the effects of globalization on fishkill new york essay examples

[Business](#), [Company](#)



Not very long ago, employees concerned with job security in America's largest corporations had little other than periodic downturns in the domestic economy to worry about. The idea that jobs could be sent overseas by the thousands seemed to be little more than alarmist political rhetoric. However, the rapid growth in communications technology and the "internationalization" of commercial and financial activities has turned an improbability into reality. Today, the idea of corporate growth has expanded far beyond the confines of one's country, with significantly more money to be made by approaching merger as an international opportunity, no longer confined by considerations of time and distance. Globalization, which transcends international boundaries and cultural differences, has drastically altered the landscape for companies such as IBM, which has benefited from the unprecedented profit that international expansion offers. Unfortunately, the communities that helped make IBM the most important American technology company, pre-Microsoft, have suffered in this new reality.

Globalization, it seems, is here to stay. But the "new normal" holds little promise for communities such as Fishkill, N. Y., where IBM has had a presence for 50 years. IBM, once the area's primary employer, now operates a stripped-down version of the operation it once maintained in Fishkill. "The IBM development lab and manufacturing facility in East Fishkill is now only partly occupied by the company. The facility is now called the Hudson Valley Research Park, with a number of other companies in residence" (Lounsbury, 2010). The IBM website claims that the changes at its Fishkill facility have been required to "develop new business designs that allow their businesses

the flexibility required to compete in (the) new landscape” (IBM, 2012). It acknowledges the opportunities represented by “ emerging geographies,” which offer “ double-digit growth,” inferring that following a growth-oriented course is good for all concerned - however, the ability to “ distribute work and technology anywhere in the world” has hardly guaranteed growth and success for IBM’s facilities and workers at home (IBM, 2012).

IBM’s Fishkill facility produces semiconductors, as well as some micro-chip packaging, and conducts micro-chip research and development. The site’s two campuses occupy what was once a 464-acre farm. Since opening in 1963, IBM has built more than 5 million square feet of space at this location. IBM also operates a computer manufacturing plant in nearby Poughkeepsie, making the company a profoundly important employer in this part of New York’s Hudson Valley. At its peak in the early 1990s, IBM employed approximately 26, 000 people in the Mid-Hudson region (Wolf, 2012).

A 2010 article in the Poughkeepsie Journal reported that the combined employment at IBM’s Fishkill and Poughkeepsie facilities was less than 9, 000, compared to almost 11, 000 in 2008, which amounts to a decline of more than 25 percent in just two years (Lounsbury, 2010). Other IBM facilities in the Northeast have experienced even higher rates of decline, such as Burlington, Vermont. It is interesting to note that, in 2010, IBM decided to stop reporting its U. S. employment figures altogether (2010). It is a classic situation, in which questions of

corporate ethics and responsibility clash with the corporate growth mandate, without which few companies as large as IBM could hope to thrive and survive. Yet in Fishkill, the new ethos has irretrievably altered what was once considered a way of life.

In 1996, Keith Barrack and other IBM-Fishkill employees filed suit against the corporation in New York State Supreme Court when Barrack contracted testicular cancer, a development he charged was due to prolonged exposure to toxic chemicals used in IBM “ clean” rooms. Despite his situation and the law suit, Barrack explained that IBM was until recently considered a responsible and valued part of the Fishkill community. “ IBM is a God in this area,” Barrack told the San Jose Mercury News in a 1997 interview. “ My mother, grandmother and grandfather worked there: I turned cartwheels when I got on there. It was people before profits. IBM took care of its people” (Mazurek, 65).

But according to Barrack, the company’s relationships with foreign and domestic suppliers, and the hyper-speed demands of globalization, have caused a paradigm shift in the company’s attitude. “ It’s all profits first. It’s push, push, push to get product out,” Barrack said (Mazurek, 66). Others have joined the lawsuit, and other employees of the computer and microchip facility have come forward to complain about conditions there, as well as IBM’s evidently harmful reaction to globalizing influences. A physician who once worked at IBM-Fishkill blamed the breakneck pace of technological advance and competition in the international market for a lax attitude on the part of IBM toward worker health and safety (66).

These are some of the perceived effects of liberalized international trade: unfettered profit potential, the erosion of local jobs and a cynical attitude toward the well-being and safety of employees. The experience of places like Fishkill has stimulated popular opposition to globalization throughout the United States. This highly vocal movement has manifested itself in well-publicized ways in recent years, lending credence to the belief among theorists and members of the business community that a “ globalization backlash” has been underway for some time (Scheve and Slaughter, ix). The “ occupy” campaign has been in the news, in one form or another, for a long time now. Interestingly, the Seattle World Trade Organization conference in 1999 and the 2000 International Monetary Fund meetings in Washington D. C. were targeted by protesters who generally represented “ relatively small interest groups with agendas that are not directly related to the economics of the phenomenon” (Scheve and Slaughter, x).

Yet it appears that employment in Fishkill is quite closely related to the economics of globalization. In July 2012, rumors began to circulate that IBM’s microelectronics business could be sold to Abu Dhabi-based semiconductor manufacturer GlobalFoundries. Given the precipitous job loss at IBM’s Fishkill facility, such rumors would seem to bear some credence. The plant has been a part of the Fishkill community since 1963, and a wholesale change in the operation could have a devastating effect. “ Loss of the plant could take hundreds of millions of dollars of income out of the local economy, cost potentially thousands of jobs and leave several million square feet of ex-IBM space empty” (Wolf, 2012). While it remains unclear exactly what the effects

of such an acquisition would be, industry analysts have gone on record as claiming that it is likely to happen. Future Horizons, Ltd., a British firm, has predicted in a report to the European Commission that Global Foundries will take over IBM's semiconductor business at Fishkill (2012). There would seem to be some significance to the fact that Global Foundries personnel have been placed at IBM this year.

Those who follow business trends could have seen this coming years ago. IBM has been open about its intentions to begin shifting its focus overseas, though it has approached the issue from a standpoint of "spin," of positive public relations. In 2006, company spokespersons announced that India and other parts of Asia are "crucial" to its future in that they represent rapidly growing markets and vast reserves of low-cost labor (Bloomberg BusinessWeek, 2006). One way in which the company has chosen to characterize its shifting emphasis is to redefine the causes of job reduction in places like Fishkill as a realignment of its services workforce "along skill lines," and better organizing its worldwide operations (2006). The company has even developed algorithmic formulas to determine how individual employees should be redeployed. However, it does not specifically address how it goes about determining what jobs are to be terminated, other than shifting them overseas.

In the past, communities like Fishkill benefited from IBM's expertise in creating a multinational business model that was growth-oriented for the entire company, and provided security for employees and communities alike. Today, IBM claims that it is simply pioneering another stage in the evolution

of international business, which it calls “ globally integrated operations;” as before, its intent is to increase revenue, lower costs and offer “ superior service” (Bloomberg BusinessWeek, 2006). But with Fishkill facing the loss of a core source of local employment, it is difficult to envision how this community stands to benefit from what amounts to a major economic blow.

Works Cited

“ Big Blue Shift.” Bloomberg BusinessWeek Magazine. 4 June 2006. Accessed 6 November

2012 at <http://www.businessweek.com/stories/2006-06-04/>.

IBM. Microelectronics, 2012. Accessed 5 November 2012 at <http://www-03.ibm.com/press/us/>.

Lounsbury, John. “ IBM Stops Reporting U. S. Employment Numbers.” The Street, 19 March

2010. Accessed 5 November 2012 at <http://www.thestreet.com/story/>.

Mazurek, John. Making Microchips: Policy, Globalization, and Economic Restructuring in the Semiconductor Industry. Boston, MA: MIT Press, 2003.

Scheve, Kenneth F. and Slaughter, Matthew Jon. Globalization and the Perceptions of American Workers. Washington, DC: Peterson Institute, 2001.

Wolf, Craig. “ Rumors IBM May Sell Plant Raise Questions.” Poughkeepsie Journal. 26 July 2012.