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Satanic Mills or Silicon Islands? The Politics of High-Tech Production in the Philippines

Steven C. McKay

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instituted at the firm level creating sex-segregated positions. Jobs became increasingly classified as either “female” or “male,” with the majority of female jobs being dead-end, providing little room for advancement to higher positions or earnings growth. The early rising significance of gender not only established hard-to-break social norms defining women’s “proper” occupational place, but also depressed their incentives to stay in the labor market and invest in certain types of education and training. This contribution and others in the book cast doubt on the proposition that women’s continued exclusion from some privileged domains is, in some sense, their own fault for their failure to make needed human capital investments.

In particular, to what degree does limited female investment in education or on-the-job training reflect the constriction of opportunities due not to direct discrimination, but to mechanisms implied by Goldin’s “pollution” theory of discrimination, which postulates that men try to exclude women from certain jobs because women’s presence in them is “polluting,” reducing the prestige that men get from being in those jobs? How do the social norms concerning female and male occupations that developed during the time when gender was rising in significance continue to influence female opportunities today? Why do most observers implicitly, and sometimes explicitly, assume that women must make the same investments men traditionally have made in order to succeed in the labor market—that is, why have so few voices questioned the foundation and perpetuation of those very norms?

Although the book’s editors and contributors do not pretend to definitively predict the future of gender inequality, *The Declining Significance of Gender?* provides an engaging, thought-provoking multidisciplinary analysis of factors likely to influence that path. Anyone interested in this debate will surely appreciate this volume.

Lena Nekby

Assistant Professor
Department of Economics
Stockholm University

International and Comparative Industrial Relations

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253 pp. ISBN 0-8014-4236-2, \$49.95 (cloth); 0-8014-8894-X, \$21.95 (paper).

Steven McKay’s *Satanic Mills or Silicon Islands?* accomplishes the all too rare feat of marshalling rich empirical research to arrive at important new theoretical insights on an issue—the nature of industrial relations under the twin regimes of neoliberal globalization and flexible production—that matters. The book deserves wide notice.

Through his exploration of industrial workplaces of four foreign firms in the Philippines’ electronics industry, McKay arrives at five important findings. First, challenging the notion that new production regimes demanding flexibility and high quality will lead to worker-centered production, McKay shows that in three of his four case studies, firms achieved high quality and stability (the goals of flexible production) without taking the “high road” of worker-centered production. Instead, worker input was often reduced rather than increased through increasing reliance on automation, statistical processes, and technical and engineering staff as opposed to traditional operators. McKay also shows that these three flexible factories adopted three distinctly different sets of strategies inside and outside the factory. He thus demonstrates that “flexible accumulation” (as he dubs it) does not inexorably lead to one type of industrial workplace. Flexible accumulation is not just about how production is constructed within the factory; it is also constructed through interactions between firms and national and local political and social institutions.

Second, McKay finds that firms use location strategically to satisfy two seemingly contradictory goals inherent in flexible accumulation: low-cost flexibility, but with stable, high-quality production. Firms accomplish this feat both by interfering in the creation of the labor supply (for example, by using local governments to suppress labor organizers) and by taking advantage of traditional labor market segmentation (in particular, by targeting young female workers, who, being subject to gender segmentation of the work force, tolerate low wages). Firms try to influence formal and informal regulation of labor markets, often in ways that lead to the undermining of workers’ legally mandated protections. One variable critically affecting their predisposition to do so is the nature of the inducements they use to attract and hold workers. Specifically, McKay finds that companies relying on positive incentives such as relatively higher wages are less apt than other companies to try to influence the external political and social construction of the labor market.

Third, McKay argues persuasively that when con-

sidering worker commitment (measured in terms of loyalty, effort, and attachment), one must take into account the issue of power, especially in the labor markets of the developing world. In places such as the Philippines, workers' relative powerlessness helps explain why they settle for jobs with companies that meet only their most pressing needs for survival. The depressing conclusion is that interference in the labor market to target vulnerable groups is more effective than "strategic HR management" in generating worker attachment. The realities of the external labor market help explain why workers in the anti-union American firm and the oppressively controlling Japanese firm could still elicit commitment, albeit not as much commitment as the unionized European firm did.

Fourth, McKay argues that neoliberal globalization essentially strips developing countries of the ability to upgrade their economic and technological capabilities while it demands of them—or of subnational export-processing zones—a regulatory capability to produce the stable, acquiescent labor force required by MNCs. This is the one conclusion I do not find wholly tenable, once the focus of research expands beyond the Philippines (a point I return to below).

Finally, gender plays a critical role in flexible production. As already remarked, multinational corporations take full advantage of the labor market's gender segmentation, and they also adapt these divisions in new forms, to suit changing needs. This finding is probably the least surprising of McKay's five, but his examination of just how the process unfolds—for example, in efforts to fire pregnant female workers, and in purposeful de-feminization of the electronics work force as it becomes more technically intensive—is perceptive and detailed.

McKay deserves praise not only for uncovering insights through his rich industrial ethnography, but also for maintaining a high level of intellectual honesty in doing so. Although he clearly is on the side of greater worker rights, he does note that in the one unionized factory in his study, the workers often leave work before shifts are officially over. McKay even judges the overall effort of these unionized workers to be slightly lower than that of workers in the anti-union American and Japanese-owned factories—an observation that would surely warm the heart and solidify the convictions of many a neoliberal economist.

Unfortunately, McKay's scrupulous honesty sometimes makes him excessively cautious. Notably, after suggesting that the differences he finds among the firms in his four case studies could reflect differences in the capitalist institutions of the countries of origin of these MNCs (Korea, Japan,

the United States, and European countries), he quickly throws a wet blanket over this tantalizing and potentially fertile idea by declining to speculate further, citing the smallness of his data set. Certainly national varieties of capitalism cannot safely be profiled based on single instances of each, but it is disappointing that the author did not try to gain the empirical leverage needed to attempt such comparisons—by, for example, supplementing his case studies with selected information from the many studies on MNCs' behavior in other developing countries.

Indeed, what would transform McKay's book from a good piece of scholarship into a great one would be a broader comparative lens on several fronts. Most of McKay's insights are solidly supported by his careful case studies, but his claim that neoliberal globalization constrains the ability of developing countries to upgrade, while demonstrably true for the Philippines and generally plausible, seems to me to require more testing with data from a broader set of countries. How representative of the developing world, after all, is a country that has often been called the sick man of East Asia?

Similarly, McKay might consider broadening his conception of how the electronics industry operates globally. In Chapter 2, he does provide a good summary of the global electronics industry, but he borrows a vision of the industry that is perhaps too MNC-centric (p. 37). Other observers, such as AnnaLee Saxenian in *The New Argonauts* (Harvard University Press, 2006), would argue that the industry is far more open to opportunities for newcomers than McKay's account suggests. Questioning assumptions about how the industry is supposed to operate would lead to questioning other assumptions as well, such as the notions that MNCs' localization strategies are the main driver of the globalization of the industry and that the Philippines' failure to promote domestic firms the way Taiwan and Korea have done is solely the failure of the state. Saxenian would argue that networks of co-ethnics are as critical as MNCs in driving globalization and help to explain much of Taiwan's development (if, perhaps, not Korea's).

These criticisms do not point to fundamental flaws. On the contrary, they mainly express a wish for more of a good thing. My hope is that McKay's future research will expand upon the impressive empirical and theoretical foundation he has laid.

Douglas B. Fuller

Assistant Professor
Department of Management
Chinese University of Hong Kong