OUT-GROUP BIASES

SEE *Identity, Social.*

OUTSOURCING

Outsourcing is a process whereby an organization contracts with an outside entity to perform some business function previously done "in-house." Practically any function can be outsourced, from manufacturing labor to customer service. The spatial distance between the core firm and the contractor can vary greatly. *Offshoring* denotes an outsourcing of business functions to a contractor located in a foreign country. Domestic outsourcing occurs within a single country, and can even involve two firms located directly adjacent to one another. The temporal relationship between core and contractor firms can also vary, from a decades-long partnership to temporary services rendered for a single day. Due to the complex nature of the phenomenon and the inadequacy of existing data, no precise metric is available with which to quantify the extent of outsourcing or its growth over time. Those interested in the issue of measurement should consult Robert C. Feenstra (1998). Social scientists generally agree, however, that outsourcing has proliferated globally since the 1970s.

To explain this proliferation of outsourcing, scholars situate it in relation to the larger phenomenon of economic globalization. In this view, the mid-twentieth century was dominated by large oligopolistic firms catering to regional markets within the nation-state. These firms were vertically integrated; that is, they controlled both supplier and distributor firms. They located their headquarters and production facilities proximate to supplier and consumer markets. Work was organized to achieve economies of scale and to maximize the volume of goods produced. Workers were in turn offered job security and generous wages.

Commencing in the 1970s, several major changes to the organization of economies and states dramatically transformed ideas of how a successful business should be designed. Business leaders now sought to "pare down" their organizations, by outsourcing all but a small core of essential functions. These streamlined firms would then be integrated into a web of strategic alliances with other firms around the world. But what were the changes that led to the emergence of what Manuel Castells (2000) calls a "network society"? First, firms experienced increased competition due to a deregulation of business relationships and the removal of barriers to trade across nations. Second, the ownership structure of firms underwent a transformation, as institutions purchased large portions of corporate stock. While individual shareholders are typically passive, institutional investors actively demand that managers maximize short-term profits. Third, advances in communications and transportation technology (especially personal computers and Internet access) enabled the coordination of production across great distances.

Intensified competition, a shareholder conception of control, and new technology increased the feasibility and attractiveness of outsourcing. As Paul Osterman (1999) documents, outsourcing decreases labor costs insofar as contracting firms pay on average lower wages and offer fewer benefits. Outsourcing also relieves the core firm from the responsibility of ensuring that working conditions meet state regulations. In the United States, for example, should a contracting firm be found to have forced employees to work overtime, it and not the core firm would be found culpable. More generally, outsourcing is believed to maximize flexibility. Temporary workers may be contracted to meet seasonal fluctuations in business activity, and production processes can be quickly reengineered to match changes in consumer demand, while relationships with suppliers can be terminated should production schedules be altered.

The proliferation over the past three decades of offshoring and domestic outsourcing has invoked considerable debate within nations. It is important to consider the points of view of two main parties: states and workers. Governments of states targeted by firms as sites of outsourcing can take a range of positions. At one extreme is a developmental state actively encouraging investment. At the other is staunch opposition to outside investment, most likely when the outsourced activity is perceived as vital to national security. For example, in April 2006 plans to outsource the inspection of incoming containers at U.S. ports to a Dubai-based company were canceled after U.S. Congressional leaders protested over potential security risks.

When confronted with proposals by domestic firms to offshore production, governments may accuse firms of behaving greedily or unpatriotically. This is especially the case when the outsourcing will entail plant closings, or when the domestic firm is outsourcing not for economic survival but to achieve a higher rate of return on investment overseas. Politicians may even pass legislation to discourage foreign investment by domestic firms. Such protectionism, however, represents what Robert Reich labels "vestigial thought" (1992, p. 154), insofar as it remains wedded to a vision of unitary firms producing and selling goods within a single nation-state. In fact, managers, when deciding to offshore production, are merely responding to the shifting rules of the larger game of global capitalism. Governments intent on protecting domestic jobs would be wiser to cooperate to reshape the rules of this game rather than demonizing individual players.

Like states, workers in existing core firms may view outsourcing as against their interests. After all, the flexible labor markets required by global capitalism entail the replacement of secure jobs offering middle-class incomes with insecure jobs and low wages. The competition among states to attract investment capital is in fact often labeled a "race to the bottom." Yet workers and their unions are hampered in their capacity to take action against individual firms, since strikes or work stoppages may only quicken the pace at which work is outsourced. As Jeffrey Sallaz (2004) has documented, unions lack the means to influence the rules of the game at a national or global level, and so fight to slow the pace at which work is outsourced from core facilities to allow older workers time to adjust to the "new economy."

To conclude, as competitive global capitalism has eclipsed oligopolistic national capitalisms, outsourcing has emerged as a strategy used by private firms to cut labor costs and increase flexibility. Of immediate interest to social scientists in the coming years will be the question of how the economic trend toward outsourcing is affected by political developments involving the global "war on terror," heightened border security, and resurgent nationalisms.

SEE ALSO *Globalization, Social and Economic Aspects of; Trade*

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OVERACHIEVERS

The motivational basis for human-achievement behavior has interested psychologists for decades. Research has linked basic psychological theory to applications in education, business, and industry where achievement is critical. Striving for success pervades social interaction in the classroom, in the corporate boardroom, on the playing field, and even within families and friendships. Those who achieve success are viewed as productive members of society worthy of admiration and respect.

To some extent, practical concerns, such as the need to motivate children to set satisfactory goals in school and to address underachievement, generated scientific interest in achievement issues. Historically, underachievement (and overachievement) has been defined in objective terms according to the match between expectations and life outcomes, and psychologists have usually been concerned with these objective terms. Specifically, expectations for one's performance are based on relatively objective criteria. For instance, people set expectations of their potential based on past performances or on the evaluations of significant others (e.g., parents, teachers). In Western society, standardized tests (e.g., the SAT) are common as a practical and seemingly objective basis for expectations of future performance. When someone performs below (e.g., grade point average) the level expected (e.g., by aptitude scores), that is underachievement. When underachievement is identified, educators marshal effort to help people realize their full potential.

Educators have paid little attention to the mirror image of underachievement: overachievement. When someone performs better than predicted in school (or anywhere else), that is overachievement. Overachievement presents no real problem to solve. Doing well is highly regarded, so it is not surprising that educators have neglected to study it. When someone outstrips objectively based predictions of their performance, prevailing wisdom suggests reason to celebrate, not to intervene.

This traditional emphasis on objective achievement suggests that people might be expected to work tirelessly to ensure success. Yet, everyday observation reveals that people approach achievement in their everyday lives in many ways. Some people strive mightily, but others seem lazy and disengaged; still others take credit for outcomes that they appear not to have earned, and sometimes people flee from tasks when the prospects of failure or embarrassment become too great.

Social psychologists have studied the subjective experience associated with underachievement and overachievement. Findings show that there is a great deal to be learned about these experiences. In particular, the subjective experience of overachievers may be highly stressful and unpleasant and marked by anxiety, but uniquely defined by self-doubt. Specifically, the subjective experience of chronic self-doubt, coupled with intense performance concerns, appears to inspire overachieving behavior. Overachievers may expend heroic effort to cope with their chronic doubts.

One social psychologist coined the term *John Henryism hypothesis* to describe the psychological stress associated with the social and economic challenges faced by African Americans. The research links an increased risk of hypertension and other health problems among African