

# Sunday Business



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## THE RUSH OVERSEAS | There go our computer jobs

An Observer analysis estimates that 124,000 white-collar jobs in N.C. and S.C. could vanish by 2015 because of outsourcing abroad



T. ORTEGA GAINES - STAFF PHOTO

**EYE ON CHARLOTTE'S IT** | Bill Jones, head of a 750-member Charlotte programmers group, hears from IT workers worried about job losses. They say offshoring is eroding job availability. Jones, self-employed, says his business has held up but companies are paying less.

# Billions in salaries could flee Carolinas

BY STELLA M. HOPKINS  
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Staff Writers

The Carolinas, which have hemorrhaged textile jobs, could be facing even more costly losses as white-collar jobs move to India and other low-wage nations.

From 2000 through 2015, the Carolinas could lose 124,000 jobs, and more than \$5 billion in wages, according to an Observer analysis of the most detailed offshoring job-loss estimate. That's almost as many

jobs as were lost in the states' textile industry in the past decade. And the office jobs at risk often pay more, so their loss would be a tougher blow to the Carolinas economy.

Offshoring, or foreign outsourcing, is the newest front in the global wage battle that has long siphoned U.S. factory jobs.

In theory, any work can be done time zones away - by lower-paid workers - if it doesn't require face-to-face interaction and can be shipped via the Internet or a phone line.

The move of white-collar work abroad became a hot debate as the presidential campaign focused attention on job losses and has remained controversial even as the economy started generating jobs.

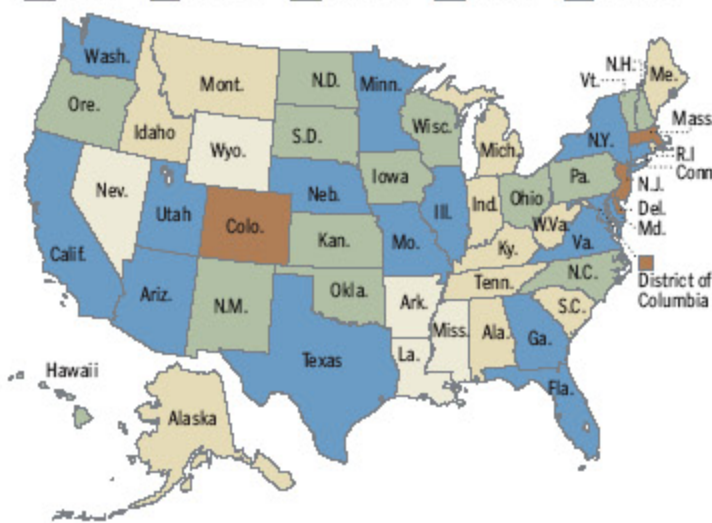
In the only comprehensive job-loss estimate, Forrester Research Inc. identified 175 job descriptions, em-

### Examining Offshoring's Potential Job Drain

A national study estimates the nation will lose 3.4 million jobs from 2000 through 2015 to foreign outsourcing. The Observer broke down that data by state and region. North Carolina may lose 87,000 jobs, or 2.3 percent of its work force. South Carolina may face 37,000 lost jobs, or 2.1 percent.

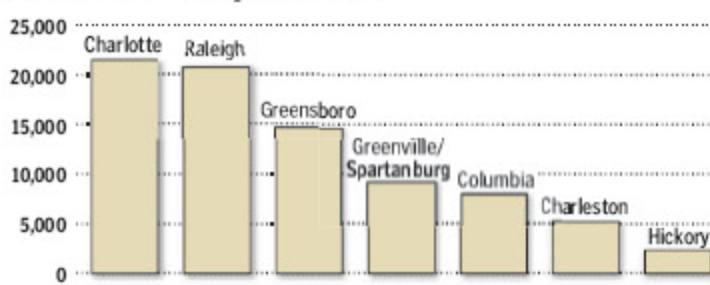
Percentage of jobs, by state, estimated to be at risk:

17-2% 2.1-2.2% 2.3-2.5% 2.6-3% 3.1-3.8%



### When it Comes to Metro Areas...

The Charlotte area stands to lose the most jobs in the Carolinas. Here are estimated offshoring job losses by 2015 in the seven most at risk Carolinas metropolitan areas\*:



\* Refers to metropolitan statistical areas  
SOURCE: Bureau of Labor Statistics, Forrester Research, Observer analysis

STAFF GRAPHIC

# Carolinas may see billions in wages head overseas

## Overseas from ID

employing nearly 36 million U.S. workers, as vulnerable to the move abroad. Of those, Forrester estimates that nearly 10 percent, or 3.4 million jobs, will be lost from 2000 through 2015.

About half that total, Forrester estimates, will come from the broad category of office work, ranging from bookkeepers, proofreaders and secretaries to call center operators.

Four specific jobs are the most endangered: computer programmers, two kinds of software engineers, data entry operators. Forrester projects more than one-fourth of that work - 376,000 jobs - will go overseas by 2015.

"Everybody is walking around wondering when they'll get the ax," said Bill Jones, an information technology veteran and founder of a Charlotte programmers group with about 750 members. "It's a very frustrating time for those of us who enjoy developing software."

The Observer applied Forrester's risk estimates to state and metro regions in what the firm and others say may be the first such breakdown.

North Carolina ranks 13th in estimated offshoring job losses, with 87,000 jobs and about \$3.8 billion in wages at risk through 2015, according to the Observer analysis. South Carolina ranks 26th with 37,000 jobs and \$1.4 billion in pay at risk.

In the seven-county Charlotte area that includes York County, S.C., foreign outsourcing could claim 21,479 jobs, and nearly \$1 billion in paychecks by 2015, according to the analysis. Charlotte could be vulnerable to greater losses because it is the nation's No. 2 banking center. The financial services industry is the heaviest user of offshoring.

### What is effect on economy?

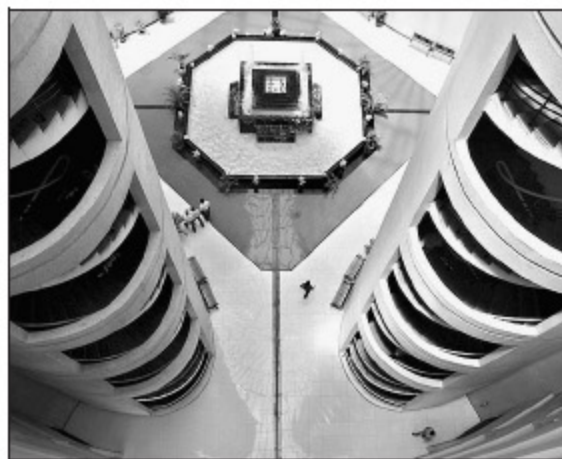
To be sure, nationwide and in the Carolinas, the number of jobs estimated to be lost to offshoring is small compared with the total work force - just as the number of mill jobs lost is comparatively small.

The U.S. economy counts about 132 million jobs, and the Carolinas 5.7 million. And Forrester doesn't take into account job creation that might offset offshoring losses.

Supporters say outsourcing frees money for growth and more creative jobs. Critics say the white-collar move widens the divide between rich and poor by wiping out well-paying middle-class jobs.

Economists say offshoring marks a permanent change in how and where business gets done. This is the beginning of the trend, and experts don't agree on the impact or how the economy will adapt.

At the urging of Congress, the General Accounting Office is studying offshoring's impact. A first report, due in September, is expected to be largely a definition of the issue and assessment of existing information - which is



**HUB OF BUSINESS** | People stroll the plaza at Cyber Towers in theHITEC City area of Hyderabad, an Indian outsourcing hub.

## Jobs in Carolinas at Risk of Being Offshored

Some jobs have zero chance of being sent overseas, including funeral home directors and umpires. Zoologists and claims adjusters are at minimal risk, and more threatened are paralegals and accountants. Here are the Carolinas' top 10 most endangered jobs:

- Bookkeeping, accounting and auditing clerk
- Customer service representative
- Office clerk, general
- Accountant and auditor
- Computer programmer
- Manager of office workers
- General and operations manager
- Computer support specialist
- Computer systems analyst
- Computer applications software engineer

SOURCE: Forrester Research, Bureau of Labor Statistics, Observer analysis

scanty.

Last month, for the first time, the Bureau of Labor Statistics tried to quantify job losses to offshoring - both white-collar and factory.

For the first three months of the year, the agency said that work moving overseas accounted for only a small percentage of jobs lost. But BLS looked only at mass layoffs, which accounted for 239,000 people out of work from January through March. During that time, a total of nearly 45 million people lost jobs, according to the BLS.

"The typical data ... doesn't answer a lot of questions people would like to have answered," said Cynthia Kroll, a senior economist who studies offshoring at the University of California, Berkeley. "Nobody really knows."

In its first report, in November 2002, Forrester estimated that the nation would lose 3.3 million jobs to offshoring by 2015.

Last month, in an update, the firm stuck close to its long-term estimate but said that short-term losses - through the end of next year - could increase by 42 percent, from less than 600,000 jobs to 832,000.

For the Carolinas, the short-term loss totals 30,500 jobs, according to the Observer analysis. That would be like the population of Huntersville, and then some, disappearing.

Computer programming, one of the four jobs most at risk, already has been hard-bitten. The

nation shed nearly one-fifth of its computer programming jobs from 2000 through May 2003.

But offshoring is just one drain on those and other IT jobs. Demand also dropped following the dot-com bust, and the economy has generally been slow to generate new jobs after a downturn.

"Getting a full-time position is becoming almost a dream now," said Paul Alexander, a Mooresville programmer who says he hasn't been able to find a job in the two years since being laid off following a merger. "Getting benefits is almost a fantasy."

Some IT workers say the outlook has improved from last year, saying they see more jobs advertised. A survey of N.C. IT workers showed pay rose last year.

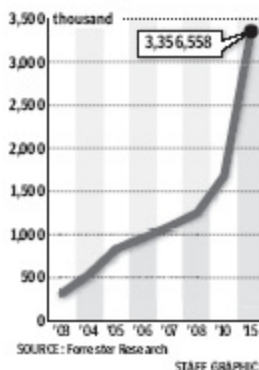
Bill Jones counts himself lucky. The self-employed Charlotte programmer says companies are paying less but work has remained steady for him. In the late '90s, he started the Enterprise Developers Guild to help IT workers get technical training.

About 60 of the group's members usually turn out for monthly meetings. Talk often turns to worries about getting and keeping jobs.

"My strong advice to anyone who has a job with benefits and who can make the mortgage payments is to take your boss to lunch and be real nice," he said.

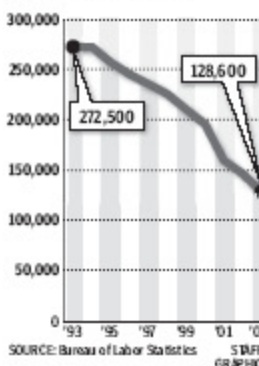
Stella Hopkins: (704) 358-5173 or shopkins@charlotteobserver.com

## Estimated U.S. Offshoring Job Losses



## Declining Textile Jobs in the Carolinas

The states lost 143,900 textile jobs in the past decade.



## Where the Numbers Come From

Forrester Research Inc. analyzed 505 U.S. service occupations and determined that 175 of them could be done abroad. Then, based on the risk of offshoring, it divided those 175 jobs into four categories, from the least at risk to the most at risk.

For each category, the Massachusetts firm assigned a percentage of jobs that might be lost to offshoring from 2000 through 2015.

For example, Forrester estimated the nation would lose 26 percent of computer programming jobs during that period and 4 percent of architects.

The firm then multiplied the loss percentages by the number of people nationwide in each job according to the Bureau of Labor Statistics. That analysis yielded Forrester's estimate of 3.4 million jobs lost to offshoring nationally by 2015.

The Observer applied Forrester's analysis to BLS employment at the state and metro level to arrive at job-loss estimates for the Carolinas and the Charlotte area.

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PHOTO BY MUSTAFA QURANSHI - SPECIAL TO THE OBSERVER