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Companies Moving White-Collar Jobs Abroad



By Betsy Stark
July 29

Michael Emmons thought he knew how to keep a job as a software programmer.

"You have to continue to keep yourself up to speed," he said. "If you don't, you'll get washed out."

Up to speed or not, Emmons wound up being "washed out" anyway. Last summer, he moved his family from California to Florida for the Siemens Co., makers of electronics and equipment for industries. Not long after, Emmons and 19 other programmers were replaced by cheaper foreign workers.

Adding insult to injury, Emmons and the others had to train their replacements.

"It was the most demoralizing thing I've ever been through," he told ABCNEWS. "After spending all this time in this industry and working to keep my skills up-to-date, I had to now teach foreign workers how to do my job so they could lay me off."

Just as millions of American manufacturing jobs were lost in the 1980s and 1990s, today white-collar American jobs are disappearing. Foreign nationals on special work visas are filling some positions but most jobs are simply contracted out overseas.

"The train has left the station, the cows have left the barn, the toothpaste is out of the tube," said John McCarthy, director of research at Forrester

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Research, who has studied the exodus of white-collar jobs overseas. "However you want to talk about it, you're not going to turn the tide on this in the same way we couldn't turn the tide on the manufacturing shift."

India Calling

Almost 500,000 white-collar American jobs have already found their way offshore, to the Philippines, Malaysia and China. Russia and Eastern Europe are expected to be next. But no country has captured more American jobs than India.

In Bangalore, India, reservation agents are booking flights for Delta; Indian accountants are preparing tax returns for Ernst & Young; and Indian software engineers are developing new products for Oracle.

They are all working at a fraction of the cost these companies would pay American workers.

For example, American computer programmers earn about \$60,000, while their Indian counterparts only make \$6,000.

"It's about cost savings," said Atul Vashistha, CEO of NeoIT, a California-based consulting company that advises American firms interested in "offshoring" jobs previously held by Americans. "They need to significantly reduce their cost of doing business and that's why they're coming to us right now."

Vivek Pal, an Indian contractor for technology consulting group Wipro, whose clients include Microsoft, GE, JP Morgan Chase, and Best Buy, is hiring 2,000 Indian workers quarterly to keep up with demand. Pal knows American workers resent the "offshoring" trend but says all Americans will benefit in the long run.

"Globalization – whether it's for products or services – may feel like it hurts, but at the end of the day, it creates economic value all around," said Pal.

At the end of the day, Emmons has a different view: "If you sit at a desk, beware," he said. "Your job is going overseas."

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