

PUBLIC SECTOR

USA vs. UK:
The offshoring tea party

Barack Obama's comments about offshoring are largely motivated as a way to grab votes in key constituencies – stating that he wants the next generation of manufacturing jobs to take root in places like Michigan, Ohio, Virginia and North Carolina is a blatant rallying call for voters in key election battlegrounds.

Offshoring – or outsourcing as our Transatlantic cousins almost always call it – is a dirty word in the USA, where anti-offshoring sentiment runs high. It comes as no surprise – 2.4m American jobs have been 'outsourced' over the last 10 years. If all those roles came back at once, that would be over 18% of unemployed Americans (currently 13.1m, according to Jan figures from the Bureau of Labor statistics) back in work. If those jobs were exclusively allocated to the long-term unemployed (5.6m), it would reduce that abject group by nearly half!

America is taking measures to tackling the abominable practice of offshoring

The Governor of Ohio, Ted Strickland says: "We must do everything within our power to prevent outsourcing jobs because it undermines our economic development objectives, slows our recovery and deprives Ohioans and other Americans of employment opportunities. Ohio's policy has been—and must continue to be—that public funds should not be spent on services provided offshore."

Following on from the Ohio Governor banning the offshoring of public sector IT and BPO, in 2011 Connecticut has proposed legislation to bar law firms from offshoring back office legal work. If the bill goes through, offshore workers drafting, reviewing or analysing legal documents for clients in Connecticut could be charged with the offence: "unauthorised practice of law."

Across the pond, government attitudes are very different

In July 2011, the Cabinet Office issued guidance on ICT Offshoring. According to National Outsourcing Association Chairman Martyn Hart, speaking in the Guardian, "The section

Annex B – Offshoring and UK jobs is so loaded with pro-offshoring facts and figures, it could be aptly entitled Offshoring Objection Handling Crib Sheet."

It says: "Arguably, jobs which are lost in the short term are often gained back as a result of a growing economy. So the medium-long run impact on UK employment is likely to be far less severe than the number of jobs apparently lost. Indeed, the net long-term impact might be for UK employment to rise as a result of the efficiency gains if the reallocation leads to higher growth as people/firms move into higher value added activities. Such adjustment can be painful for those affected.

The guidance continues: "And research by the Organisation for Economic Co-operation and Development (OECD) suggests that it isn't necessarily smooth, even for countries with relatively flexible labour markets such as the UK. At the most basic level, there is the counting of press and journal reports of job losses as collected by the European Restructuring Monitor (ERM), which reports that offshoring is responsible for only about 6% of total job reductions in the UK since 2002."

So, while the US government is anti 'outsourcing' (it's a crying shame the most powerful man in the world consistently gets his terminology wrong), the UK government would appear to be pro. On the surface, anyhow.

In July, plans for Capita to offshore 100 of Birmingham City councils IT jobs were met with such a media furore that they were scrapped. In September, HP's plans to send 200 roles from the North East of England to India were met with the threat of strike action and, tellingly, a flat refusal to co-operate in handing the work over. Those plans were shelved indefinitely, with Employment minister Chris Grayling stating how he had asked contractors to "find a way to work in the UK" he added, "We have always been clear that we will not offshore any DwP jobs, and we are exploring how future offshoring can be minimised," he said.

So, mixed messages about offshoring coming out of government. The Cabinet Office seems to be an advocate; the Employment Minister is set against it. One thing is for sure: the more IT jobs that go abroad, the less opportunities there will be for graduates of the forthcoming revamped Computer Science curriculum, and the deeper the UK IT skills crisis will go.