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Election 2004

Outsourcing barely affects bay area



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By ROBERT TRIGAUX, Times Business Columnist
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Outsourcing American jobs to cheap overseas labor has proved a big player on the economic stage of this year's presidential campaign. Now comes a new study of the Tampa Bay area suggesting the effect of offshore

outsourcing on this region's work force has been exaggerated.

A survey of businesses in Hillsborough, Pinellas, Pasco and Hernando counties shows offshore outsourcing is behind only a small percentage of the jobs lost in this region.

As much as John Kerry and President Bush draw swords over outsourcing, reality is more subtle. Outsourcing jobs overseas is not, as some fear, a tidal wave sweeping the U.S. economy and certainly not the Tampa Bay area region. Not yet.

But outsourcing is helping drive the need for Americans to be better educated than ever, and to realize the need to train and retrain themselves throughout their careers in order to keep up with the most competitive of global workers.

Some regional outsourcing patterns are emerging: The bigger the company, the more likely it will replace area jobs with lower-cost workers overseas. And now, even some startup companies are trying outsourcing from day one, bypassing the need to lay off area workers later.

These are some of the findings of a study unveiled Monday and produced by area researchers on a grant supplied by the University of South Florida's Globalization Research Center. The study takes no particular viewpoint, but

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takes an economic snapshot of the region's use of offshore outsourcing during the past decade.

Hence its name, "Baseline Analysis of Offshoring in the Tampa Bay Region." Presumably, this initial analysis will offer greater payback in the years ahead when more surveys of offshore outsourcing can be compared.

For now, Tampa Bay's outsourcing history appears to mirror the country's.

"Tampa Bay's experience in offshoring is consistent with the national trends," said Guy Hagen, a former USF researcher and founder of Innovation Insight Inc., the primary research firm investigating the region's offshore outsourcing activity.

Nationwide, about one U.S. layoff in 40 (or 2.5 percent) was attributed to overseas outsourcing in the first quarter of 2004.

The study is a useful, if rather scattered look at the face of offshore outsourcing and the economic makeup of the Tampa Bay work force.

Mark Amen, director of USF's Globalization Research Center, said the outsourcing study signals there is a sea change in the nature of work. It might affect how people choose to get educated, how they apply for jobs and - given the study's release a week before Election Day - how people vote for their leaders.

"I don't see people in Florida paying attention to the changes in work and work force preparation," Amen said. He hopes to repeat the area survey regularly over the next five years to track what could become an accelerating pace of offshore outsourcing.

The analysis released Monday offers a few notable insights:

The number of foreign-based employees of Tampa Bay area companies outnumbered the number of Tampa Bay area employees employed by foreign companies. In 2001, the net difference was 76,000 jobs.

Most Tampa Bay area employers are small businesses that, by and large, are not involved in offshore outsourcing. That might change as these firms perceive more of their competition moving jobs overseas.

Offshore outsourcing is reviving the need for "soft" skills ranging from project management and proficiency in foreign language and culture.

Susan Conte, who helps run the Center for Innovation and Knowledge Management at the University of Tampa business school and worked on the study, said offshore outsourcing will shift the low-experience types of jobs that typically serve as entry-level opportunities for young American workers.

How, she asked, will young adults find that first meaningful job if the jobs are moving overseas?

Another consultant to the study, Tampa's Foley & Lardner attorney Brad Fischer, specializes in helping companies choose the most efficient outsourcing paths. One client, Tampa call center firm Sykes Enterprises, has rapidly moved many of its U.S. call centers to cheaper overseas locations. Now Sykes is again comparing the costs at some of its foreign sites.

It's a constant process, Fischer said. India, once the hottest location for call centers, is starting to price itself out of certain types of work. Even China, widely viewed as the rising low-cost leader among outsourcing giants, is starting to shift some work to cheaper Vietnam.

Forrester Research, a firm that tracks outsourcing, estimates that 500,000 U.S. white-collar service jobs have been shifted overseas. In 10 years, that number is estimated to grow to about 3.5-million jobs.

For now, at least, nobody's hitting the panic button about the pace of Tampa Bay outsourcing.

"The perception is greater than the actual job losses of offshoring," Hagen said.

Let's see how long that conclusion holds true.

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