

## OFFSHORING OF 160 SERVICE OCCUPATIONS THEORETICALLY POSSIBLE, BLS REPORTS

Some 160 service-providing occupations employing more than 30 million Americans are susceptible to offshoring, according to a new study by the Bureau of Labor Statistics (BLS). Recent advances in telecommunications, particularly the Internet, have made it theoretically possible for services that previously needed to be performed domestically to be done anywhere in the world. Offshoring by U.S. manufacturing firms has been occurring for a longer period and is more clearly understood than the movement of service sector jobs to other countries.

Offshoring of services “has the potential to affect U.S. employment, but the nature and scale of its impact remain unclear,” according to the BLS. The authors of the study identify which of the more than 500 service occupations are “susceptible” of being moved, but they do not attempt to estimate the number of service-providing jobs that have been or likely will be offshored. One goal of the study was to “provide further insight into the topic, one that is still largely misunderstood and difficult to measure.”

The 160 occupations considered capable of being performed in other countries account for about one-fifth of total U.S. employment and include a wide array of job functions, pay rates, and educational levels. Despite being considered offshorable, the number of jobs in these occupations as a whole increased at an average annual rate of 1.5 percent from 2001 to 2007, faster than the 1.3 percent rate for all service-providing occupations, and the BLS projects that their growth rate will continue to be higher from 2006 to 2016. Similarly, as a group, average annual wages in the offshorable occupations in 2007 were significantly higher than those in the service sector as a whole (\$61,473 versus \$41,601). More than half of the offshorable occupations are professional and related occupations, including all 14 computer and mathematical science occupations and 26 of 32 architecture and engineering jobs, while 27 of 52 office and administrative support occupations also are considered susceptible. Excluded from the list are occupations that had “insurmountable barriers to offshoring,” such as those that require face-to-face interaction with customers or require the work to be performed in a fixed location.

The 33 occupations most susceptible to offshoring account for 9.5 million workers while 6.5 million workers in 33 other jobs are least susceptible, and 94 occupations with a total employment of 14.3 million rank in the middle in terms of offshorability. Fifteen of the most susceptible occupations are office and administrative support jobs, with relatively low education or training requirements, including telephone operators, payroll and timekeeping clerks, and work processors and typists. Another 11 of the highest ranked jobs are professional and related occupations, which generally possess higher educational requirements. They include pharmacists, computer programmers, biochemists and biophysicists, architectural and civil drafters, financial analysts, and paralegals and legal assistants. Among the least susceptible occupations are financial managers, food scientists and technologists, front-line retail sales managers, and training and development specialists.

The article titled, “Service-Providing Occupations, Offshoring, and the Labor Market,” appears in the December issue of *Monthly Labor Review* and is available at <http://www.bls.gov/opub/mlr/2008/12/art4full.pdf>.

(Source: BNA, *Daily Labor Report*, No. 12, January 22, 2009, pp. A9, E8-E21.)