

Scoring Occupations for Risk of Offshore Outsourcing

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Why consider offshoring?



- ◆ **Some economists believe that offshoring is good for the U.S. economy in the long run, both for GDP growth and employment growth**
 - Many displaced workers will be able to retrain and move readily into new occupations
- ◆ **Others believe that many workers will be hurt more or less permanently by job displacement, and we should make our users aware of the potential for job displacement**

Offshoring Evaluation Team



- ◆ A team was formed in December 2003
- ◆ **Mission**
 - Collect information on offshoring—data, research, anecdotal
 - Focus on service-providing, non-production occupations whose work characteristics make them susceptible to offshoring
 - Determine what characteristics of these occupations make them more or less susceptible to being moved offshore
 - Devise a scheme for assigning a risk-of-offshoring score to occupations

Team recommendations



- ◆ **Score all occupations**
- ◆ **Update scores each projections cycle, every 2 years**
- ◆ **Develop information about potential offshore job loss for those occupations most at risk**
- ◆ **Continue to refine the questions about occupational characteristics and score indexing techniques**

Summary of characteristics favorable to performance offshore



- ◆ Little face-to-face interaction with end-users or clients
- ◆ Digital, Internet-enabled
- ◆ Documented or easily transferred content and knowledge of process
- ◆ Clear requirements with little nuance
- ◆ Repetitive tasks
- ◆ Rule based decision-making and problem solving
- ◆ Less time-sensitive with longer transition periods

SOURCE: Office of Technology Policy, US DOC

Summary of characteristics favorable to performance in the United States



- ◆ **Work that requires a high degree of face-to-face interaction with end-users and clients**
- ◆ **Work in which there is uncertainty about what the customer wants or what the specifications should be**
- ◆ **Work involving nuances or deep cultural understanding**
- ◆ **Work that crosses many disciplines**
- ◆ **High levels of creativity, innovation, insight, “thinking outside the box”**
- ◆ **Analytical tasks, leading-edge research and non-rule-based decision-making**

8 Scoring Questions



- ◆ Can this occupation be successfully carried out without being onsite or without requiring a security clearance?
 - If yes, subsequent questions must be answered

- ◆ Are computers, telephones, or other telecommunications equipment used extensively in this occupation?

- ◆ Can the work of this occupation be routinized or handled by following a script?

- ◆ Can the tasks of this occupation be carried out with little special knowledge of social issues, industry organization, or other "local knowledge?"

8 Scoring Questions (continued)



- ◆ Are the products or services produced by this occupation and the inputs required to carry out the tasks of this occupation telecommunicable, Internet-capable, or easily and cheaply transportable?
- ◆ Is the product or service produced by this occupation modular in nature?
- ◆ Can the tasks of this occupation be carried out without any special licenses or other regulatory requirements?
- ◆ Does the median wage for this occupation fall within the middle two quartiles of wages for all occupations in the U.S.?

Occupations Included in Analysis



The following major groups in the Standard Occupational Classification (SOC) system, comprising 329 of over 700 detailed occupations, were included in the analysis:

- ◆ 11 Management
- ◆ 13 Business and Financial Operations
- ◆ 15 Computer and Mathematical
- ◆ 17 Architecture and Engineering
- ◆ 19 Life, Physical, and Social Science
- ◆ 27 Arts, Design, Entertainment, Sports, and Media
- ◆ 29 Healthcare Practitioner and Technical
- ◆ 41 Sales and Related
- ◆ 43 Office and Administrative Support

Occupations Not Included in Analysis



The following major groups in the Standard Occupational Classification (SOC) system were not included in the analysis:

- ◆ 21 Community and Social Services
- ◆ 23 Legal
- ◆ 25 Education Training, and Library
- ◆ 31 Healthcare Support
- ◆ 33 Protective Service
- ◆ 35 Food Preparation and Serving
- ◆ 37 Building and Grounds Cleaning and Maintenance
- ◆ 39 Personal Care and Service
- ◆ 45 Farming, Fishing, and Forestry
- ◆ 47 Construction and Extraction
- ◆ 49 Installation, Maintenance, and Repair
- ◆ 51 Production
- ◆ 53 Transportation and Material Moving

Status of Offshoring Analysis



- ◆ Preliminary scores need to be thoroughly reviewed for sound analysis and interpretation of questions
- ◆ In spite of staff research, a large gap remains in our knowledge of offshoring
- ◆ We need to consider including occupations that were excluded from the initial analysis
- ◆ Analysts determined that only a portion of jobs in some occupations could be offshored, but many jobs could not
- ◆ Offshoring is one of many factors that can affect job outlook
- ◆ The challenge is how to incorporate information about offshoring into our projections and publications