



Global Economy Complicates Outsourcing

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"The fundamental issue has always been employment security," said Charles Bofferding, executive director of the Society of Professional Engineering Employees in Aerospace. "Outsourcing is seen as an attack on employment security. Fundamentally, the issue of employment security has not gone away. But because of the global economy, it's hard to say you're anti-outsourcing."

➤ Remember offshore outsourcing? Big deal around here -- around everywhere, actually -- about two years ago. Lots of talk about lost jobs and runaway corporations and a bleak economic future for the United States and the rise of China and India, and you remember the rest of the rhetoric.

Or do you? Not a lot is said about offshore outsourcing these days. Politicians don't make much mention of it. Even the Web site of the AFL-CIO, one of the loudest voices on the issue at the time, has largely moved on to its obsession with Wal-Mart.

Outsourcing was not a high-profile issue in the two major contract negotiations last year at Boeing, even though it's been a huge concern for both production workers and engineers.

Did the issue go the way of most controversies in that people lost interest? Did the politicians figure an issue with no easy solutions, certainly none that could be enacted overnight, didn't have much campaign value?

Every so often we get reminders that offshore outsourcing is still around as an issue. Witness Washington Mutual Inc.'s announcement last week that it already has the equivalent of 1,600 full-time employees working for it at offshore vendors in Canada, India and the Philippines (and is in discussion with vendors in Costa Rica), and the company believes that number could grow to 6,000 in the next two years. That's not good news for the call center employees, help-desk personnel, back-office support and software developers currently doing work for Wamu stateside.


Those occasional reminders notwithstanding, offshore outsourcing has moved to the wings of the public-policy stage. (Of course, after the subject of this column on the currently muted debate over outsourcing was chosen, Business Week came out with a cover story on outsourcing. But the magazine's emphasis is on how businesses are learning to manage outsourcing and make it work for them. Which leaves this column's premise generally intact -- we hope).

Even so, the issue is no less intractable or worrisome for its low profile.

It certainly weighs on the mind of Charles Bofferding, executive director of the

Society of Professional Engineering Employees in Aerospace -- SPEEA, which represents engineering and technical employees at Boeing.

As Bofferding explains it, and as many who have tried to come up with a quick fix have discovered, offshore outsourcing isn't one but several issues in collision.

To SPEEA, "The fundamental issue has always been employment [security](#) , " Bofferding says. "Outsourcing is seen as an attack on employment security. Fundamentally, the issue of employment security has not gone away. But because of the global economy, it's hard to say you're anti-outsourcing."

Or anti-globalization, for that matter. Although globalization became a handy one-word catchall to denote all sorts of terrible, awful things having to do with trade and job losses, globalization as a trend is also what allows a Seattle-based company (or at least one that used to be based in Seattle) to sell planes on every continent in the world where there's someone to buy them, instead of having a dozen commercial airplane manufacturers each serving its own local market.

A complicated issue, then, that requires some complex solutions. While the recent resurgence in Boeing orders, production and, most important, employment has taken some of the pressure off the issue, Bofferding says SPEEA wants to use the time of relative prosperity to deal with job security and employment stability. The days of company-guaranteed lifelong employment may be gone, but Bofferding says companies also have an interest in a "skilled, motivated work force optimistic about the future."

That, in fact, is the concern of one of three standing committees Boeing and SPEEA maintain. Says Bofferding, "We like to be in a problem-solving mode with management all the time."

Tricky as that issue is, even trickier is the long-term concern about the loss of technological expertise.

In the aerospace business, that means the partners in other countries now building the components may one day be building the whole jet themselves, thanks to the technology, training and contracts Boeing has provided.

"You can't give away a little bit of the plane every time you sell one and expect to have anything left at the end of the day," Bofferding says.

(For Washington Mutual, the concern raised by offshore outsourcing, beyond employment and cost, is somewhat different. The activities being outsourced are largely commodity activities, not much different from what any other financial services company might be doing. The bigger concern is security of customer

account information.)

Dealing with that component of the offshore outsourcing will take the involvement of everyone -- the company, the work force, the government, Bofferding says: "It's not a single variable. We've got to move the whole equation."

A fitting summation for someone who heads an engineers union, and a pretty accurate one, too. It also goes a long way to explaining why the issue defies easy condensation in a stump speech or sound bite -- and why it still looms over so many jobs, careers and industries, even if those most in jeopardy aren't hearing much about it.

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