



Employment

Blue-Chip Companies Send More Jobs to India

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A decade ago, a wag famously warned of the giant sucking sound from Mexico, which threatened to steal America's working-class jobs.

Today, the giant sucking sound comes from a different spot on the globe, and it menaces a different type of worker. India increasingly is landing high-skilled, highly paid positions for engineers, accountants and financial analysts formerly employed in the United States.

West Palm Beach-based **Ocwen Financial Corp.**

offers a case study in how companies are cashing in on India's allure. Seeking to cut labor costs, Ocwen quietly has hired hundreds of workers during the past two years in India, where skilled workers are plentiful and wages are low.

Ocwen, which once had nearly 1,000 employees at its Palm Beach Lakes Boulevard headquarters, now employs more workers in Bangalore than in West Palm Beach. At the end of last year, Ocwen had 843 employees in two locations in India, compared with 474 in West Palm Beach and 534 in Orlando.

The reason, of course, is money. Like many U.S. companies, Ocwen has discovered well-educated, English-speaking workers come cheaper in India than in the United States.

"We established operations in India to take advantage of a highly skilled but relatively inexpensive labor force," said **Mark Zeidman**, Ocwen's chief financial officer.

These are not sweatshop jobs. Most of Ocwen's Indian employees are college graduates; they include 80 software developers, along with workers in residential loan servicing, human resources, accounting and risk management.

Zeidman is quick to point out that Ocwen (nyse: [OCN - news - people](#)), a mortgage company that sells loan-servicing software to lenders, hasn't fired workers here to hire people in India. The company still has more than 1,000 employees in Florida.

"We didn't move any positions from the U.S. to India as much as we accommodated the growth in our business by hiring employees in India rather than increasing staffing in the U.S.," Zeidman said.

Still, Ocwen plans to add even more employees in India this year and to make "a modest reduction" in its U.S. work force, according to the company's 2002 annual report. Meanwhile, its U.S. employment will shift to "a greater concentration of clerical-level employees," the company said.

Ocwen is far from alone. **IBM** (nyse: [IBM - news - people](#)) plans to move some of its software design jobs to India, **The New York Times** (nyse: [NYT - news - people](#)) reported last month.

Big Blue says it's simply following its rivals. Dozens of blue-chip companies, including **Microsoft** (nasdaq: [MSFT - news - people](#)), **Oracle** (nasdaq: [ORCL - news - people](#)), **Bank of America** (nyse: [BAC - news - people](#)), **JP Morgan Chase** and **General Electric** (nyse: [GE - news - people](#)), have set up shop in India. Consulting firm Forrester Research predicts that 3.3 million service-sector jobs will move from the United States to India and other nations by 2015.

Siemens Information and Communication Networks (nyse: [SI - news - people](#)) recently outsourced one job from Boca Raton and 11 positions from its Lake Mary plant to India. Siemens cut 300 workers in Boca this year, but a spokesman said there's no direct link between those cuts and its India expansion.

Motorola (nyse: [MOT - news - people](#)) and Pratt & Whitney parent **United Technologies** (nyse: [UTX - news - people](#)) also have employees in India, although both companies said hiring there was not responsible for job cuts in Palm Beach County in recent years.

No CEOs or CFOs have outsourced their own positions to lower-paid executives in India. But this job shift is striking because it reaches so high up the corporate ladder, hitting the formerly cushy ranks of white-collar corner offices.

Your job could be next. Among the outsourced are computer programmers, engineers, accountants and financial analysts, not to mention thousands of less-skilled workers who answer phones at call centers.

Critics decry the job migration as shortsighted bottom feeding. By moving middle-class jobs to the Third World, corporate America is abandoning U.S. workers at a time when jobs are hard to find, said Thea Lee, chief international economist for the AFL-CIO.

"I don't doubt that it's cheaper," Lee said. "But companies need to take a slightly longer time frame rather than just cutting payroll costs

right now."

Sending positions to India undermines the U.S. tax base, she says, and some politicians agree. A few in Congress have threatened to limit visas for skilled workers from other countries, and some state legislatures are pushing for limits on companies moving jobs overseas.

After a New Jersey lawmaker discovered the state's welfare bureaucracy was administered partly by workers in India, state lawmakers in New Jersey and Maryland sought to block public contracts from being serviced outside the country.

But proponents of offshore hiring chant the mantra of free markets. It's pointless to block corporate capital from flowing where it can be spent most efficiently, the argument goes. India's supply of skilled workers is abundant, so the job offers naturally follow, Zeidman said.

"One thing that has been demonstrated time and again is the futility of adopting protective economic policies that seek to shelter the domestic economy from the impact of these changes," Zeidman said. "We are confident that the U.S. economy and work force is resilient and capable of responding to these changes such that in the long run economic output and productivity are enhanced."

A similar debate raged in the 1980s and '90s, as employers pulled manufacturing jobs out of the United States and moved them to Mexico, China, the Dominican Republic and other countries where workers were cheap and regulations were loose.

Presidential candidate Ross Perot warned in 1992 of the "giant sucking sound" of jobs that would move to Mexico as a result of the North American Free Trade Agreement.

The pain of those job losses eased with the economic boom of the late '90s. These days, the movement of low-skill jobs is so commonplace it barely sparks an argument.

The latest migration of jobs overseas is more stark because it takes the most desirable positions out of the U.S. economy.

"It's the quality of the jobs," the AFL-CIO's Lee said. "In the past, we were always told that when factories close, that was no big deal. Manufacturing workers were told they should just get some more education."

Now, skilled workers are finding that education isn't enough, not when an Indian worker is just as educated and is willing to do the same job for a fraction of the pay. A microchip designer or financial analyst makes \$7,000 a month in the United States. The same worker in India earns \$1,000 a month, BusinessWeek reported this year.

Eyeing those sorts of numbers, Ocwen began hiring Indian employees in 2001. They work from Ocwen's facilities in Bangalore and Mumbai (formerly known as Bombay).

Ocwen wouldn't say how much it pays workers in India, but it boasted in a recent regulatory filing that the move has let it add workers while cutting payroll. Ocwen's salary expense fell to \$17.7 million in the first quarter of 2003, down from \$21.1 million a year ago. Overall, the company lost \$8.4 million in the quarter, continuing a pattern of red ink in recent years.

Ocwen sees additional opportunity in its foray into India. The company has set up a new division to offer its employees to U.S. companies that are outsourcing work to India. So far, Ocwen has signed two clients, whose names it won't divulge.

The attraction of cheap labor is so strong that Ocwen and other U.S. companies can overlook India's poor roads and decrepit power grid, not to mention the looming threat of nuclear war between India and Pakistan. In one of its few public pronouncements on its India presence, Ocwen issued a news release last year assuring investors the conflict between India and Pakistan wouldn't affect Ocwen's bottom line.

As jobs move to India, area economic developers can do little more than shrug. While county commissions dangle tax incentives to keep an employer from moving elsewhere in the state or country, little can counter the major wage cuts that come with moving jobs to India.

"It's certainly formidable competition," said Gary Hines, senior vice president for development at the Business Development Board of Palm Beach County. "It's a bottom-line cost decision."

Hines noted that Ocwen once leased three office towers on Palm Beach Lakes Boulevard. As it has moved jobs to Orlando and India, it now occupies only a fraction of that space.

Meanwhile, Florida economic developers might worry whether they'll lose call center jobs -- a linchpin of local economic development -- to India. Thanks to cheap international phone connections, many U.S. call centers have moved to India. Call the 800 number for companies such as **Delta Air Lines** (nyse: [DAL](#) - news - people), **Dell Computer** (nasdaq: [DELL](#) - news - people) and **American Express** (nyse: [AXP](#) - news - people), and you just might reach a customer service representative in Bangalore or New Delhi.

Last year, Broward County call center The Answer Group said it would cut up to 1,200 jobs in North Lauderdale because **Hewlett-Packard** (nyse: [HPQ](#) - news - people) decided to outsource customer support jobs to India. Plantation-based Precision Response Corp., another call-center operator, has expanded to India.

St. Lucie County alone has 4,000-plus call-center jobs, while Applied Card Systems in Boca Raton runs a 1,600-worker call center and payment-processing operation.

Applied Card has no intention of moving jobs to India, a spokesman said. Nor does QVC, the shopping network that runs a 1,000-worker call center in Port St. Lucie, the general manager there said.

Cincinnati-based Convergys (nyse: CVG) has almost 1,000 people working at its Fort Pierce call center. Convergys has several call centers throughout Florida, and it employs 3,000 at one call center in India and plans to hire thousands more in India and the Philippines.

A Convergys spokeswoman wouldn't say whether the company plans to move jobs from the United States to India. But Don Root, executive director of the Economic Development Council of St. Lucie County, acknowledged the Convergys jobs are "probably vulnerable" to a move overseas.

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