

For CEOs, offshoring pays

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Chief executive officers at the companies shipping the most U.S. jobs overseas seem to be pocketing some of the savings, according to a new report.

The study, published by two groups concerned with economic inequality, found that average CEO compensation at the 50 firms outsourcing the most service jobs abroad increased by 46 percent in 2003. CEOs at the 365 large companies surveyed by Business Week only saw an average raise of 9 percent, according to the report from the Institute for Policy Studies and United for a Fair Economy.

CEOs at top offshore outsourcers earned an average of \$10.4 million in 2003, while average CEO compensation hit \$8.1 million, according to the report. From 2001 to 2003, the top 50 outsourcing CEOs earned \$2.2 billion while sending an estimated 200,000 jobs overseas, the report said.

"These 50 CEOs seem to be personally benefiting from a trend that has already cost hundreds of thousands of U.S. jobs and is projected to cost millions more over the next decade," the report said.

Offshore outsourcing, farming out tasks to lower-wage nations, has become a hot-button issue over the past year or so. Defenders of the practice--including President Bush's top economic advisor--say it ultimately assists the U.S. economy. But critics say it costs U.S. workers jobs and threatens the country's long-term tech leadership. The exact scale of the trend remains unclear.

The new report names a number of technology companies in its list of leading offshore outsourcers. IBM is among them. Big Blue has plans to shift about 2,000 U.S. jobs abroad this year, but it also is hiring thousands of employees in the United States. According to Tuesday's report, IBM CEO Sam Palmisano's pay reached \$7.7 million in 2003, up 13 percent from 2002.

The report lists a more dramatic increase in pay for Stephen Bennett, CEO of Intuit, which makes personal-finance software. Bennett got a 425 percent pay increase in 2003 to \$22.3 million while sending call center jobs to India, the study says.

Neither IBM nor Intuit immediately returned requests for comment.

The study also said the so-called CEO-to-worker wage gap is rising again, after two years of narrowing. The ratio of CEO pay to worker pay reached 301:1 in 2003, up from 282:1 in 2002. If the minimum wage had increased as quickly as CEO pay since 1990, it would be \$15.76 per hour, rather than the current \$5.15 per hour, according to the study.