

## What Is Outsourcing, And Is It Here To Stay?

Outsourcing is the secondary product of the globalization phenomenon that swept the world in the 1990s. The immediate and most remarkable effect of globalization was that it resulted in many economies opening up for foreign investments, in a reciprocal basis, subsequently resulting in the economy of many countries becoming dependent on each other in some respect or the other. Also, alongside globalization came the communication revolution, which eventually bridged distances, as a result of which continents became accessible in the matter of a fraction of a second. The much talked about outsourcing phenomenon of today is a result of the combination of both - globalization aided by communication revolution.

Outsourcing can be best defined as a way of obtaining services from outside supplier - probably in a second country - predictably at a cheaper rate than possible in one's organization or country.

To look back to the early days of outsourcing, it started off slowly by outsourcing back office works to English speaking third world countries. But, as the world started becoming more and more digitalized, and Information Technology the new buzz word, it became necessary for multinationals involved in cutting edge technology to have more technology savvy brains at their service. When they felt a dearth of trained brains in the area/place of their functioning, obviously they all turned to expert brains of the third world countries. Such a move weighed heavily on the existing economy equations of the corporate majors as outsourcing to a developing country always incurred less expenditure than doing the same work at home. In fact, this was exactly the reason why corporate technical domain became more and more pro-outsourcing. There logic is simple - if one could get quality workforce and expertise at a cheaper rate, why can't use it to the fullest advantage?

But the direct fall out of the trend for outsourcing - as observed recently - is that it resulted in massive loss of job for employees in the developed countries, a sticky issue that had attracted a lot of political as well as public attention off late. In fact, economists had anticipated such an effect before hand, but now only it started taking its toll in large numbers. So what is the future of outsourcing? Will it be banned by law or is it there to grow in the coming years?

Well, there are certain jobs that need expert handling; the completion of the job at hand may need an expert in the respective domain to execute. In such cases, companies are left with no choice, but either to hire one at a higher cost or outsource the work to some second company that has the resources to handle such work. Corporations support the latter option as there is a marked savings made in terms of expenditure by getting the work done at a third world country and that without compromising on the quality of the work. No wonder, it is the big companies who are lobbying for pro-outsourcing.

On a flip side, loss of jobs in millions is a concern for any government or country. So it is possible that some State at least will pass a bill that bans outsourcing to an extent, as a partial solution of loss of jobs to other countries. But how far and what all clauses it may have is what ultimately is going to make a difference. And that exactly is what all are waiting to have a look at as well.

Mind you, something that affects the economy and on the other hand, its people, is a sticky issue of many dimensions. It implies that drawing conclusions is immature at this point of time. As of now, it is clear that outsourcing is going to stay. But it is also likely that government may step in to rein in the current trend if the loss of jobs continues in a bigger scale. As the outsourcing saga heads towards a thrilling climax, let us hope that everything will end well, without much damage to thorn and the leaf.

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