

# Out of Options: Is Offshore Outsourcing the Answer?

By Gregory Taillon



Offshore outsourcing has become a major player in the business game. And despite the anti-offshore outsourcing rhetoric, businesses must remain profitable in today's highly competitive global economic environment.

Why do companies outsource offshore?

1. Offshore outsourcing is an economic savior for many corporations.
2. Corporate policy and boardroom debate supports offshore outsourcing.
3. Students overseas are highly skilled and technologically literate.

Those firms that expand their lineups into other countries are reaping rewards and meeting the bottom line goals. Offshore outsourcing allows US-based companies to streamline and remain profitable. But the questions remain. Can companies outsource offshore without shifting their whole future abroad? Is offshore outsourcing a viable option for your organization? First, consider the different sides of the debate.

## **The Debate:**

CNN's Lou Dobbs identified over 300 American corporations that outsource offshore to remain profitable in today's global economies. Perhaps you work for a company that outsources. Even if you don't, you can bet that your competition does. This may be why your competition is ahead of the game. Forrester Research predicts 3.3 million jobs will be outsourced overseas across the next fifteen years. The number of "outsourced" jobs increased from 6.5 million in 1983 to over ten million total jobs today.

Opponents of offshore outsourcing see it as a new type of homeland "insecurity" that harms the United States through the loss of jobs. The shift of traditionally white-collar technology to blue-collar work has sounded alarms with voters, as offshore outsourcing was one of the most hotly debated issues in the recent Presidential election. The Bush administration had been criticized during his watch for "exporting our jobs overseas." But realize that in the United States, it has never been the government's position to directly dictate overseas labor practices to private corporations. Additionally, corporations have been aggressively doing business overseas since the late 1970s.

Proponents of offshore outsourcing call this practice "globalization." Rationally speaking, protectionism would harm America even more than a global economy because one benefit offshore outsourcing includes is "insourcing." Just as U.S. firms outsource positions, foreign firms outsource positions to the United States. Foreign automobile manufacturers, for example, can't overlook the fact that the United States is their world's largest consumer. Therefore, many jobs will remain or be created within our borders in the future. The number of "insourced jobs" has increased from 2.5 million jobs in 1983 to over 6.5 million jobs today.

The ability to conduct business globally and across multiple time zones increases the customer base immensely. Tougher taxation on corporations by the United States government would have little effect considering the amount of labor savings versus the amount of increased taxation. Offshore outsourcing, despite higher taxation, is clearly a benefit to these corporations.

A majority of all Americans, in fact, support outsourcing! Americans love low prices, as demonstrated by the popularity of Wal-Mart. The American public enjoys the benefits of globalization by shopping at discount and dollar stores stocked with foreign goods. Americans enjoy driving foreign cars, drinking imported coffee, wearing imported clothes, buying Chinese toys, using European cell phones, and playing Vietnamese and Korean made electronics and musical instruments. All of these goods are available at low prices never imagined in the past.

Essentially, globalization is a “win-win” situation for all countries involved. Americans get cheaper products while supporting growth in emerging countries, and companies remain profitable in the global economy.

### **Is Outsourcing Appropriate for Your Organization?:**

Offshore outsourcing is appropriate for many firms and organizations recovering from recession and the weakened economy. From a pure economic perspective, if one country is better at producing a product or commodity, and the product is in demand, we have historically imported that product. Similarly, if a foreign country is better at providing skilled labor, it makes sense to export work to that labor force.

Offshore outsourcing now crosses over into many business environments, including engineering and technology, accounting, call centers, word processing, database management, publishing and printing, and legal and administration. Labor-intensive administration, bookkeeping, legal transcription, proofreading, and system design jobs are likely candidates for overseas workers.

Historically, a lack of highly skilled domestic engineering and technology labor force created a need to import educated students and engineering professors. The world’s leading and most respected engineering school is the India Institute of Technology, where 3000 of the world’s top engineers enroll annually. India and Asia have been brain drained for years, as engineers and scientists from abroad built the most profitable corporations in technology. Therefore, it makes sense to set up technology operations overseas where a highly motivated and educated workforce waits for positions.

Additionally, the Internet has provided a global link between people continents apart. Advances in digital network transmission and telecommunications have allowed network and telephone calls to be easily routed to other countries. India is the leader for call center operations, but the Philippines and South Africa are other emerging areas where highly skilled English speaking workers are available at a fraction of the cost. And Spanish-speaking labor is available in Mexico and South America for organizations that deal with Spanish speaking callers.

### **How Can You Outsource Jobs in Your Organization?:**

Offshore outsourcing is a politically sensitive issue and managers must be prepared for a short-term backlash whenever domestic workers are replaced. Whenever possible, provide an option to “displace,” rather than replace, key domestic staff positions. Many technology workers have been instructed to implement the demeaning task of training their replacements in the home office or overseas. Avoid this situation if possible. Instead, hire a consultant to check with the employment and intellectual property laws before going overseas with work.

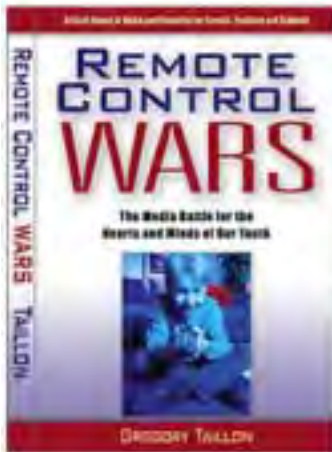
You can hire overseas recruiters and business consultants to set up initial operations. Legal jobs, for example, can utilize temporary employment services based in India. The Indian companies have thousands of paralegal staff available, so corporate law clients don’t have to hire workers. Corporations turn to the Internet for help in learning about the laws of foreign countries and finding staff outside the US.

If you do decide to outsource, be sure that your customers’ personal data is protected, because customer satisfaction is the key to a seamless experience with an outsourced employee. This may require a considerable initial investment for training workers overseas and security protection for your database.

### **Outsourcing for the Future:**

For many firms, outsourcing is a viable option to compete in a global economy. So as you weigh this decision for your company, consider the pros and cons. As our world economy continues to evolve, you may find that outsourcing can enable your firm to succeed to new heights. Whatever your view of offshore outsourcing is right now, keep this option open and you won't run out of options later on. Globalization is not anti-American. As long as Americans continue to want more products and services for lower prices, offshore outsourcing and competing with foreign workers are the new business reality.

*Gregory Taillon is an authority on media and education and the author the new book, Remote Control Wars: The Media Battle for the Hearts and Minds of Our Youth. The book deals with critical issues in education, outsourcing, and mass media. It contains an eye opening international survey of students around the world, which compares media play in American with job preparation abroad. For more information, please visit: [www.remotecontrolwars.com](http://www.remotecontrolwars.com).*



## **Remote Control Wars** The Media Battle for the Hearts and Minds of Our Youth

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**Mass Media  
is winning Remote Control Wars  
by destroying our children's cognitive abilities  
and undermining education in America.  
Fight Back with This Book!**