

# Myths of Outsourcing





## INTRODUCTION

Through experiences and history, we are bound to learn many new things in life which may or may not be true. Our belief in such new things give rise to myths which everybody starts believing in because others believed it the same way.

Outsourcing's unique grassroots promotes Low Capital Costs Countries and represents the business interests of these countries. The matter of debate about outsourcing is deprived of its clear understanding in the larger context and is beyond the control of interests of any country. But is that Outsourcing/Off shoring highlights the picture of free capital economy by the outsourcing Country. Recalling the dis belief which countries used to have about outsourcing always resulted in disappointment like issues on low cost labor, not enjoying the bargaining power and several related issues, thereby ignoring the wonderful platform for investors and persons of managerial elite.



The need to accelerate innovation with reduced risks and unpredictable demand through outsourcing has given birth to various myths which, if we see in today's context are still prevailing giving completely different lay out to the industry.

### **Myths # 1 - Easy way out to save money**

It becomes little surprising that combination of high profile IT outsourcing deals and Media and Politics creates a disbelief about the outsourcing relationships. And the major click that attracts the whole scenario is that if performing operations is cheaper somewhere in the world, shift your business there.

On the basis of business trends and reports & analysis from industry experts, it has been proved that outsourcing can lead to not only cost reduction but domestic job growth and not decline in employment opportunities, organizational expansion and also speed up the complex IT processes.

Companies don't really outsource because of availability of low cost - well educated programmers but they give due weightage to variety of reasons like physical infrastructure of the country, economic, cultural and political stability and government regulations.



Misunderstandings as to what, when and why to outsource has made the absence felt in infrastructural initiatives thereby resulting in decline in the overall value of outsourcing. Labor arbitrage results in savings but only to an extent but service providers consolidate and provide standardize processes which make the task of communication right with everyone in one place making outsourcing a fact instead of myth.

## **Myth # 2 - Facilities in developing nations are unreliable.**

The real problem with people is that they don't take time to think about the things through to the end. In terms of skills, education and infrastructure including broadband, many countries have caught up with the international marketplace. The proliferation and low prices of the Internet and Broadband along with declining telecommunication costs have enable work forces to become mobile without moving.

So companies outsource work to remain world class competitive and Outsourcing firms improve their Quality and Effectiveness in delivering business. Of all the companies in the world to receive the highest level of certification for quality from Carnegie Mellon, 58% are Indian Software Companies.



### **Myth # 3 - Greedy corporations benefit from Outsourcing**

Collaboration or outsourcing business can leverage expertise, reduce costs and provide a broader perspective. But is collaboration and outsourcing to anyone the only option for meeting the challenges of service, support, and expertise and provide benefits to big - greedy corporations. A reputable outsource partner will ensure that the client retains control over critical project decisions and client is well informed of project issues and issues that require attention. And not only this but this also results in every customer getting benefit because as cost declines, customer gains.

### **Myth # 4 - Job outsourced is job lost**

Outsourcing is one of the ways of getting more final output with lower cost inputs. This in turn leads to lower prices which is directly related to higher standards of living and more jobs in the economy.



### **Myth # 5 - Its a one way highway**

Companies need to have a physical presence in the global market place so that they can compete in the overseas markets. They are not outsourcing jobs rather their are taking necessary steps to gain access to their customers.

As jobs in call centers, research & back-office operations, and some IT functions are outsourced, opportunities to generate higher-value-added jobs by redeploying labor and investing capital are occurred in the outsourcing countries.