Outsourcing

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**Introduction**

Outsourcing is a term used in business contexts, typically denoting using external resources to perform functions for a firm or organization that was previously doing the same task by using its own internal resources (Koszewska, 2004). There may be different ways to outsource, depending on what requirements are needed to be fulfilled by the outsourcing company after assessing its own situation. Two main methods for outsourcing can be considered to be internal outsourcing, where a company decides to delegate some of its functions or resources to a firm within the same country to complete the task at hand; or external outsourcing, where delegation is done to a company in another country based on cheaper services provided by that external company (Troaca & Bodislav, 2012).

**Peter Drucker and outsourcing**

Peter Drucker’s statement, “Make sure your back room is their front room, get rid of in-house printing, in-house conference services and any business that is not at the core of your focus”, is an important guideline for successful outsourcing. Going into the details of this statement, one can analyze that by “front room”, one can mean the arena where the main and pivotal activities and processes in an organization take place, that are vital to its proper maintenance and running. "Backroom", therefore, can be taken as the arena whose activities are considered to be “supporting”, but not as central to the company to those of the front room, and thus can be afforded to be outsourced. The scenario may come forth where the functions of the back room may be taking up too many resources or valuable time of the main company operators, and thus may deem to be suitable enough to be passed on to another willing party, in exchange for a price (and hence the need for outsourcing arises). An example can be taken of fashion brands. Initially, when a designer launches his/her brand, there may be a need for sewing and displaying his/her works through his/her own resources and skills. However, once the brand takes off, and the designer begins to earn profits from it, designer can afford to outsource some of the activities that he/she was previously solely responsible for, but does not need to have full supervision in its conduction anymore. One such activity may include stitching of the clothes designed by the designer. This can be outsourced to a company that can produce bulk items for him/her.

**An assessment of the notion of outsourcing**

In this case, a number of advantages and disadvantages can be observed in each particular case. For one, if the outreach company is based in the US, outsourcing to either company would save valuable time for those involved in “core processes” of the outreach company to focus on more pressing issues that require immediate attention. However, cost reduction paints another picture. The company in Vancouver may be close-by, so costs relating to distance may be avoided. However, depending on the minimum wage requirement, it may still be considered more expensive than the option in India, if the minimum wage is lower in India (workers in India may have lower wages than in the US, see Ravi & Raju [2013] for more details). There is a component for "shared risks" when outsourcing to either company, as then the particular outsourcing company is not the only one responsible for the task at hand. However, this may not mean that there is a "reduced risk" factor, as you do not have full control over the outcome anymore, whether outsourcing to Canada or India. The exit strategy that one may take from an agreement to outsource with a particular company depends upon the laws in each particular country dealing with the legal bindings of the outsourcing contract. Therefore, exit strategies need to be strategically formulated in both India and Canada, depending on each particular legal situation.

**Outsourcing to Vancouver, Canada vs. Mumbai, India**

In my personal opinion, I would outsource to the company in Mumbai, India, due to a number of benefits. The first benefit is cost reduction due to the lower cost of labour in India. Also, a large number of English-speaking institutes and apparently good quality of education in India makes it a cheaper but equally viable option for outsourcing as compared to Vancouver, Canada (Ravi & Raju, 2013). Where the question of distance comes in, it is a concern to some extent, especially as it may be difficult to monitor activities and thus reduce risks. However, this may be easily overcome by assigning a member of the outreach company, preferably having Indian origins, to travel to India occasionally and scope out the situation there. Being of Indian origin will have an added advantage, especially as he will have knowledge about the local languages of the area, and will be able to communicate effectively. The cost of travel for just one person may be negligible as compared to the costs reduced due to outsourcing in India.

**References**

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