

Effects of outsourcing

[Business](#), [Work](#)



When an organization moves into the outsourcing arena an organization loses its managerial control. This happens because it is quite easy to manage your own employee rather than managing the outsourcing organization. Similarly, one of the biggest disadvantages of outsourcing is that the organization would be completely dependent on the offshore partner. Lack of communication and can cause serious problems for the organization because the phenomenon of offshore outsourcing forces the businesses to communicate with various cultural groups.

Similarly, one of the biggest economic mishaps of outsourcing is the loss of jobs to Americans and other westerners. Because companies are moving from one country to another country therefore these jobs are offered to the locals of that country. Many individuals believe that outsourcing is unjust and unethical for the economy of United States because it sabotages the growth of western countries and America (Manghirmalani, 2009). Other nations are growing and the growth of other nations is refined by the western countries.

Therefore, the biggest economic issue is that businesses in United States and other developed countries are improving the economy of other underdeveloped and developing countries. Besides different problems another major problem is the issue of import price data. The cost cuts and product innovation that are made overseas are counted incorrectly. The major issue with this phenomenon is that the government uses import price data on economic statistics and they calculate output manufacturing, productivity, gross domestic product of the productions made by the United States.

The analysis of Business week depicts that countries like India, China and Pakistan etc are creating a ' Phantom GDP' (Manghirmalani, 2009). This issue of phantom GDP arises because of outsourcing. Therefore, we can conclude that the effects of outsourcing varies with its use and but its economic effects on countries are huge. Offshore outsourcing is basically an important business trend of today's works and it is very popular amongst the western companies.

Multinational organizations like Unilever, Wal-Mart, IBM and etc outsources their activities to low cost oriented countries like India, Pakistan and China. There are no fixed laws on this issue and as organizations are transforming into bigger horizons they are moving towards India, China or Pakistan. If this issue would not be taken seriously then the middle class individuals of America, Canada, United Kingdom and etc would be suffering from the menace of unemployment.

The phenomenon of offshore outsourcing is unavoidable that is the reason why foreign countries must develop strict policies and regulations regarding working conditions and tax related issues of outsourcing. The regulations must favor both the countries and it must be flexible. This phenomenon of outsourcing leads to loss of jobs for many people but strategist and economists believe that this phenomenon will go on because organizations and getting their benefit from outsourcing the activities to other countries of the world. References Cyber Futuristics. (1998).

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