Why america should not practice offshore outsourcing

Outsourcing; what does this term mean? " Outsourcing is the practice in which companies move or contract some or all of their manufacturing or service operations to other companies that specialize in those operations of to companies in other countries...When outsourcing involves the movement or contracting of those operations to foreign countries, it is properly called offshoring or offshore outsourcing." (Outsourcing, 2005). What does this mean to you? Many American jobs are now being sent to the overseas market. Jobs from many aspects such as blue jean manufactures, shoe manufacturers, software companies, and telemarketing jobs have moved overseas (Outsourcing, 2005). Why should we not outsource? Outsourcing jobs has many disadvantages; it can cause poor customer service, it creates a complex infrastructure, it has hidden costs, and it can cause a loss of jobs in America. Customer Complaints and Communication Problems Many companies are now unsure of offshoring due to numerous customer complaints regarding the quality of service and communication problems (Bednarz, 2004, p. 33). Many companies moved software development to foreign countries with the false pretense that they would get better quality. Many times, this is not the case. Many of the quality ratings were based upon only a portion of their development process and not the final product (Vogel & Connelly, 2005, p. 3). Some companies have begun to break contracts with their offshore partners prematurely due to lack of delivery. " The provider (offshore contractor) had financial difficulties...failed to deliver on commitments" (Bednarz, 2004, p. 33). Many of the companies had poor turn around time on their commitments. Also, some of the lack of quality in products is a direct result from the language barrier. " In India, (telephone)

customer service usually pretty good --the reps are very nice to callers. The problem is, they often cannot resolve the call…higher percentage of calls are escalated to the supervisers…people are in (telephone) queue longer, and at the end, a lot of times, there's not a resolution" (Bednarz, 2004, p. 33). No one is stating that the offshore workers are not helpful; they just are not able to fix the problem. An example is a gentleman purchased a computer and it didn't work. He called the customer help line and when the worker answered the phone, he didn't understand English. Needless to say, the computer was returned and a formal complaint was sent to the company. He received a discount of 500$ towards his next computer. It is examples like these for reasons to not offshore. Another problem stemming from the language barrier is it causes a complex infrastructure. Complex Infrastructure Outsourcing jobs causes a very complex infrastructure for both employees and employers. "..(Sending jobs overseas causes) loss of control over primary organizational assets such as company data and innovative technology and techniques" (Dulebohn, 2005, p. 46). Also, many outsourced companies are consolidating with other companies without informing their American companies (Bednarz, 2004, p. 33). With this loss of control, many of the outsourced companies are taking on too much and not able to make commitments on time. Another problem with the complex infrastructure is the " organizational resistance" (Borg, 2005). Outsourced companies, due to differences in religion, culture, and language are resistant to change. " US employers don't understand how to manage the offshore team and the offshore team isn't comfortable taking instructions from an American" (Bednars, 2004, p. 34). Also, time-zone issues can become a factor. The

language barrier is the biggest obstacle to overcome when it comes to infrastructures. For example, the word " yes" in American can have numerous meanings…from sure, ok , maybe, etc. The word " yes" in India means " I'll think about it and get back to you" (Bednarz, 2004, p. 34). Besides the cultural differences and language barriers, other factors contribute to outsourcing being a disadvantage to America. Economic Advantage Often, the economic advantage of outsourcing is minimal and the global impact is maximized. First let's talk about the economic advantages. Many businesses assumed they would profit from offshoring. Most of the economic comparisons were relating the pay scale of an American employee to their foreign counterpart (Bednarz, 2004, p. 33). " Businesses that expected to save up to 70% have only seen up to 20%" (Sheats III, 2004). No one considered the hidden costs. The costs of bringing in teams of foreign counterparts to train them in the states. Many of the outsourced businesses made false promises; they are unable to deliver the product and their companies are financially unstable (Bednarz, 2004, p. 33). Also, offshoring causes taxes to increase on the remaining jobs held in the United States because now there are fewer taxpayers due to loss jobs (Russell, 2004, p. 12). With all of this going wrong, " corporate America" is still outsourcing. What about American jobs? America and the Global Market Offshoring has caused many American business to close or layoff employees. " Many of Silicon Valley's giants and dozens of companies elsewhere have imposed layoffs at home and hired cheaper talent in India" (Dolan & Meredith, 2004). It's easy to say, go back to school and get another job. But of those that were laid off, " 31% were not fully re-employed, 36% soon found jobs that

matched or increase their pay, but 55% were, at best, working with an 85% pay cut. Twenty-five percent took pay cuts of 30% or more" (Sheats III, 2004, p. 56). Offshoring has also caused a decrease in job morale in the Information Technology (IT) profession. " IT leaders need to admit how big a cloud outsourcing is casting over IT…losing its image of being lucre and cool, even as young people embrace technology" (Murphy, 2005, p. 72). Outsourcing is causing the number of American college students to decrease in majors of engineering and computers (Dulebohn, 2005, p. 46). The students are afraid to graduate and not be able to find a job. America will not be able to compete with upcoming technological jobs due to outsourcing. What will Americans have to offer in the global community if we continue to outsource? " Over time, the US may lose the technological and innovative advantage it has historically held because of its (India and China) highly skilled workforce" (Dulebohn, 2005, p. 46). Many Americans are turning to jobs that can not be sent over a telephone or over the internet. Many will have to turn to service related jobs; jobs that require face-to-face interaction. Even with the jobs that require face-to-face interactions, some may be sent over a wire. An example is a radiologist. The image can be sent over the internet for someone to diagnose the problem. Summary Offshoring has many disadvantages: poor customer support, hidden cost, language barriers, loss of information, loss of quality control, and it decreases US work morale and jobs. Bruce P. Mehlman (2003, p 2), in a lecture to Kennedy School of Government, Harvard, University, on October 1, 2003, stated a widely-quoted 2002 Forrester report estimates that over the next 15 years, 3. 3 million US service industry jobs --including 1 million IT service jobs – and

$136 billion in wages will " move offshore." So what should we do? Sit by and let it happen? Currently, the US government has been addressed with these issues. It was even brought up during the past presidential election. One easy solution is to " insource." Insource all work. Do not offshore it, if the company must outsource it, keep it stateside. " My value as a human being was taken away from me, she (Jeraldean Evans, veteran program analyst, former Silicon Valley worker) says of getting laid off after training her Indian replacement. What is going to happen to all these people who are losing their jobs" (Yung, 2004). If corporate America keeps up the trend of offshoring, whose job is next? Is it yours? Will it be mine? References

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