

Offshoring (offshore outsourcing)

[Business](#), [Management](#)



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Introduction Recently the term offshoring has gained increasing attention given the increase in globalization and thus mobilization. A definition of the term is necessary before proceeding forward.

As defined by Garner, ' Offshoring refers to the relocation of jobs and production to a foreign country. The relocated jobs and production could be at a foreign office of the same multinational company or at a separate company located abroad' (Winkler, 2009).

This term, however, cannot be used in place of outsourcing. Outsourcing does not imply the relocation of jobs and production. It just refers to creating more facilities for production and job avenues. An example of offshoring is creating an IT department outside the home country in other countries such as China or India.

Offshoring is gaining popularity because it allows organization to reduce their costs, develop an extended market reach, and improve efficiency and productivity of work at the same time (Masciarelli, 2011).

Implementing Off-Shoring

Successfully implementing offshoring is a challenging task. It requires careful planning and monitoring. The first step is to plan which functions to outsource. This includes planning of critical functions, skill transfer and scalability. The next step is to evaluate a cost-benefit analysis. This is done to evaluate whether the benefits of the operation will outweigh the costs. Only if the benefits outweigh the costs, the next step should be taken. The next step is developing a project management team which would be responsible for the offshoring process. This includes the planning process,

setting the timetable and hiring the necessary personnel for the job (Neelankavil and Rai, 2009). According to Ilan (2011) successful offshoring is dependent on finding the right model for opening up business operations in a different country. The most likely destination for offshoring activities today is China which offers a variety of incentives to businesses around the world including cheap labor and good infrastructure.

References

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