

Role of internet in international business essay



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In recent times, Outsourcing is becoming very much accepted. It pertains to the “acquirement of a product or service rather than producing it”. It can also be interpreted as a transfer or delegation of day-to-day business process to an external service supplier. At present, outsourcing is generally used by every organization in one way or the other.

Most of the IT companies which are functioning in quite a few nations are doing their work with the help of outsourcing this can be understood with an example of Dell Computers (Rein gold, 2004). Dell Computers which is a multinational firm has most of its troubleshooting call centres in India at present. This new concept of outsourcing is producing a lot of dislocations which are good for some people and on the other hand, abominable for some people. Most of the multinationals firms are going for outsourcing as in the year 2003, IBM decided to shift the jobs of almost 5, 000 programmers to India and China (Kriplani & Einhorn, 2003). GE has also stimulated much of its research and development operations abroad. Microsoft, Dell, American Express and almost every major multinational firm is outsourcing their work.

Advantages & Disadvantages of Outsourcing

Advantages: Outsourcing furnishes a number of benefits to companies which are as follows:

- It concentrates on the core business areas of a firm.
- By using outsourcing, a multinational firm can bring down its operating costs.
- With the assistance of outsourcing a firm can gain access to a larger pool of workers at reasonable prices.
- Outsourcing furnishes an access to ameliorated expertise at a lower cost.
- It step-ups the productivity & profitability of a firm.

Disadvantages:

With significant advantages outsourcing also has some disadvantages which

are as follows: •It may be harder for firm to direct the outsourcing service provider in equivalence to managing its employees.

- If the outsourcing service provider goes bankrupt or out of business, the firm that is using these services may quickly have to transfer to a new service provider or it has to take the process back.
- Sometimes outsourcing may be more expensive.
- If a firm is outsourcing business processes such as payroll, secret information like salary, then it will be known to the outsourcing service provider (Advantages & Disadvantages of Outsourcing, n. d.)The above described advantages are the advantages especially for the firms who are acquiring this so that they can arrive at an access to a cheap labor that postulates low labor costs by prompting jobs to low-wage nations.

With all these advantages to a firm, outsourcing leaves behind dramatic displacement of older workers and employees, descending mobility and bearing of the people who are dislocated. With this altering trend of outsourcing, people whose sustenance's might now be at danger comprise everybody from IT experts to accountants, medical transcription's to customer-service interpreters. Outsourcing can be conceived as a Win-Win Game, which defines that every dollar of outsourcing ensues in 58 cents of savings in the favor of the American economy and on the other hand; it had reported that 31% of workers have lost their jobs with no re-employment facilities, which is the substantial disadvantage of outsourcing (Kriplani & Einhorn, 2003). So, in the end, we can conclude that whereas outsourcing renders organization with a number of benefits it also brings number of disadvantages with it.