

# Good example of outsourcing labor: problems and solutions essay

[Business](#), [Company](#)



Although outsourcing has been important as a solution to shortages in labor supply, it has been noted to espouse problems. The term “outsourcing” refers to the staffing process that involves contracting third parties on jobs that can be performed by current employees. This implies that it will not constitute hiring a new accountant when the current one is seriously ill. Outsourcing, which can be both foreign and domestic, has been causing controversies on whether it is beneficial or problematic, since some firms have been experiencing varied results from it. Various authors have noted that the problems should be solved since there are circumstances when a firm cannot avoid outsourcing labor. This occurs when there is no one with skills to perform peripheral functions. Since the problems have been discussed at both national and firm levels, both two kinds of solutions should be found. Therefore this paper will discuss some of the problems, matching them with solutions so that outsourcing can be beneficial in all cases. Firstly, at the national level, outsourcing can create a problem to the nation by sending millions of jobs to foreign countries. The Centre for American Progress has noted that the drop of 8 million jobs over the last 30 years was caused by outsourcing jobs to foreign countries. This has generated a lot of debates on whether US firms should continue offshore outsourcing or not. Since this has become a thorny issue in the media and political arena, it is important that a solution is found. As the driver of outsourcing has been the cost of labor at home, mechanisms should be put in place to reduce taxes on corporations so that labor costs can be reduced. The owners of the companies should be told that the cost of labor fueled by the increasing oil prices is rising abroad. On the same note, firms should realize the reduced

prices of fuel in the US due to the booming oil industry at present. In this regard, although outsourcing has resulted in shifting jobs to overseas countries, the problem can be solved by reducing taxes on salaries and reducing fuel prices in the US.

Secondly, at firm level, outsourcing can result in reduced quality of production in a firm. In the Outsource2India, it has been noted that when a business outsources labor, there is likelihood that there will be a drop in quality of the firm's products. This shows that when the US firms outsources its labor from China, their quality productions are likely to reduce. Due to this problem, some authors like Bucki have noted that the problem might have its hidden costs. Thus, to ensure that the outsourcing becomes successful, the firm should first of all come up with strategies to make the outsourced third parties produce quality products. In this regard, there should be proper means of improving their productivity: motivation, adequate breaks, induction, training and development. The listed proper means will ensure that there are always meaningful innovations in the company. Therefore, although outsourcing may bring poor production quality, proper means of recruitment, selection, motivation and training and development will ensure that the third parties perform well.

Thirdly, at firm level, outsourcing labor can threaten confidentiality and security. Outsource2india has reported that data and technologies of the firm may be misused by those being outsourced. This shows that when a firm outsources labor, especially from third parties that will require access to its technology and data, its security and privacy may be threatened. Since some data and assets (including technology) normally enhance the company's

strategic competitiveness, suspicions may arise on whether to outsource labor in such areas or not. To solve this problem, data and technology security measures should be in place, especially when the firm is planning to outsource. In this regard, there should be confidentiality firewalls, agreements, and solid infrastructures, as some of the security parameters before one enters into deals of outsourcing. Moreover, if the firm had previously outsourced some third parties, customers' experiences with them will reveal their reliability with company information. Therefore the threat of insecurity due to outsourcing can be eliminated by the firm's proper data and technology security measures.

On conclusion, as already discussed, although the above problems have persisted in many firms, it is hoped that when the proposed solutions are effectively implemented, outsourcing will not be harmful to the organization. Outsourcing problems such as security and confidentiality threats, production quality reduction and lose of millions of jobs to the nation, have been discussed. This should be noted that although there are others, these have been taken as the mostly reported by many firms. In this regard, therefore, companies should be prepared to overcome them. Solutions for them have included putting appropriate measures of security, investing in training and development and other motivational programs, and reducing taxation respectively. In this regard too, the company should aim at enhancing other measures such as legal migration, intercultural training, among others. When these solutions are available to the above problems, in the best environment, the organization will benefit greatly from the outsourcing. It is also important to note that when the solutions are

implemented, the company will only be required to outsource from abroad due to lack of skills in its labor pool, but not on the ground of salary costs. Therefore every firm with the problems discussed above will find this paper valuable for successful management of outsourcing engagements.