

Good example of essay on economics

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



Labor, GDP, and the Firm

1. Labor is an essential factor of production for all firms. The recent estimated unemployment rate of February 2013 is 7.7%. Economists have considered three types of unemployment, which include structural unemployment, frictional unemployment, and cyclical unemployment. Structural unemployment would affect General Electric more as compared to other forms of unemployment. The structural unemployment occur when there is a mismatch of the skills, the skills possessed by workers do not match the skills required for the job, which paves the way to the lack of demand for people having particular set of the skills (Gupta). Moreover, the advancement in technology, scientific inventions and innovations are also changing the business operations, and the demand of workers that do not possess the required skills and knowledge is decreasing, creating structure unemployment. Further, when the tastes and preferences of people change, the sale of product decreases, so the workers working for such firms whose product demand decreases will lose their job, leading to structural unemployment.

2. General Electric would, however, benefit from outsourcing because outsourcing helps in reducing the fluctuations and changes in the staffing. In some projects certain skills are required that the employees sometimes do not possess, so on-site outsourcing help in bringing people having different skills, and the workers can learn the new skills in order to effectively accomplish the project. Outsourcing is advantageous for the General Electric because it helps in controlling the cost, achieving more financial flexibility, maintaining high-level technology, innovativeness, and ensuring

accountability. Further, it helps the firms to focus on the core as well as non-core tasks in order to ensure smooth functioning within an organization (Collings, and Wood). The disadvantages of the outsourcing include poor control on the quality, reduction in the company loyalty, loss of the strategic position, and strategic alignment.

3. If a company of the United States hires foreign employees abroad such as an Indian citizen who is working the call centre in India for Microsoft, their wages would be included in the Gross domestic product or GDP. The Gross Domestic Product indicates the market value all the final products and services that are produced in a country in a given time period (Mankiw). The call centre agents are working for the company, and they are increasing the output of the company, they are in fact working for increasing the production of the company in the United States, which is increasing the value of the products and services in the United States, so their wages are included in the gross domestic product of the United States.

4. Based on the indicators, the profit of the company will increase in the future because with the adoption of the outsourcing the company will become capable of performing its operations in more effective manner, core, and non-core tasks can be handled carefully. Moreover, the employees will be able to learn new skills because of the outsourcing that will reduce the structural unemployment from the company. The employees will learn the skills that are required for doing the job, and they can work effectually in order to achieve company's goals. Additionally, the production of the company will increase in the future because skilled employees and smooth

functioning will help in increasing the output of the company leading to the growth of company.

References

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