

# Free essay about outsourcing vs local hiring in large business

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



The term, “ Outsourcing” refers to contract out business to a third party. Hiring third parties for specific tasks or business is not new and companies have been practicing such things since centuries but the term, “ outsourcing” was used in the 1980’s. Outsourcing is one of the most disputed words in the business world and people interpret it in different ways. Some find it satisfying while others hate this word. A lot has been said on outsourcing by different politicians in the United States of America from time to time. This paper intends to discuss outsourcing and how it affects consumers and companies along with discussing differences between outsourcing and utilizing local workforce.

The biggest reason of outsourcing is the difference of cost between hiring third party and local workforce. Foreign labor is cheaper and companies hire outsourced workforce mainly because doing so substantially reduces the cost of companies. Hiring domestic labor costs much in terms of wages. There are a number of procedural liabilities in the process of hiring domestic workforce apart from the wages while there are very less or no liabilities in hiring outsourced workforce (Bragg).

Since outsourced workforce is usually from different countries, the employer company works 24x7. Different time zone makes it possible which ultimately turns into the increased performance of companies. Companies are bound to give rests to their domestic employees on holidays but such rules are not applied in case of outsourcing. Companies make outsourced workforce to work restlessly without giving them much rest while such arbitrariness is not possible in case of domestic employees (Wessel).

Companies have to take care of several procedures and labor laws while

employing domestic employees. Companies have to abide by prescribed employment rules but companies are free from such liabilities and labor laws when they hire outsourced workforce. Since companies are located in one part of the world while outsourced workforce is from different part of the world, it becomes easy for companies to make them to work on their terms and fire them whenever they want.

Outsourcing affects people and companies in different ways. Since outsourcing reduces the cost of business and services, it benefits companies and companies can share their benefits with their customers. People get 24x 7 services on affordable cost. Outsourcing may impact local workforce since companies prefer to hire outsourced workforce. Outsourcing is often targeted by politicians in order to woo their voters but it does not impact the interests of common service users of companies (Bragg).

Companies are the biggest beneficiary of outsourcing. They get cheaper labor which maximizes their profit. Companies pay less to outsourced workforce but get equivalent services. They also escape from fulfilling a bunch of responsibilities and legal procedures. Companies get 24x7 service and support but pay lesser amounts to outsourced employees. Companies also save huge amount of money by not paying corporate taxes and several other benefits to outsourced workforce.

Companies cannot avoid taxes and procedures if they hire local workforce. There are several legal and labor laws that deal with the issue and companies are bound to abide by these terms. They also pay huge amount as tax to the government which raises their cost and they provide escalated price to end users. It also impacts business negatively and companies

struggle to gain higher revenue after paying taxes and fulfilling various liabilities.

Outsourcing has benefitted companies and people in different parts of the world. Companies are the biggest beneficiary of outsourcing. Employer Company saves a huge amount of money by saving taxes and avoiding complex procedures while companies that provide outsourcing services also make a lot of money. Asian Countries are major service providers and India grabs the largest chunk of this industry. Indians make billions of dollars by providing outsourcing services especially in the area of information technology (Hall).

Like several benefits of outsourcing, there are some negative aspects of outsourcing. Companies do not hire domestic workforce because they easily get outsourced workforce at a cheaper cost. Domestic talent remains unemployed which creates several other problems. Local workforce remains unutilized and thus burdens the government. Since companies can easily avoid labor and legal proceedings while hiring outsourced workforce, companies exploit employees. Companies do not pay outsourced employees as per business standards and fire them whenever they want. Such unethical practices by companies are often criticized by the people.

Having observed an overview and succinct analysis of the abovementioned subject, this paper concludes that there are a number of differences in outsourcing and utilizing local workforce. Hiring specific services from third parties is very old business practice but the term outsourcing came into existence in the middle of 1980's. Outsourcing affects people and companies in different ways. Outsourcing affects business in different ways and there

are different aspects of outsourcing. People interpret this issue in different manner; some find it beneficial while others criticize it.

## **Works Cited**

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