Advantages of Outsourcing

Outsourcing was the predominant buzzword since the turn of the 21st century and has now become a part of businesses. It created a paradigm shift in the way businesses viewed their functions, employees and operating costs. The focus of outsourcing was predominantly cost saving. It entailed slicing the activities or functions within the organisations to an external vendor entity who is specialized in it and can achieve the same or better results due to economies of scale.

Outsourcing has become synonymous with a flat world. Let us look at the core advantages that outsourcing offers in today's world .

1. **Cost Advantages** - This is the most common reason why most companies and even small businesses outsource a lot of their functions specially HR, recruiting, payroll processing, marketing and sometimes even customer service and customer interaction to companies specialised in it. It also offers a way to negotiate and bargain with the help of different cost structures across the world since the interaction between sellers and buyers across the globe has increased.

2. Multiple Efficiency - the aim of outsourcing now is not just to attain efficiency in one specific core area but to ensure that the streamlining offers the other functions within the organisation as well to become efficient. For example a company outsourcing its social media marketing to an external advertising firm can also use it to increase the efficiency in product development of applications which will help it core product overall and build a better product.

3. Making use of time zone differences - A lot of companies based out of the America and Europe prefer to outsource their services to Southeast Asian countries not just because of the cost advantage but also because of the fact that the time difference give that much leeway and turnaround time for tasks to be completed. For example, many American investment banks have captive unit based out of India and Philippines who help them in IT maintenance of mainframe and Technology infrastructure whenever they have to be carried out. Such functions are carried out during the night time for Americas which is actually day for the Eastern countries. This way these companies save a day of a way of working and increase the efficiency as well as get it done at 25% of the cost.

4. Resource Flexibility - Outsourcing ensures that you do not have to stick to the same resources for every project. The resources can be changed and people in different places and with varying levels of skill-sets can be hired for different kinds of projects by matching them for the right fit. Some resources require more technical knowledge while some might require more verbal and people smartness . External vendors are equipped to deal with different kinds of resources – freelancers, telecommuters and consultants who can mix and match the different requirements and give a cost-efficient and beneficial solution to the client.

5. Skilled Resources - When a company has employed people, it has to stick with them for a certain period of time to allow them to grow into the role. While employees might be very good in their work, a certain level of complacency sets in which might hamper certain projects and affect the turnaround time. When the client is outsourcing his requirements, the consultant are more "ready to please" as they have a profit sharing or monetary volume gain to achieve the best. The desired

results can be achieved by the company and can make use of the best of the resources across the world through different kinds of hiring platform.

6. Backups and Continuity Management - Another significant advantage of Outsourcing is the availability of a backup for the core team. Employees who live in remote locations and ensure that physical distance is maintained. Sometimes natural calamities can cause teams in close proximity to have disaster resiliency issues. Thus a distributed team will enable people spread out physically to work together even with employee scattered across different locations. It can help create backups for each other and can maintain continuity of work in the adverse situations. Work can be transferred between teams.

7. Developing Internal Staff - it is important that the core staff and members of the company are intact. However they also benefit and grow with the conflict and discomfort which comes in with the new thought process of freelancers and independent consultant who will have a culture of questioning and not doing a blind follow of the methods and processes . This brings improvement and efficiency in the operations of any company and their helps internal staff as well to grow.

8. Even distribution of resources and growth across the globe - Outsourcing is not just an activity engaged in by companies but is now a business model for many countries. India's knowledge economy depends heavily on outsourcing. The IT sector services in India are based on the business model of cost effective and efficient outsourcing to the Americas and Europe. Outsourcing also helps to bring to the fore hidden talents of various cultures and people who might not have the required economic progress or infrastructure to build companies on their own but are efficient workers and have the intelligence knowledge base to contribute for economic development of the world economy.

Outsourcing has changed the thought process and capital distribution in the world economy which has far reaching consequences socially, culturally and psychologically across the world. It has brought in an era of entrepreneurship and competitiveness where a single online platform can host people from different nationalities with similar skill sets.

 This Outsourcing is now a way of business and not just an option.