



Articles

The Ethics of Outsourcing

In this day and age, more businesses are outsourcing not only manufacturing jobs, but service related ones as well. This is a smart financial move for the businesses involved as they are not only able to slash labor costs by a large amount, but also boost their bottom lines while keeping shareholders satisfied.

Outsourcing Ethics: The Argument For

It is now widely accepted that outsourcing is not just a cheap labor tactic, but also a strategic business decision. However, ethics and outsourcing continue to be burning issues for many businesses who want to make the move to outsourcing.

Ethical Outsourcing is the Key to Long Term Success

Since a long time ago, the basic tenet of business has been to do business with the people you like. Similarly, even today, consumers prefer some brands over others and remain loyal to them, while preferring companies whose practices are transparent and who treat their employees with suitable integrity.

Every company, whether outsourcing or not, can gain a lot by keeping its practices open-faced. If, as a company's CEO, you feel that your outsourcing practices feel fair to you, your employees, and your customers, then no one will raise the ethical outsourcing question in front of you.

Outsourcing Companies Handle Security in a Better Way

Security and privacy of data are valid concerns, but are often misused by those who warn against outsourcing. Data security measures need to be put in place, whether a company is planning to outsource or not.

Confidentiality agreements, firewalls, SLAs and solid infrastructure are some parameters one needs to look at when entering into an outsourcing arrangement, as they are one of the most frequently addressed outsourcing issues by all major outsourcing companies. Past customer references and experiences can also provide valuable insight into how risk-proof an outsourcing vendor might be.

Culture Doesn't Divide, Unless You Want it to

Cultural differences between the West and Asian countries are huge, and are often a cause for worry in an outsourcing relationship. Anyone who has had a poor customer service experience with a call center executive based out of Bangalore, Manila, etc. can attest to the fact that their language was incomprehensible, or their service was far less than satisfactory. But at the same time, is that call good enough to portray outsourcing as the demon it is wrought out to be?

The truth is that most of these outsourcing issues can be bridged by understanding the cultural sensitivities and how they can affect the outsourcing relationship. This needs to be done early in the relationship to avert any issues that can crop up later. That said, a lot of Indian companies are now sensitized and trained in Western cultures, which help reduce

any culture shock.

Outsourcing Ethics: The Argument Against

It is not a secret that the mere mention of the word "Outsourcing" incites significant debate. In fact, in every US presidential election, outsourcing is always a hot topic as Presidential nominees keep promising the preservation of American jobs in lieu of outsourcing. At the same time, businesses always look towards ways of making a profit, and outsourcing, by and large, helps them achieve their goals. Although a global phenomenon, there are certain arguments against outsourcing which do make sense, including:

Outsourced Service Quality

Companies that outsource have often had to face resistance and complaints about a drop in quality when moving jobs. In the early days, outsourcing was seen as a cost-saving measure, with an expectation of low-quality output. Things have changed drastically since then. Outsourcing relationships now define quality as one of the main deliverables, among others.

One of the pitfalls of failed outsourcing relationships is not being able to identify the right partner for a company's outsourcing needs. There are a few so-called outsourcing providers who charge rock-bottom prices that have attracted companies. While a few of these sweatshops might succeed in the short term, companies dealing with them have had bitter experiences with low quality output, mismanagement of resources and security issues, etc.

Work Environment

Below-par work environments and shoddy HR policies are two other reasons that critics often quote to describe how 'body shops' have sprung all across India to meet outsourcing demands from the West.

Companies that outsource work have very little control over how their partners are functioning on the other side of the world, and many global organizations such as Foxconn and Nike have had serious blows dealt to their images by partnering with clients who employed children and women in excruciating conditions without paying them equal to the effort provided.

Legal Liability

Often times, companies have found themselves at the receiving end of legal or copyright issues by outsourcing their work to a less-than-reliable offshore service partner. There are many legal repercussions associated with outsourcing confidential work such as HR practices, payroll, secure transactions, etc. If not cleared with your lawyer team and unless bound by specific clauses, there is always a high probability of legal repercussions that your company can ill-avoid.

The ethical dilemma in offshore outsourcing therefore arises from a single, important question - Should you outsource? Ever since outsourcing caught on in Western countries, there has been some opposition to it. A loss of jobs in the host country has been touted as the main negative effect of outsourcing.

While the argument is valid, companies have outsourced many of their functions to stay competitive in a fast paced market. Organizations hire specialized companies, not necessarily outside of their country, to outsource many tasks that could be better handled by a vendor. The biggest benefit of outsourcing is that not only does it save costs for a

company, but also gives it access to resources and skill-sets that wouldn't have been possible locally.

The Offshore Outsourcing Ethical Dilemma: Our Outlook

Outsource2india has built a reputation for educating customers about both the advantages and disadvantages of outsourcing. Our ability to work with a business's goals rather than focus on specific projects has helped us forge strong relationships with customers across the globe. Our processes comply to international guidelines, and we are more than happy to take you through our facilities so you can gather a first-hand experience of what it is to work with a truly international service provider and avoid costly outsourcing risks.

Contact us right away if you have any queries about outsourcing, and our representatives will gladly help you out!