



# Articles

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## 1<Outsourcing vs Insourcing: What's Best for Your Organization?>

Before deciding whether insourcing or outsourcing is the best option, it is important to first define business goals. A poorly defined objective may result in neither insourcing nor outsourcing being beneficial.

### What is Outsourcing?

Outsourcing is a well-known concept and has been accepted and implemented by organizations across the globe. Often seen as a cost-saving tactic, outsourcing allows a business to focus on its core competencies while offloading its non-core functions to outsourcing providers in low-cost countries like India.

Outsourcing has found a majority of supporters though there have been critical voices against it as well. Their argument is that outsourcing will lead to the loss of local jobs and may affect the economies of nations that outsource. This has not taken away the sheen from outsourcing, which companies continue to employ as a strategic business tactic.

### What is Insourcing?

Insourcing is a recent concept that has been advocated as an alternative to outsourcing. Supporters believe that it will lead to better management control and job creation at the local level. Insourcing is also seen as a solution to the problems of control and hidden costs with outsourcing.

Insourcing seems to be more prevalent with manufacturing companies that hire labor and services from an external organization in order to cut costs and decrease their tax burden. Insourcing can also mean an organization building a new business center or facility which would specialize in a particular service or product.

Insourcing also seems to be popular among those companies who have been dissatisfied or even unsuccessful with outsourcing. It is also employed when temporary workers fill positions within an organization for a short duration.

### Outsourcing or Insourcing?

Insourcing makes sense when the business requirement is only temporary or where no significant investment is involved. Insourcing may give you a preview into how outsourcing can work. Done well, insourcing may help you build a team of skilled people, though it might take more time than outsourcing.

Outsourcing is a clear winner when businesses need to cut costs while still requiring expert personnel. It was once considered a luxury only larger companies could afford. Today, companies of all sizes use outsourcing to let go of managing non-core functions while saving a lot of money in the process.

Though there are many outsourcing vendors, it is important to assess potential vendors before shaking hands on a partnership. Doing a little homework before choosing your outsourcing partner can lead to long term gains and help you build a long-term competitive advantage for your business.