

A laptop sits on a desk. The screen displays the title 'OUTSOURCING ADVANTAGES and DISADVANTAGES'. To the left of the laptop is a speech bubble with an '@' symbol and a profile of a person. To the right are two circular icons: one with a telephone handset and another with a stack of papers.

# OUTSOURCING ADVANTAGES and DISADVANTAGES

## ADVANTAGES

### 1 *Low cost service*

Cost is one of the main reasons and may be the most influential factor firms outsource their work to other companies. Outsourcing cuts operating and overhead costs, leading to more profit and savings but with few considerations.

### 2 *Concentration on core tasks*

In outsourcing, you can focus more on your main business functions and keep an eye on efficiency and output. With a third party doing tasks you don't know, you'll have the chance to concentrate on and do well in your expertise.

### 3 *No new hires*

If you can't do a particular task, hiring an extra in-house worker isn't a good decision because you must give him/her training and resources. When you outsource the work, your hired staff will serve as your remote worker, helping you save money on training and benefits.

### 4 *Access to pool of talents*

If you outsource to an outside party, you'll gain access to a greater level of "global" expertise—something your big rivals enjoy. With a pro handling your project, the staff can work right away (with no worry for training, tools, and resources). Last, you'll get quality outputs.

### 5 *Economy booster*

Outsourcing adds to the economic growth of a country. In particular, it opens opportunities for many job seekers, freelance workers, and even full-time employees.

## DISADVANTAGES

### 1 *Lessened/loss of control or authority*

The biggest worry you can have when you farm out your business tasks is losing full control on the outsourced functions. Likewise, this means you're placing a part of your business on someone else's accountability.

### 2 *Low service quality*

An outsourcing firm can't be sure to give you a perfect output or meet your expectations. In such a case, the business' reputation may suffer, resulting in loss of customers, sales, and profits.

### 3 *Loss of job opportunities in home countries*

Since outsourcing involves sending work overseas, it can mean loss of jobs in client's home country. This fuels the growth in, if not worsens, unemployment.

### 4 *Risk exposure*

Security issues are threats that outsourcing can bring to either or both contracting parties. In fact, confidential details, sensitive data, and intellectual property may threaten the deal because unforeseen factors can expose them to risk.

### 5 *Cultural incompatibilities*

Other problems you may have when you outsource to a third party service firm are language and communication barrier and cultural differences. These small, yet crucial factors often affect the practice because poor communication results in poor quality of output.

#### Sources:

[smallbusiness.chron.com](http://smallbusiness.chron.com) | [nytimes.com](http://nytimes.com) | [forbes.com](http://forbes.com)



Outsource-Philippines™

